

GLOBAL ENTREPRENEURSHIP MONITOR 2016/17 HONG KONG & SHENZHEN

Dr. Marta Dowejko (HKBU) & Prof. Kevin Au (CUHK)

February 15, 2017

THE MOST COMPREHENSIVE & RELIABLE ENTREPRENEURSHIP STUDY IN THE WORLD



The most influential entrepreneurship study in the World



Partnership between CUHK, HKBU, HKU, & SZASS with support from Savantas and KPMG



First launched in 1999; 6th time run in HK



Data collection Apr-Nov 2016



Rigorous methodology design & data collection



4,000+ Individuals surveyed in Hong Kong and Shenzhen



66 economies participated in GEM this year



76 Experts interviewed in both cities

GEM COVERS 69% OF GLOBAL POPULATION & 85% OF GLOBAL GDP

A world map where countries are colored in orange or grey. The orange countries represent the 66 economies included in the study, while grey countries represent those not included. The orange countries cover most of North America, Europe, Asia, and Australia, with some exceptions in South America and Africa.

66 ECONOMIES IN THE STUDY

184,000+ INTERVIEWS x 60+ QUESTIONS

TOTAL EARLY STAGE ENTREPRENEURSHIP IS GROWING STRONG SINCE 2009



NASCENT + BABY BUSINESS FROM START TO 3.5 YEARS

12.6%

8.8%

-45%

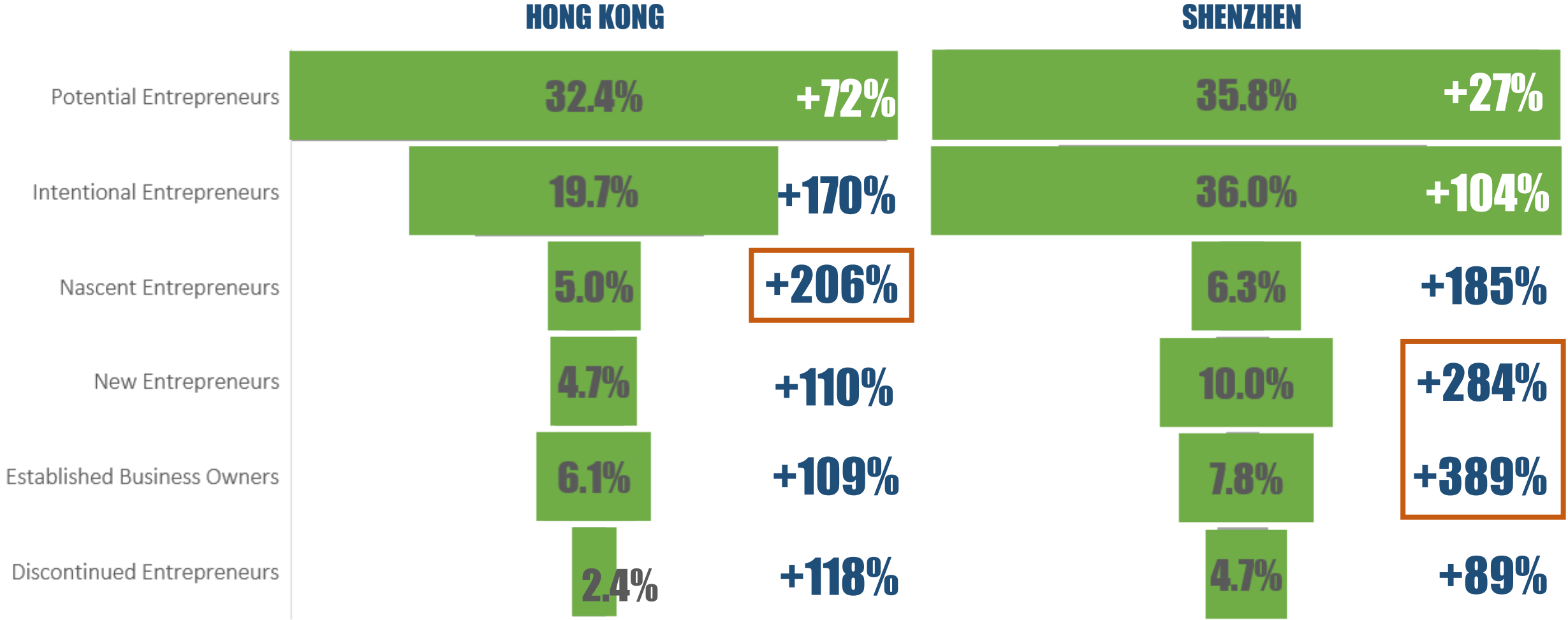
SHENZHEN +234%
HONG KONG 9.4% +159%

Dr. Marta Dowejko (HKBU) & Prof. Kevin Au (CUHK), Global Entrepreneurship Monitor 2016/17 Hong Kong & Shenzhen

% of adult population (18-64); provided statistics are estimates and subject to sampling error

