

# **Global Entrepreneurship Monitor**

## **Hong Kong and Shenzhen 2003**

**Figures**

Figure 1  
**Hong Kong and Shenzhen at a glance**

Item	Hong Kong	Shenzhen
Population	6.82 million	5.04 million*
GDP	HK\$1,323 billion	RMB226 billion
GDP per capita	HK\$ 195,000	RMB 46,3888
Land Area in square kilometers	Hong Kong 80 Kowloon 47 NT - Mainland 747 NT Islands 227 Total 1101	Shenzhen SEZ 396 City Outside SEZ 1,557  Total 1,953
GDP by economic sector:		
Agriculture	0.1	0.8%
Manufacturing	13.4	55.2%
Services	86.54	44.0%
Transport		
Marine Shipping Tonnage loaded plus discharged	192.5 million	6.8 million
Air Shipping Tonnage	2.5 million	0.3 million
Containers shipped	19.1 million TEUs	7.6 million
Kilometers of roads	1,924	1,800
Licensed vehicles	525 551	506,637
Percent of workforce in		
Wholesale and retail trade restaurants and hotels	31%	18%
Finance, insurance and real estate	13%	2%
Community and Social services	12%	4%
Manufacturing	6%	53%
Transport and communications	6%	2%
Construction	5%	3%
Agriculture, fishing and other	27%	18%

\* Official registered residents (permanent and non-permanent). There are in additional approximately 2 million unregistered residents.

Source: Hong Kong Government Information Center; Blue Book of Shenzhen; Statistical Yearbook of Shenzhen

