THE MOST COMPREHENSIVE & RELIABLE ENTREPRENEURSHIP STUDY IN THE WORLD

- The most influential entrepreneurship study in the World
- First launched in 1999; 6th time run in HK
- Rigorous methodology design & data collection
- 66 economies participated in GEM this year
- Partnership between CUHK, HKBU, HKU, & SZASS with support from Savantas and KPMG
- Data collection Apr-Nov 2016
- 4,000+ Individuals surveyed in Hong Kong and Shenzhen
- 76 Experts interviewed in both cities

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TOTAL EARLY STAGE ENTREPRENEURSHIP IS GROWING STRONG SINCE 2009

NASCENT + BABY BUSINESS FROM START TO 3.5 YEARS

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

HONG KONG

- Potential Entrepreneurs: 32.4% (+72%)
- Intentional Entrepreneurs: 19.7% (+170%)
- Nascent Entrepreneurs: 5.0% (+206%)
- New Entrepreneurs: 4.7% (+110%)
- Established Business Owners: 6.1% (+109%)
- Discontinued Entrepreneurs: 2.4% (+118%)

SHENZHEN

- Potential Entrepreneurs: 35.8% (+27%)
- Intentional Entrepreneurs: 36.0% (+104%)
- Nascent Entrepreneurs: 6.3% (+185%)
- New Entrepreneurs: 10.0% (+284%)
- Established Business Owners: 7.8% (+389%)
- Discontinued Entrepreneurs: 4.7% (+89%)

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% 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

INCOME INEQUALITY GAP IS STILL LINGERING

SZ ENTREPRENEURS ARE BETTER EDUCATED THAN HK ONES

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Dr. Marta Dowejko (HKBU) & Prof. Kevin Au (CUHK), Global Entrepreneurship Monitor 2016/17 Hong Kong & Shenzhen
# How about the Money?

<table>
<thead>
<tr>
<th>Lower Start-up Capital Requirements in HK than in SZ</th>
<th>PUBLIC FUNDING USED BY ENTREPRENEURS WITH LIMITED OWN SAVINGS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>US$121,563</strong> HK AVG</td>
<td><strong>US$269,048</strong> SZ AVG</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Own Savings</th>
<th>92%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Friends or Relatives</td>
<td>47%</td>
</tr>
<tr>
<td>Banks</td>
<td>34%</td>
</tr>
<tr>
<td>Crowdfunding</td>
<td>13%</td>
</tr>
<tr>
<td>Business Angels</td>
<td>7%</td>
</tr>
<tr>
<td>Venture Capital</td>
<td>2%</td>
</tr>
<tr>
<td>Government Funds</td>
<td>5%</td>
</tr>
</tbody>
</table>

**Banks & VCs More Present in SZ than in HK; Crowdfunding in HK; Family Financing Loses Impetus in HK, Still Matters in SZ**

<table>
<thead>
<tr>
<th>Growing Culture of Informal Investing in Both Cities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>6.5%</strong> HK</td>
</tr>
</tbody>
</table>

Decline in Exits Related to Lack of Funding; Successful Exits Not a Viable Option Yet

- **-7% HK**
- **-56% SZ**

<table>
<thead>
<tr>
<th>Strangers are Gaining Support at Expense of Friends &amp; Colleagues</th>
</tr>
</thead>
</table>

- **10% SZ**
- **8% HK**
- **34%**
- **58%**
- **51%**

**US$70,565** HK AVG | **US$76,112** SZ AVG

**The Most Generous: Top 2 Globally**

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INTRAPRENEURSHIP COMPLEMENTS THE ENTREPRENEURIAL GROWTH

ENTREPRENEURSHIP IN ESTABLISHED FIRMS
NEW PRODUCTS + SPINOFFS

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THE ECOSYSTEMS ARE IMPROVING AND ARE HIGHLY COMPLEMENTARY

1. Entrepreneurial finance
2. Cultural & social norms
3. Physical infrastructure
4. Internal market burdens or entry regulations
5. Internal market dynamics
6. Commercial & legal infrastructure
7. Gov policies: support & relevance
8. Gov policies: taxes & bureaucracy
9. Gov e-ship programs
10. E-ship education at school stage
11. E-ship education at post school stage
12. R&D transfer

1 = highly insufficient; 9 = highly sufficient

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## IMPROVED SOCIAL IMAGE OF ENTREPRENEURSHIP: 2009 VS 2016

<table>
<thead>
<tr>
<th>Metric</th>
<th>Hong Kong</th>
<th>Shenzhen</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived Opportunities</td>
<td>57%</td>
<td>78%</td>
</tr>
<tr>
<td>Media Attention</td>
<td>71%</td>
<td>79%</td>
</tr>
<tr>
<td>Fear of Failure Rate</td>
<td>40%</td>
<td>38%</td>
</tr>
<tr>
<td>Know Startup Entrepreneur</td>
<td>55%</td>
<td>61%</td>
</tr>
<tr>
<td>High Status of Successful Founders</td>
<td>63%</td>
<td>74%</td>
</tr>
<tr>
<td>Desirable Career Choice</td>
<td>40%</td>
<td>71%</td>
</tr>
</tbody>
</table>

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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

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• 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

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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

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THANK YOU

Q&A SESSION

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TOTAL EARLY-STAGE ENTREPRENEURSHIP RATES BY ECONOMY

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INTRAPRENEURSHIP RATES BY ECONOMY

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