OVERALL IMPROVEMENT IN ENTREPRENEURIAL PROCESS

2009 VS 2016

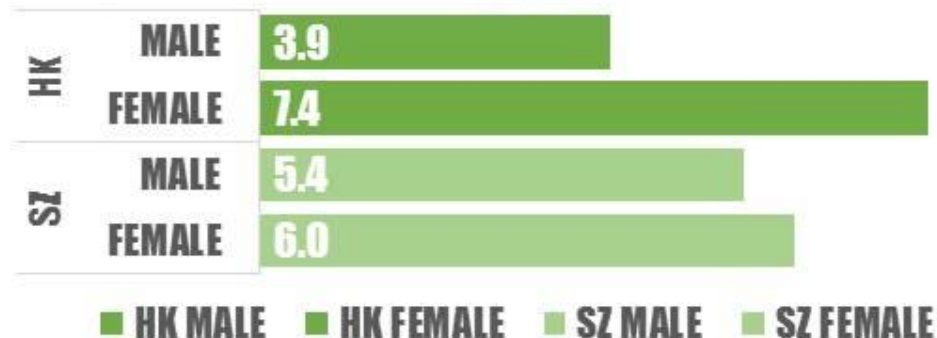
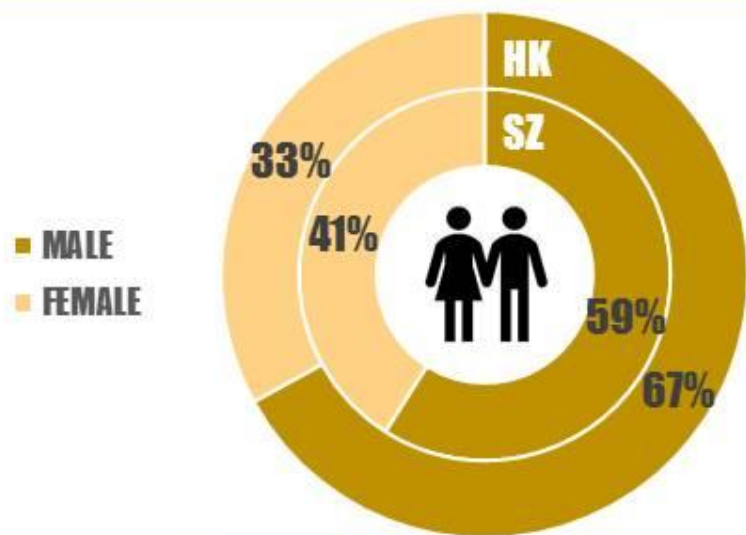


Dr. Marta Dowejko (HKBU) & Prof. Kevin Au (CUHK), Global Entrepreneurship Monitor 2016/17 Hong Kong & Shenzhen
 % of adult population (18-64); provided statistics are estimates and subject to sampling error

WHO ARE THEY?

MALE, EXPERIENCED, EDUCATED, & WEALTHY

ENTREPRENEURS ARE MOSTLY MALE, BUT FEMALES ARE MORE OPPORTUNITY-DRIVEN



ATTAINING MATURITY: HEALTHY AGE STRUCTURE OF ENTREPRENEURIAL ACTIVITIES IS GROWING IN BOTH CITIES



Age groups most likely to start new business

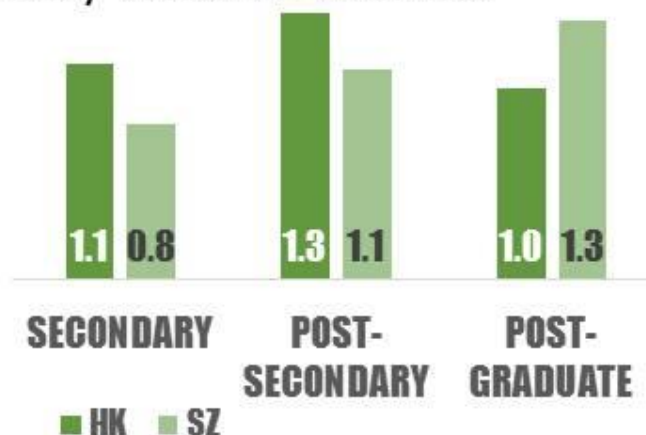
25-34 35-44



Age groups least likely to start new business

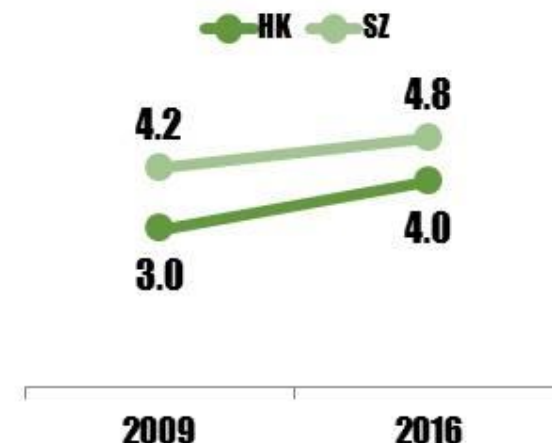
18-24 55-64

In the most entrepreneurial groups, people are 1.3x more likely to start a business



SZ ENTREPRENEURS ARE BETTER EDUCATED THAN HK ONES

INCOME INEQUALITY GAP IS STILL LINGERING



Ratio of TEA in Top Third to Bottom Third Income Groups

WHAT DO THEY DO?