Figure 2  
The GEM conceptual model

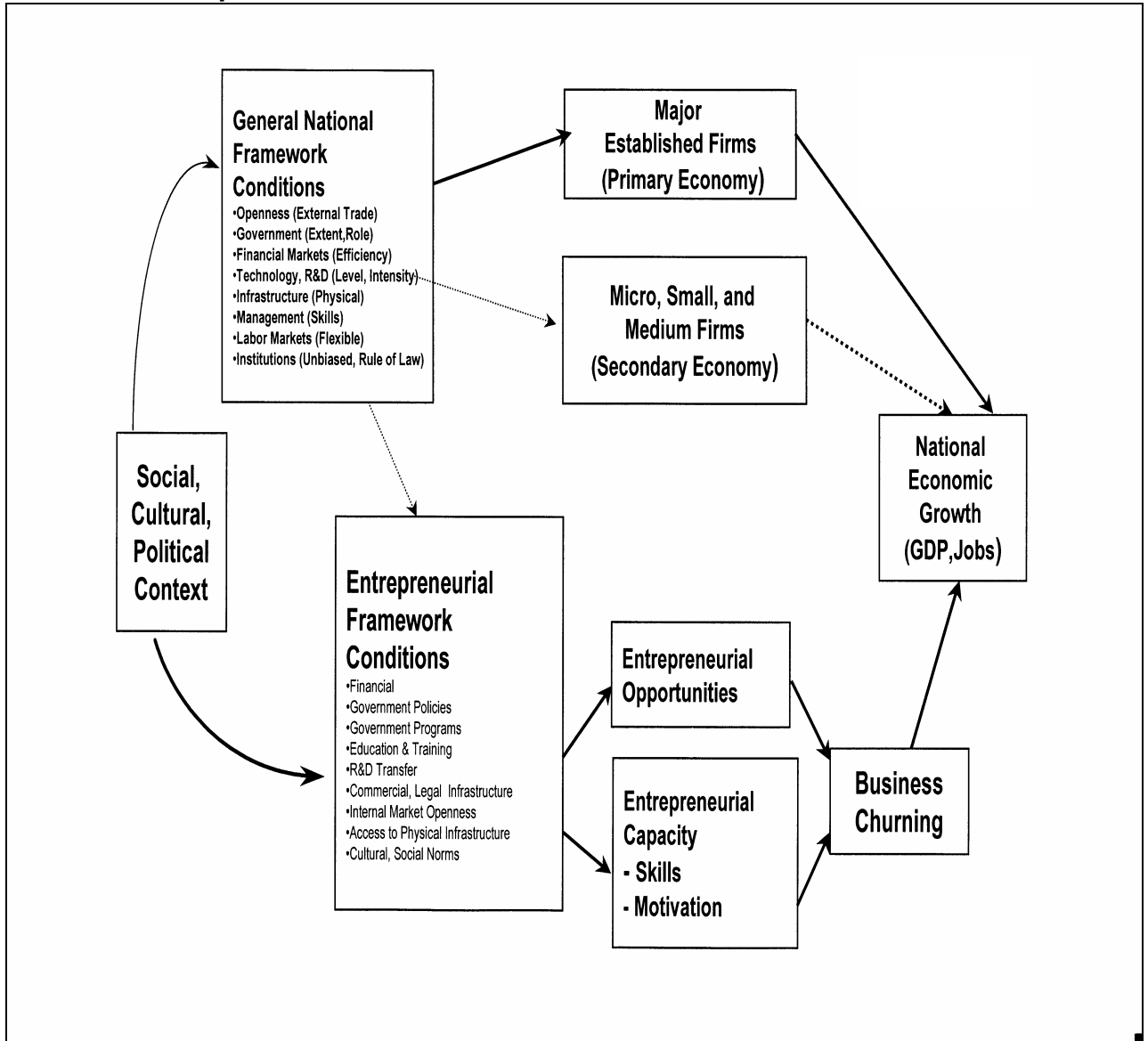


Figure 3  
**Total Entrepreneurial Activity by economy**

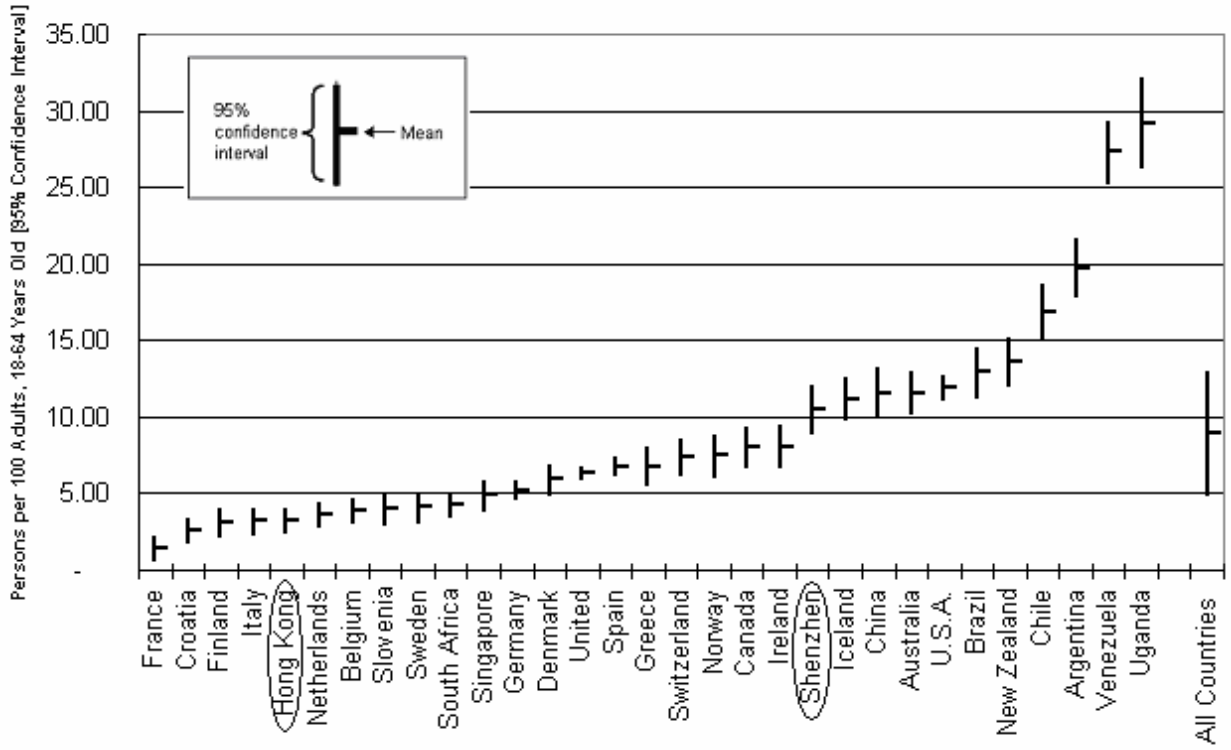


Figure 4  
**Total entrepreneurial activity in 31 economies**

<b>Economy</b>	<b>Total TEA</b>	<b>Opportunity TEA</b>	<b>Necessity TEA</b>
Argentina	19.73	14.20	7.46
Australia	11.60	9.90	1.50
Belgium	3.87	3.34	0.32
Brazil	12.90	6.90	5.50
Canada	8.01	6.45	1.05
Chile	16.90	10.50	5.90
<b>China</b>	<b>11.60</b>	<b>5.50</b>	<b>5.50</b>
Croatia	2.56	1.74	0.59
Denmark	5.90	5.30	0.40
Finland	3.14	2.70	0.30
France	1.40	0.81	0.51
Germany	5.20	3.70	1.20
Greece	6.80	4.20	2.60
<b>Hong Kong</b>	<b>3.20</b>	<b>2.20</b>	<b>1.12</b>
Iceland	11.20	9.40	0.80
Ireland	8.10	8.10	1.30
Italy	3.19	2.90	0.22
Netherlands	3.60	3.00	0.40
New Zealand	13.60	11.50	1.70
Norway	7.46	6.39	0.67
<b>Shenzhen</b>	<b>10.49</b>	<b>8.63</b>	<b>1.83</b>
Singapore	4.90	3.90	1.00
Slovenia	4.00	3.10	0.80
South Africa	4.30	2.90	1.50
Spain	6.77	6.05	0.51
Sweden	4.10	3.70	0.40
Switzerland	7.40	6.30	1.00
U.S.A.	11.90	9.10	1.70
Uganda	29.20	16.90	13.40
United Kingdom	6.36	5.33	0.97
Venezuela	27.30	16.10	11.60
<b>All Countries</b>	<b>8.93</b>	<b>6.40</b>	<b>2.40</b>

Figure 5  
**Total entrepreneurial activity by gender**

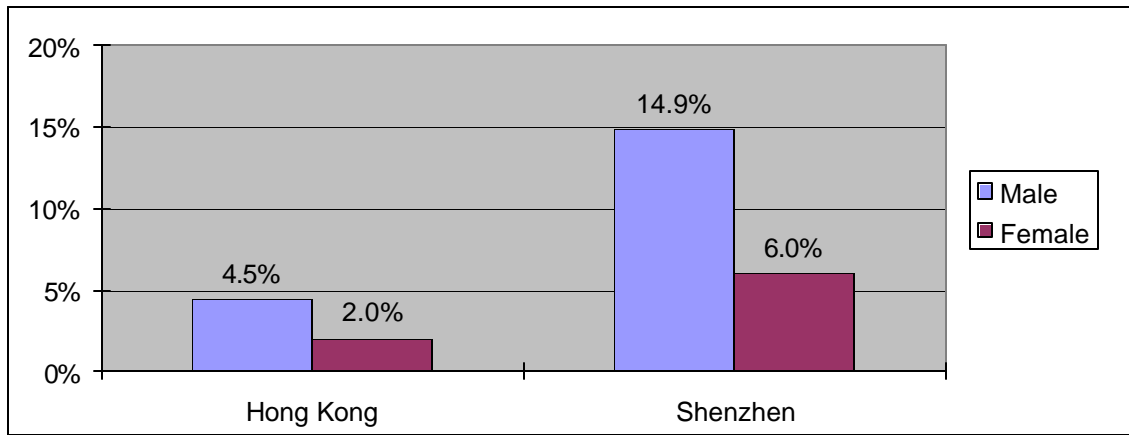


Figure 6  
**Total entrepreneurial activity by age**

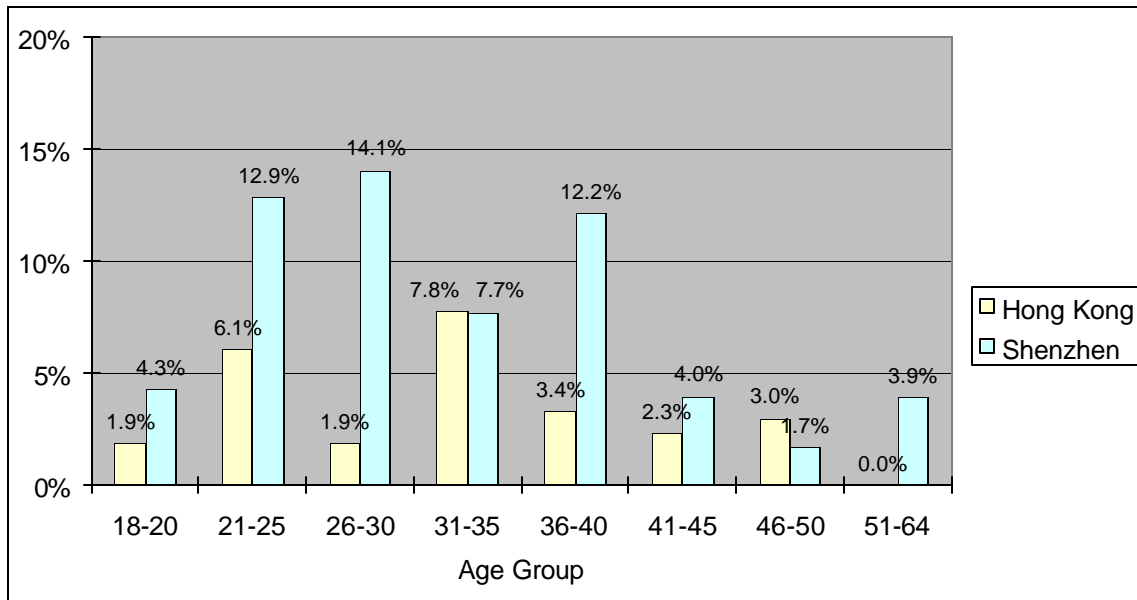


Figure 7  
**Total entrepreneurial activity in Hong Kong by educational attainment**

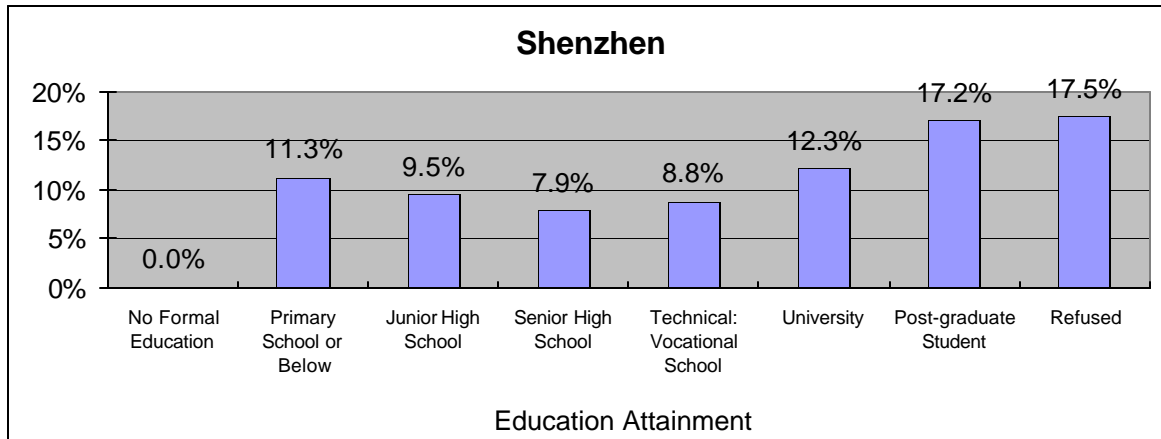
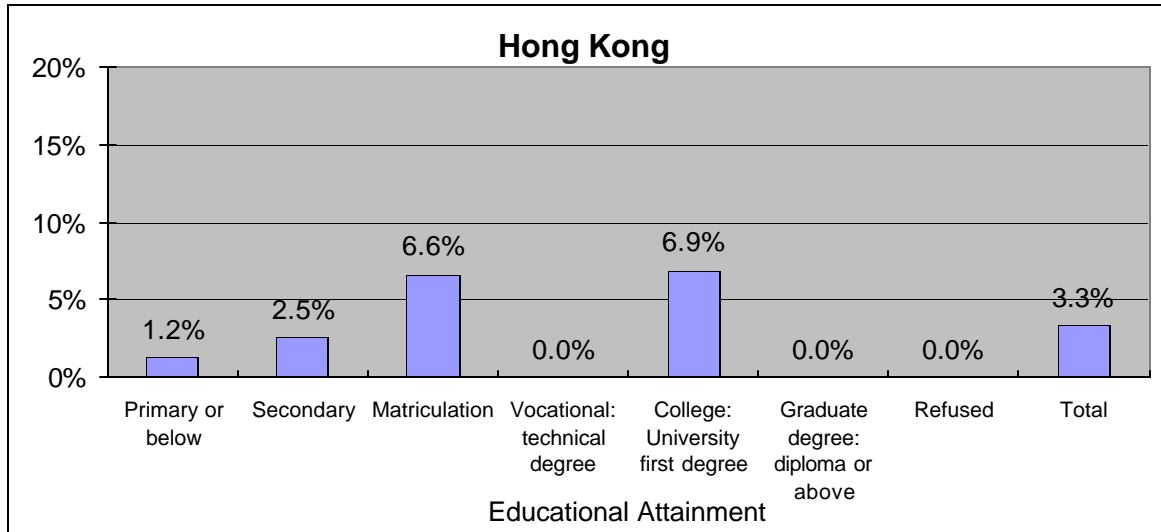