PURSUE OPPORTUNITIES, HAVE HIGH GROWTH EXPECTATIONS, TURN TO ICT, & FOCUS ON OWN MARKET STRENGTHS



HK RANKS NO.1 AS OPPORTUNITY-DRIVEN ENTREPRENEURSHIP HUB

RETAIL TRADE & HOSPITALITY

ITC

CONSUMER SERVICES

ADMINISTRATIVE SERVICES

FINANCE & REAL ESTATE

PUBLIC SERVICES

MANUFACTURING

CONSTRUCTION

LOGISTICS

PROFESSIONAL SERVICES

WHOLESALE TRADE

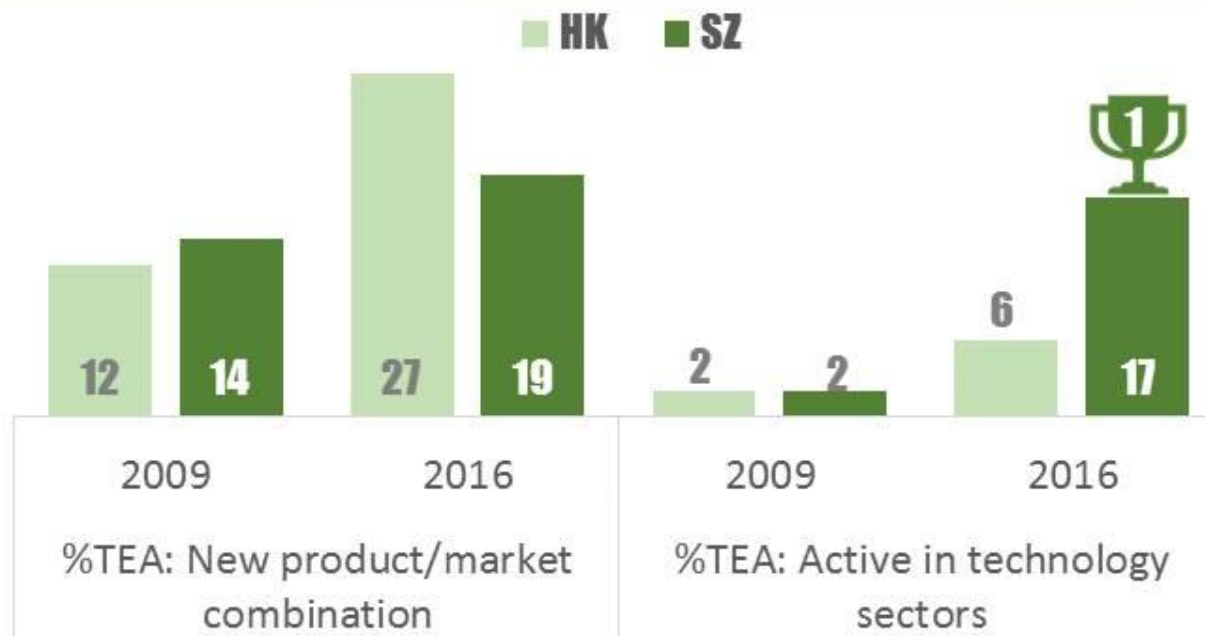
ONGOING POSITIVE INDUSTRIAL MAKEOVER, BUT STILL A LONG WAY TO GO

■ HK ■ SZ

**27%
HK**

ENTREPRENEURS HAVE VERY HIGH JOB CREATION EXPECTATIONS FOR NEXT 5 YEARS (10+ NEW JOBS; +50% OF GROWTH)

**38%
SZ**



HONG KONG EXCELS IN PRODUCT/MARKET INNOVATION & SHENZHEN IS N.1 IN NEW TECHNOLOGY WORLDWIDE



**← HK FIRMS ARE BORN GLOBAL
SZ FIRMS ARE CHINA-FOCUSED →**



HOW ABOUT THE MONEY?