Figure 8  
**Total Entrepreneurial Activity in Hong Kong by monthly income**

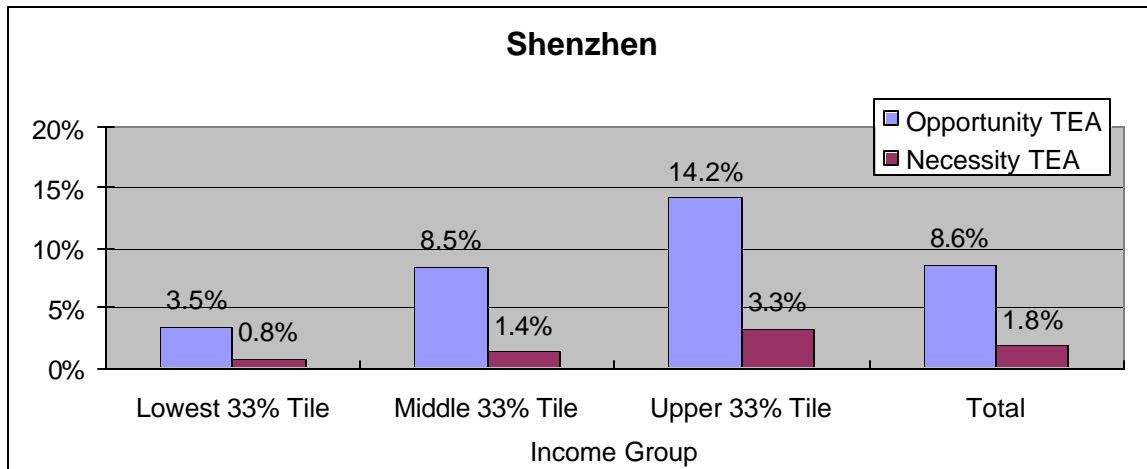
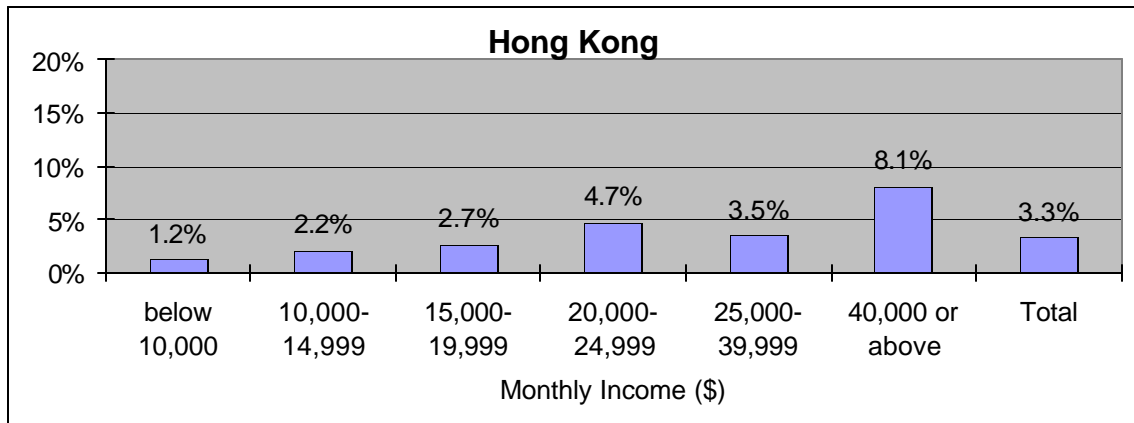




Figure 9  
**Total entrepreneurial activity in Hong Kong by both age and income**

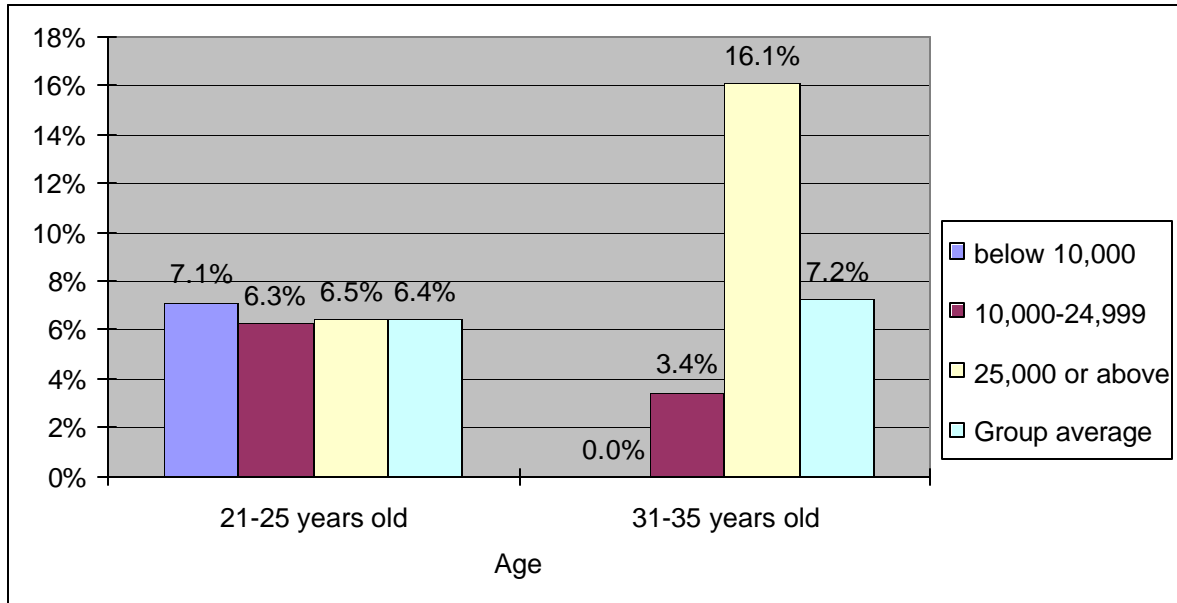


Figure 10  
**Cultural support index and business prospects**

	Hong Kong	Shenzhen
Cultural Support Index (minimum-1; maximum-3)	2.23	1.98
Expect to create 19 or more jobs 5 years after the business has started	28%	53%
Expect >11% of their customers to live in other countries	50%	48%
Claim that only some customers are unfamiliar with their products	78%	65%
Claim that few rivals exist	16%	19%

Figure 11  
**Distribution of types of business activities conducted by entrepreneurs**

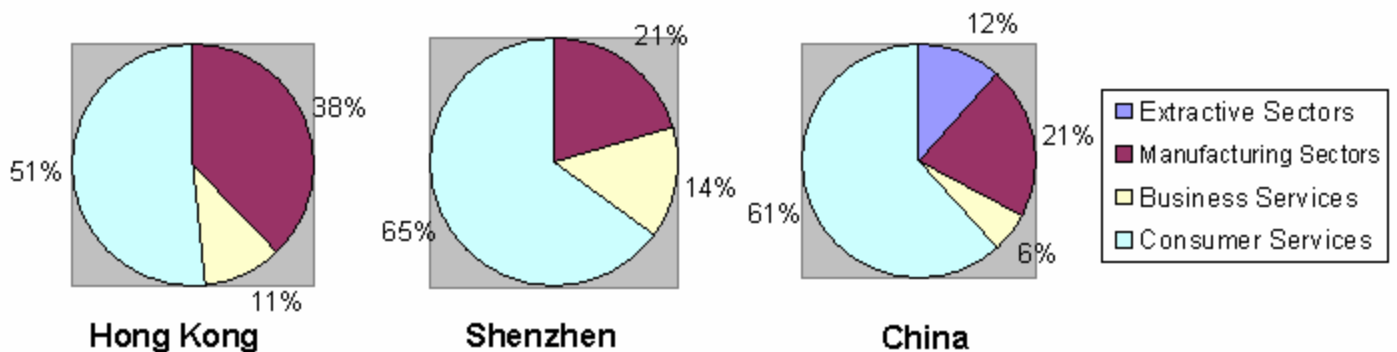


Figure 12  
**Number of Shenzhen startup companies by income and industry sector**

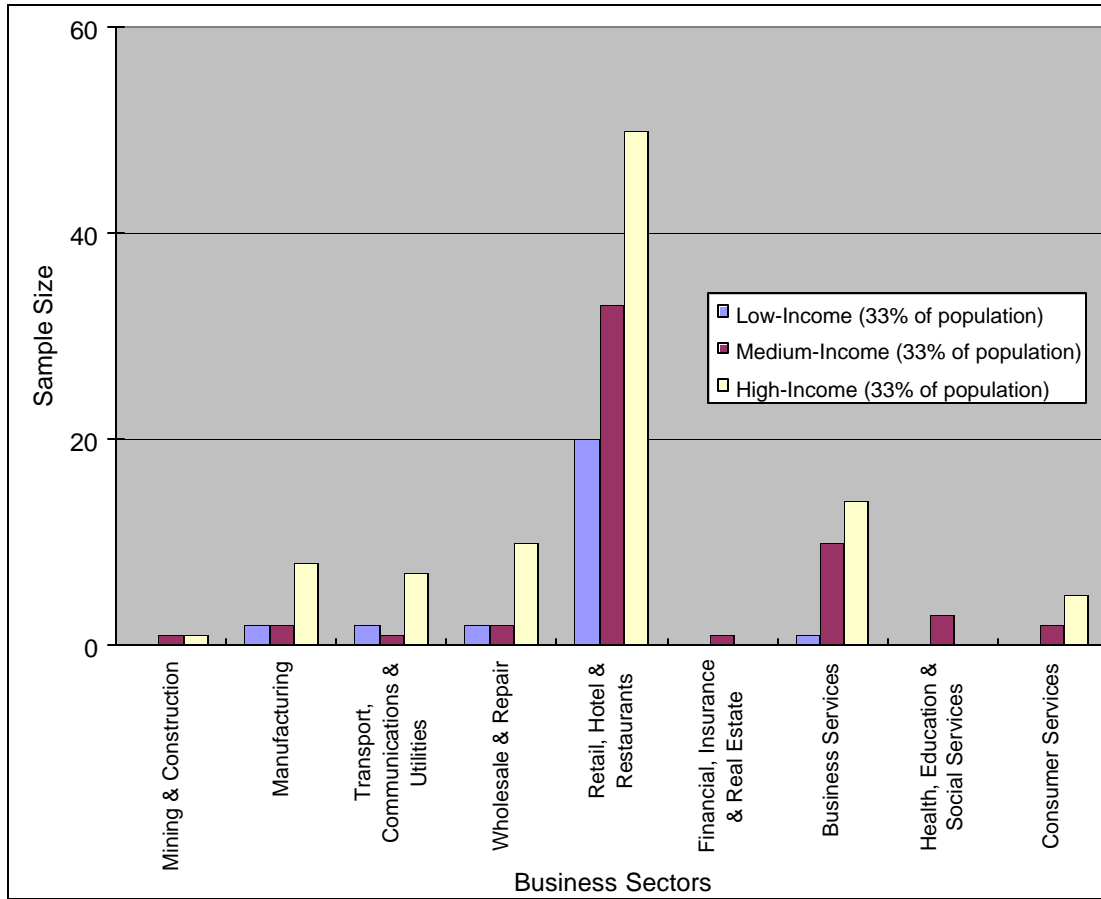


Figure 13  
**Total Entrepreneurial Activity by frequency of travel across border**