LOWER START-UP CAPITAL REQUIREMENTS IN HK THAN IN SZ

US\$121,563
HK AVG



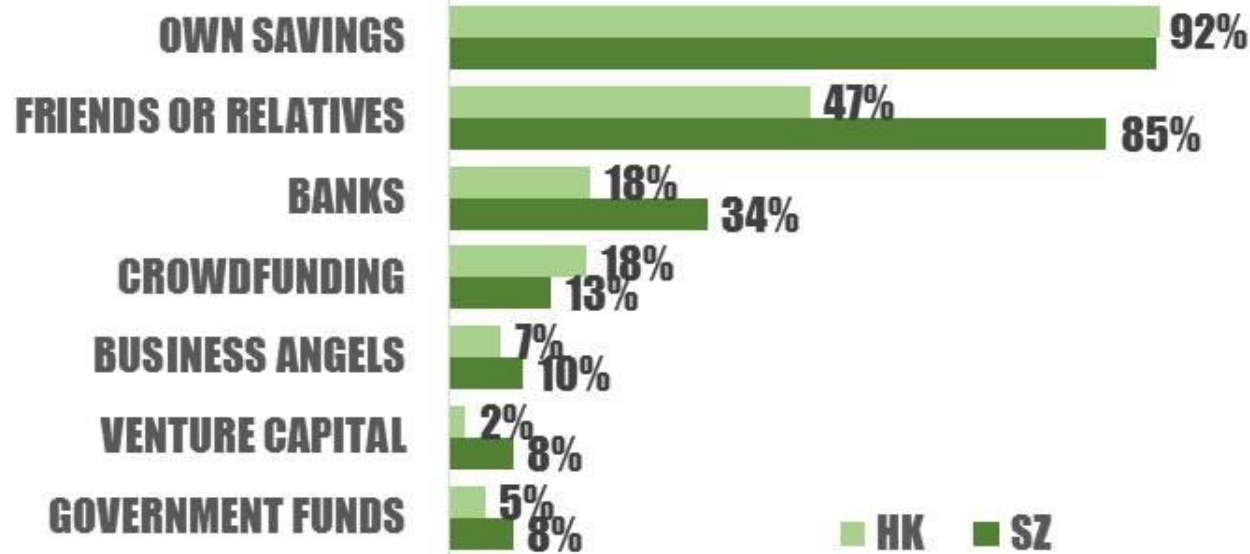
US\$269,048
SZ AVG

PUBLIC FUNDING USED BY ENTREPRENEURS WITH LIMITED OWN SAVINGS

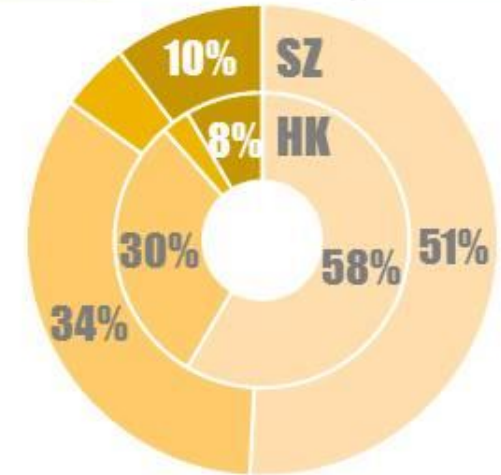
GROWING CULTURE OF INFORMAL INVESTING IN BOTH CITIES



DECLINE IN EXITS RELATED TO LACK OF FUNDING; SUCCESSFUL EXITS NOT A VIABLE OPTION YET



- Friend/ neighbour
- Relative
- Work colleague
- Stranger with a good idea



BANKS & VCS MORE PRESENT IN SZ THAN IN HK; CROWDFUNDING IN HK; FAMILY FINANCING LOSES IMPETUS IN HK, STILL MATTERS IN SZ

STRANGERS ARE GAINING SUPPORT AT EXPENSE OF FRIENDS & COLLEAGUES

US\$70,565
HK AVG

THE MOST GENEROUS; TOP 2 GLOBALLY

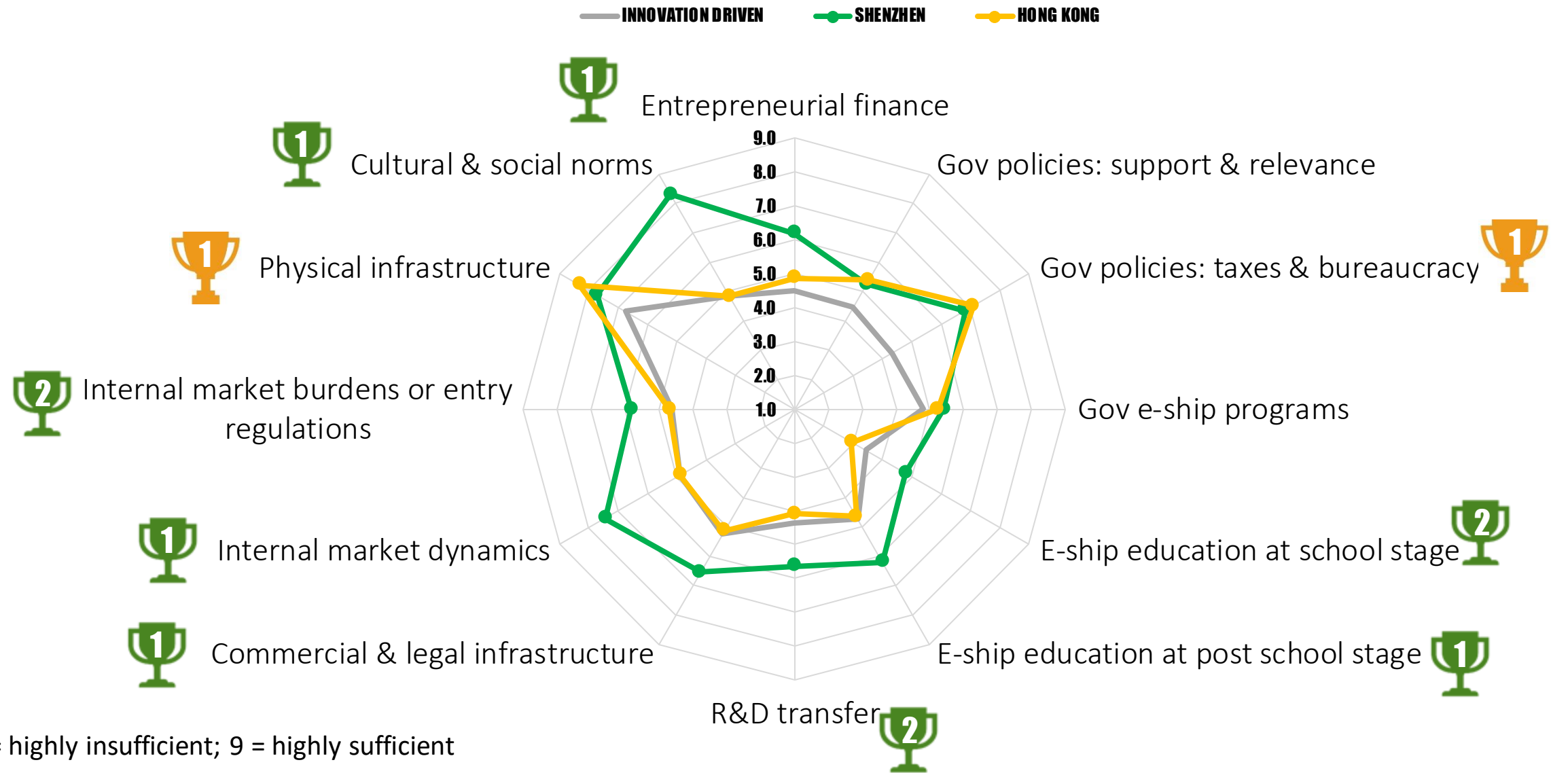
US\$76,112
SZ AVG

INTRAPRENEURSHIP COMPLEMENTS THE ENTREPRENEURIAL GROWTH

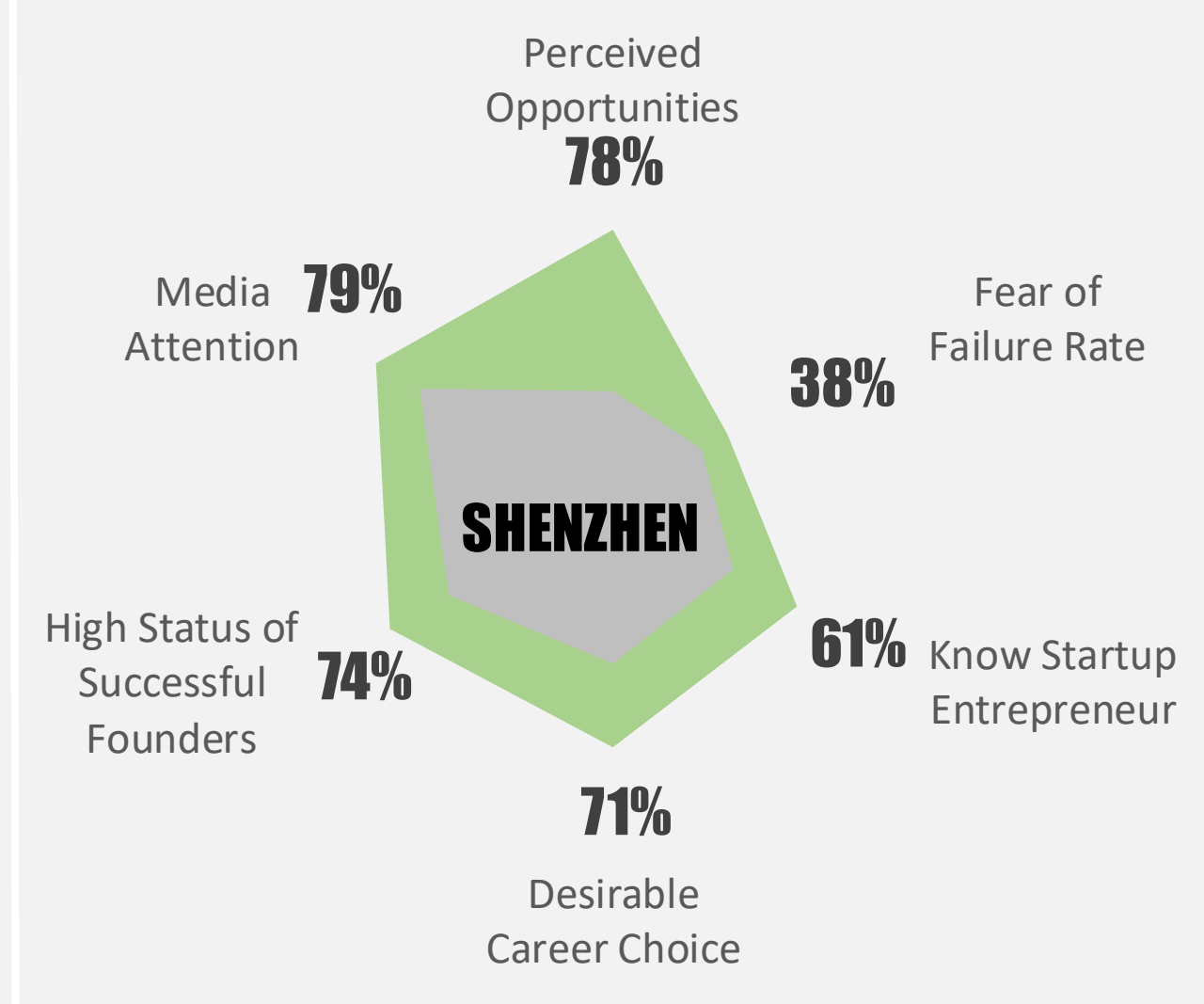
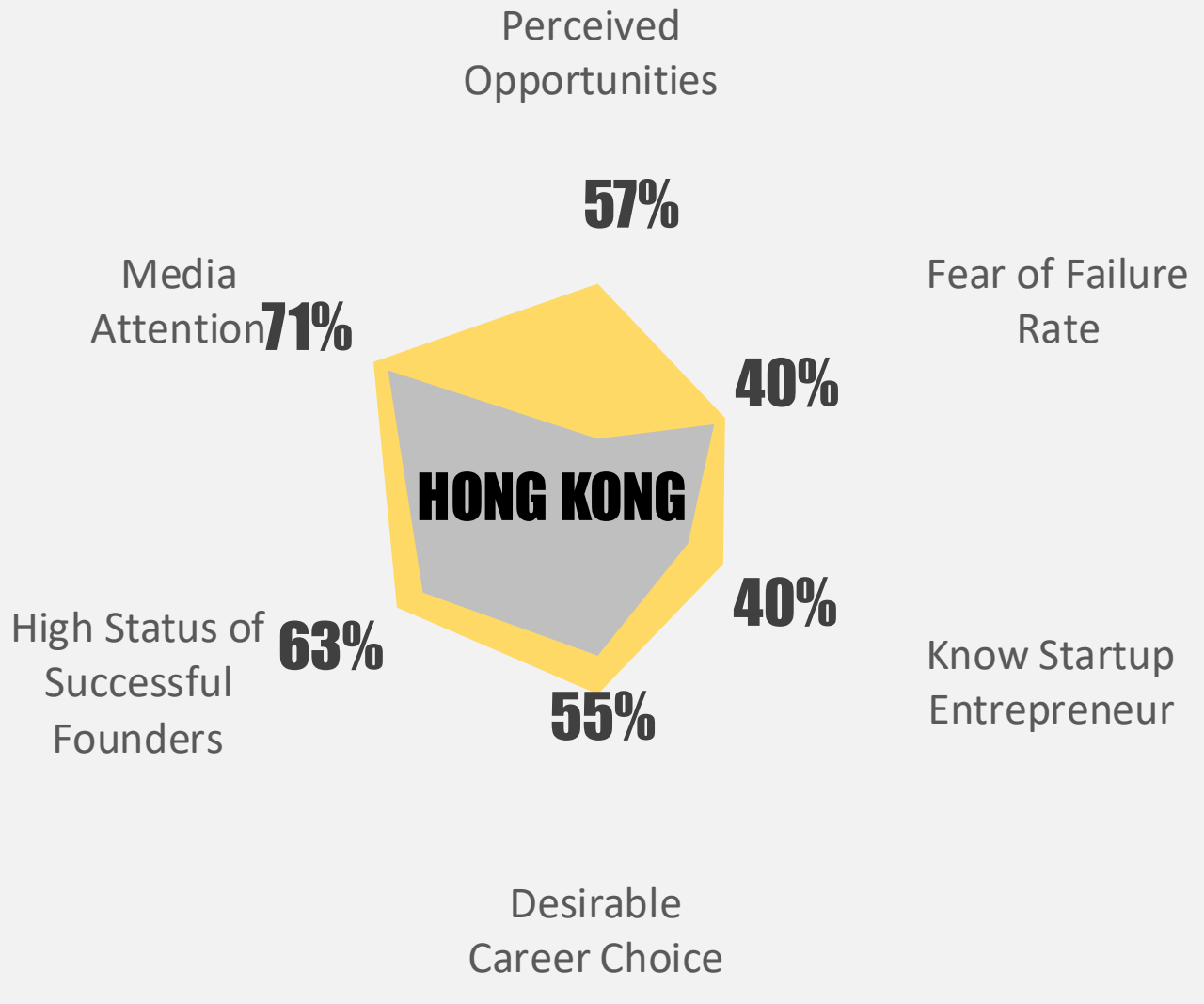