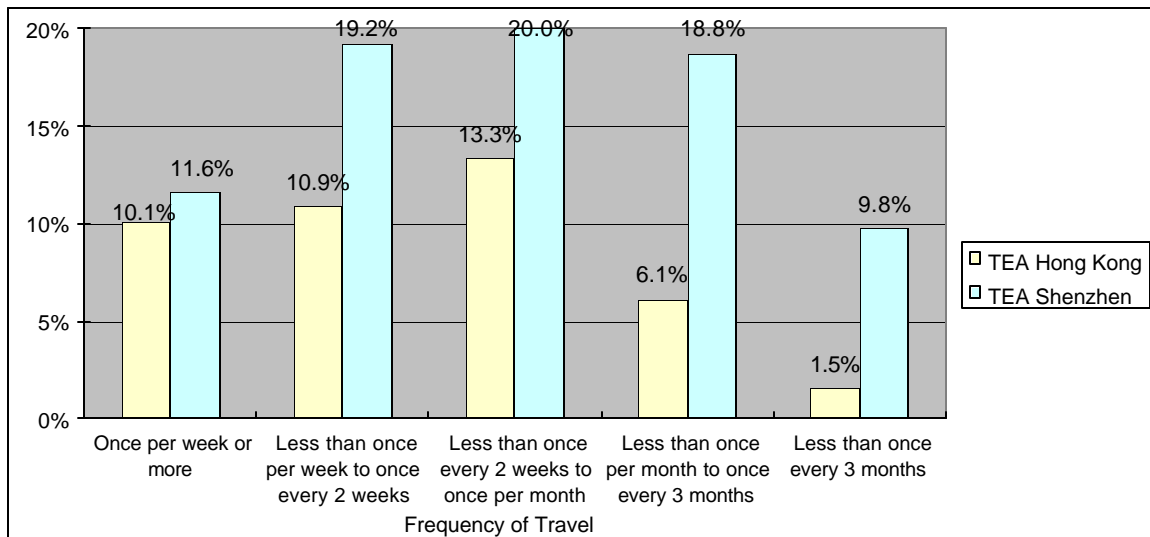


Figure 14

## Industry sectors and travel frequency

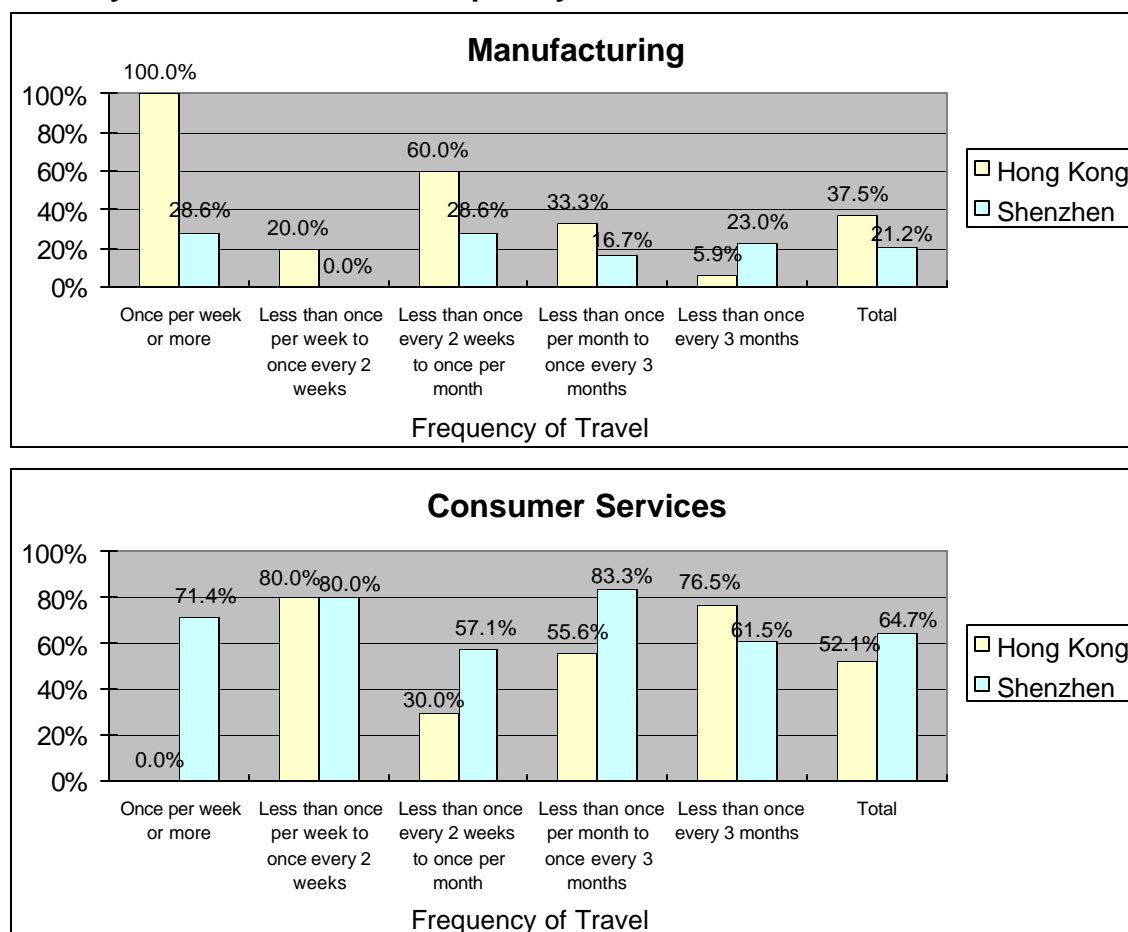


Figure 15  
Cross-border characteristics of enterprises

	Hong Kong Entrepreneurs	Shenzhen Entrepreneurs
Already or intended to set up operations across border	29.6%	27.8%
Operations intended for marketing and sales	40.0%	63.3%
Operations intended for import and export	25.7%	44.3%
Operations intended for product design	22.9%	20.3%
Operations intended for production	42.9%	7.6%
Operations intended for management	31.4%	7.6%
Want to have assistance from the Hong Kong governments	34.3%	59.5%
Want capital and subsidies from Hong Kong government	75.0%	46.8%
Want more market information from Hong Kong government	58.3%	72.3%
Want procedures to be simplified from Hong Kong government	66.7%	55.3%
Want to have assistance from the Shenzhen governments	40.0%	58.2%
Want capital and subsidies from Shenzhen government	35.7%	60.9%
Want more market information from Shenzhen government	28.6%	50.0%
Want procedures to be simplified from Shenzhen government	71.4%	54.3%