ENTREPRENEURSHIP IN ESTABLISHED FIRMS NEW PRODUCTS + SPINOFFS

THE ECOSYSTEMS ARE IMPROVING AND ARE HIGHLY COMPLEMENTARY



IMPROVED SOCIAL IMAGE OF ENTREPRENEURSHIP: 2009 VS 2016



HONG KONG VS. SHENZHEN – WHAT’S THE DIFFERENCE?

“SHENZHEN IS NOW WHAT HONG KONG USED TO BE IN THE 1970s: VIBRANT, DYNAMIC, AND DRIVEN BY THE FIRST GENERATION OF IMMIGRANTS.”

SHENZHEN



Manufacturing capabilities & supply chain integration



Focus on innovation, long-term planning, and entrepreneurial culture attracting talent and funding



Driven by highly skilled & self-selected **CREA-PRENEURS** of Shenzhen

HONG KONG



International character: access to global markets, global funding opportunities, international talent



Maturity of the economy: legal environment, IP protection, ease of doing business



Driven by market-focused & sustainable **DEVELO-PRENEURS** of Hong Kong



- Leverage natural industry compatibilities between the two cities and build cross-border industry associations
- Cooperate in accessing Mainland and international markets
- Share cross-border resources, R&D cooperation, talent development
- Develop shared cultural understanding of each other: cross-border education, exchange programs
- Coordinate government policies for entrepreneurship between the two economies

AREAS FOR COOPERATION

TO SUM UP: STRONG & COMPATIBLE GROWTH

- Entrepreneurship on the rise and it is a healthy growth, but not yet mature
- Business angel culture is getting strong and angels are generous
- Fewer start-ups close down because of the lack of funding
- Intrapreneurship is picking up, strengthening the appreciation for entrepreneurial mind-set locally
- Two different but highly compatible ecosystems; neither of them can succeed alone in building an alternative to other international start-up hubs