Figure 16  
**Influence of not opening the “second board” on the entrepreneurial environment in Shenzhen**

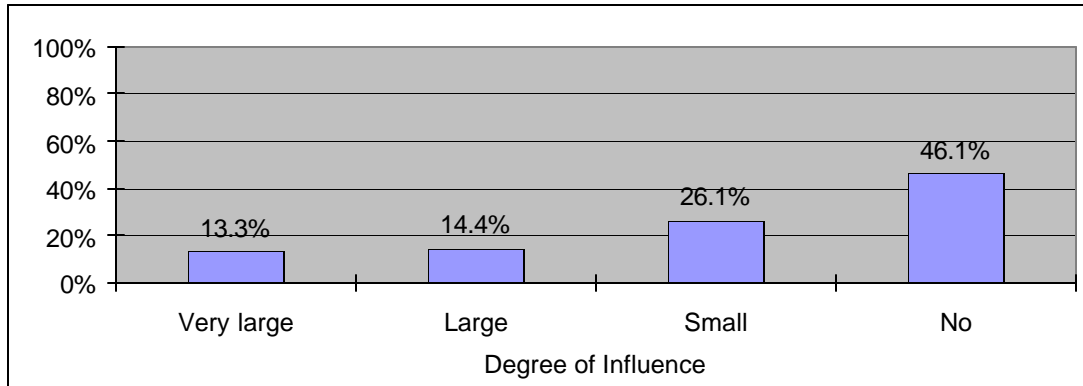


Figure 17  
**The influence of the first and second border on the entrepreneurial environment in Shenzhen**

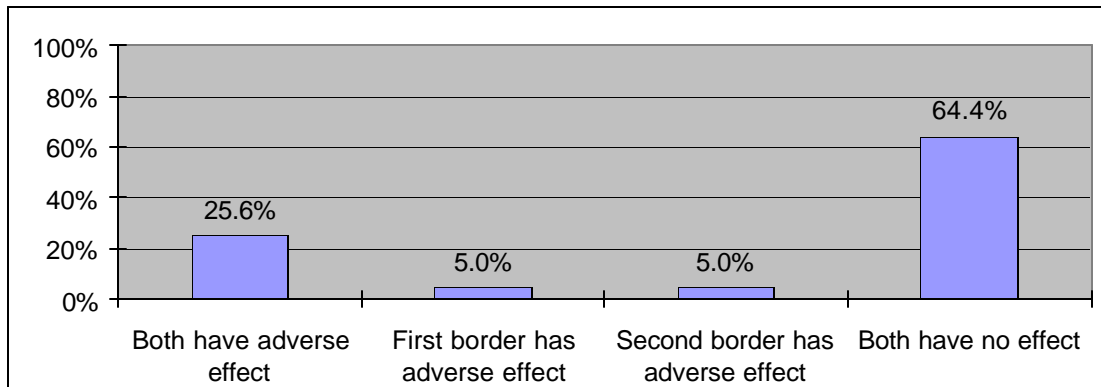


Figure 18  
**Strength of entrepreneurial framework conditions in Hong Kong and Shenzhen versus the GEM global average**