THANK YOU

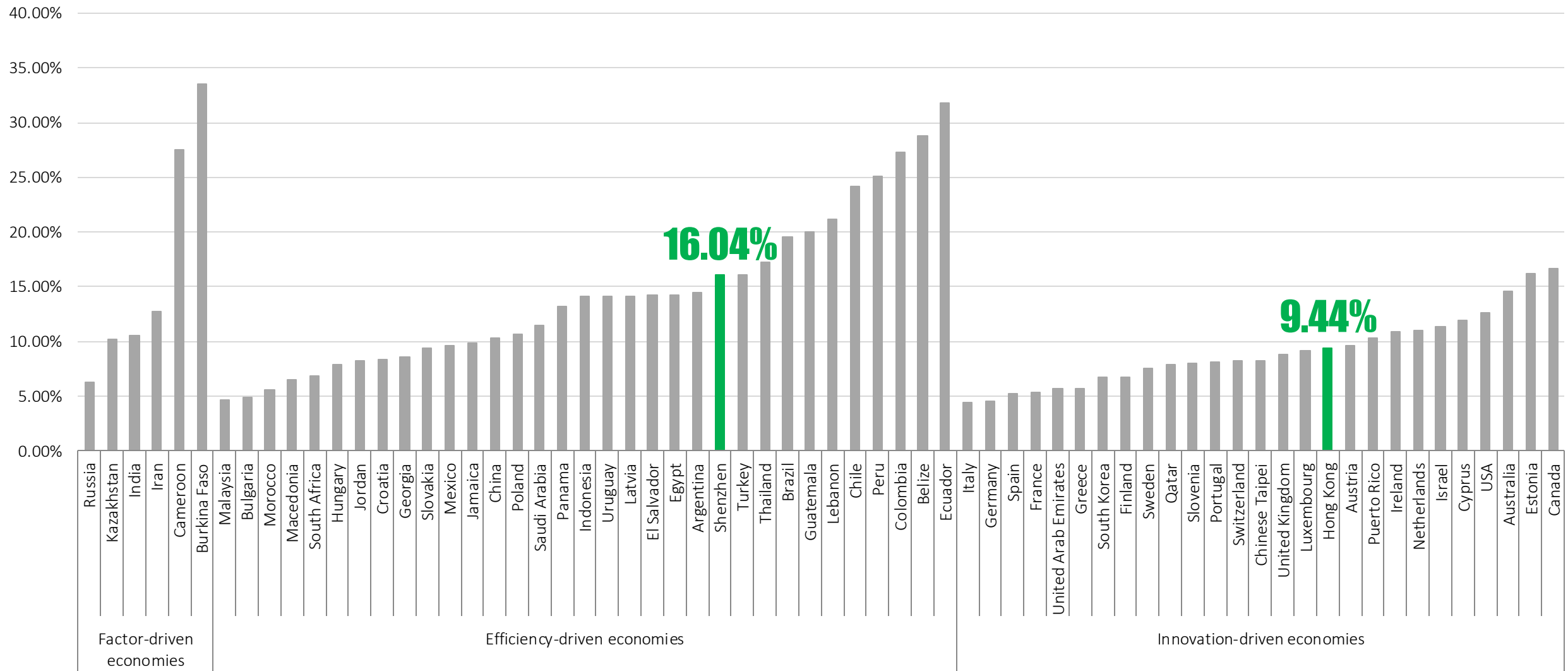
Q&A SESSION

**GEM 2016 / 2017 GLOBAL
REPORT DOWNLOAD**

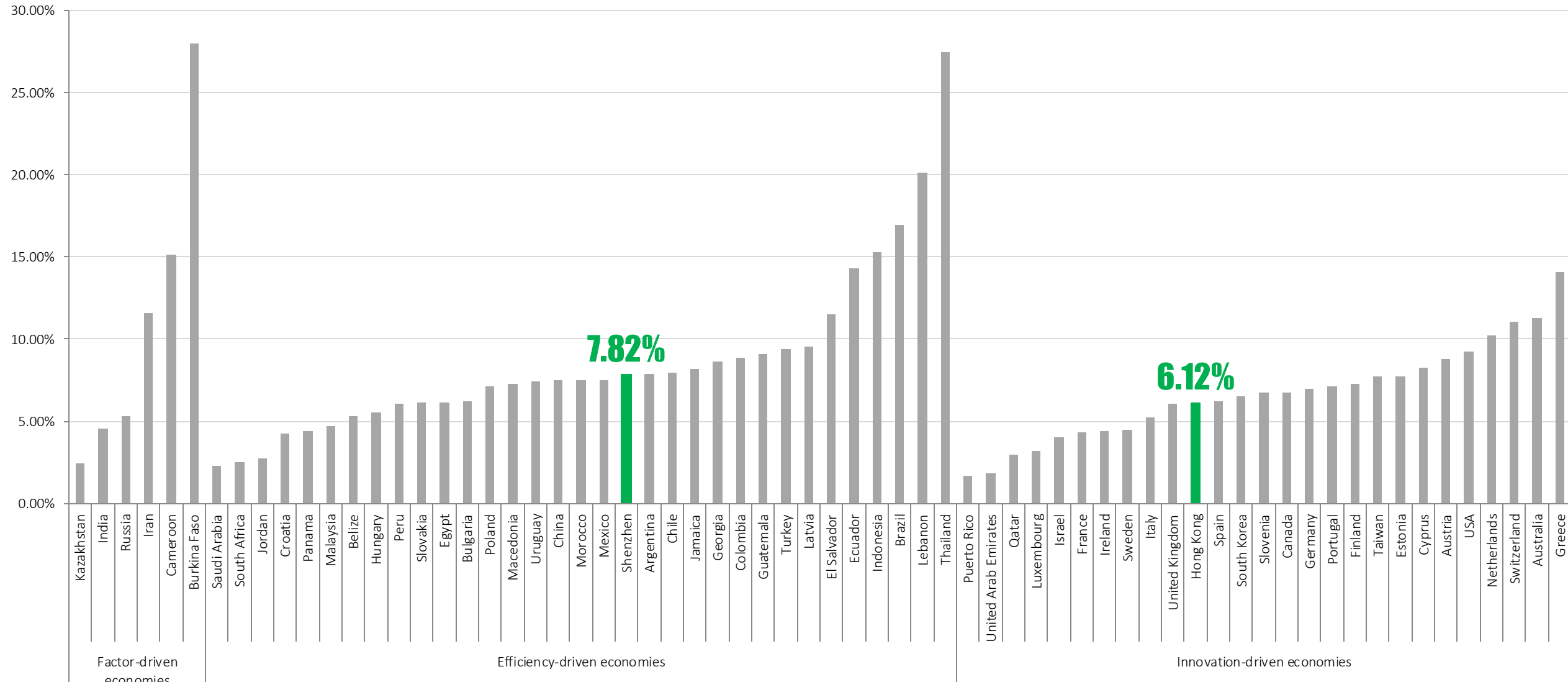
GEM 2016 / 2017 HK REPORT DOWNLOAD

WWW: ENTREPRENEURSHIP.BSCHOOL.CUHK.EDU.HK/GEM_HK

TOTAL EARLY-STAGE ENTREPRENEURSHIP RATES BY ECONOMY



ESTABLISHED BUSINESS (3.5YRS+) PREVALENCE RATES



INTRAPRENEURSHIP RATES BY ECONOMY