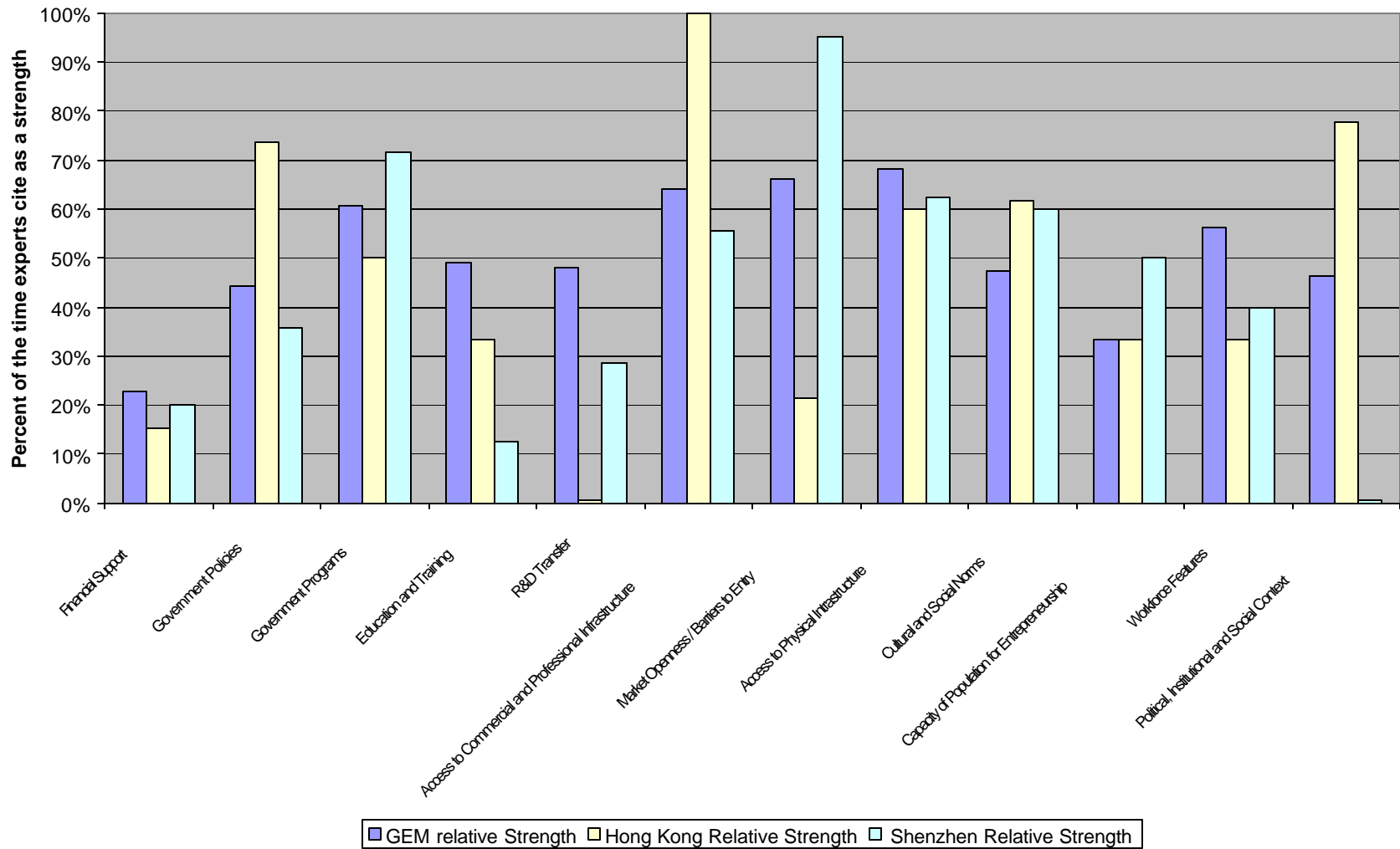


Figure 19

**Expert assessment of Hong Kong and Shenzhen strengths, weaknesses and recommendations****A. Strengths**

<b>Hong Kong Strength</b>	<b>Percent</b>	<b>Shenzhen Strength</b>	<b>Percent</b>
Hong Kong People are entrepreneurial	89%	Shenzhen's people are entrepreneurial	69%
Hong Kong is a free, transparent, clean city.	77%	Shenzhen's government policies are stable and market oriented	55%
Hong Kong has an excellent commercial and professional infrastructure	28%	Shenzhen's government has specific effective policies to stimulate entrepreneurship	46%
Hong Kong has good physical infrastructure	28%	Shenzhen's location especially proximity to Hong Kong creates opportunities	23%
Hong Kong's geographic location, especially proximity to the rest of China creates opportunities	20%	Shenzhen has a good commercial and professional infrastructure	23%
The society is highly educated	16%	Shenzhen has good physical infrastructure	23%
It is easy to set up a business in Hong Kong	16%	Shenzhen has a developed financial system	14%
The government supports entrepreneurship through effective programs	12%	Shenzhen's market system is well developed	9%
Financing is available from VCs, private investors and banks	12%	There are good examples of successful entrepreneurs	9%
		Labor and land is cheap	9%
Total percent of comments	100%	Total percent of comments	91%

## B. Weaknesses

Hong Kong Weakness	Percent	Shenzhen Weakness	Percent
Schools provide inappropriate education and training	52%	Enterprises lack startup finance	59%
Entrepreneurs lack startup finance	48%	There is insufficient management expertise, education and training	59%
New companies face high costs	40%	The government is inefficient	55%
Government programs stimulating new enterprises are inadequate	36%	The society lacks trust and cohesion	36%
People are not interested in starting businesses	36%	Vestiges of state planning inhibit entrepreneurship	36%
The Hong Kong market is small	20%	Special Economic Zone policies no longer confer an advantage	18%
Hong Kong is dominated by oligopolies	20%	R&D transfer is poor	14%
Hong Kong people have narrow perspectives	20%	Physical Infrastructure development lags	9%
The economic climate is poor	20%	Legal and accounting systems are poor	5%
R&D transfer is poor	8%	Travel outside the country is restricted	5%
Total percent of comments	100%	Total percent of comments	98%



### C. Recommendations

Hong Kong Recommendation	Percent	Shenzhen Recommendation	Percent
The education system should be reformed to encourage entrepreneurship	88%	Pass additional laws and regulations to promote property rights, efficient market operation and clarity of administration.	64%
Lower startups cost and raise access to finance	56%	Increase financial access of startup firms	50%
Government should abandon non intervention and pick industries to support	20%	Educate entrepreneurs	50%
Experienced entrepreneurs mentor SMEs	20%	Build effective mechanisms for R&D transfer	41%
Increase link with the rest of China.	20%	Reduce the control of government over industry	23%
Boost self reliance, confidence and social cohesion and responsibility	20%	Improve commercial and professional infrastructure	14%
Increases support for universities to commercialize research	20%	Improve physical infrastructure	14%
The government should have a positive non-interventional approach	16%	Reform the residence policies to allow freer flow of people with the rest of China	14%
Allow a freer flow of people with the rest of China	12%	Improve social welfare and cohesion	14%
The government should develop its own priorities.	12%	Provide better information to management	9%
<b>Total percent of recommendations</b>	<b>91%</b>	<b>Total percent of recommendations</b>	<b>94%</b>

The above strengths, weaknesses and recommendations are a summary of the Expert interviewees' response to the open-ended questions asking for the interviewees' assessment of the three most important factors that limit the development of entrepreneurship, the three most important factors that contribute to the development of entrepreneurship and three suggestions made as to what can be done to increase the development of entrepreneurship in Hong Kong or Shenzhen.

"Percent" gives the percent of experts who cited the strength, weakness or recommendation. Each Expert gave up to three responses for each item. Percent of recommendations represents the sum of percentages divided by 3.

Figure 20  
**Financial support**

The following chart shows the agreement of experts with statements. Positive numbers show agreement; negative numbers show disagreement

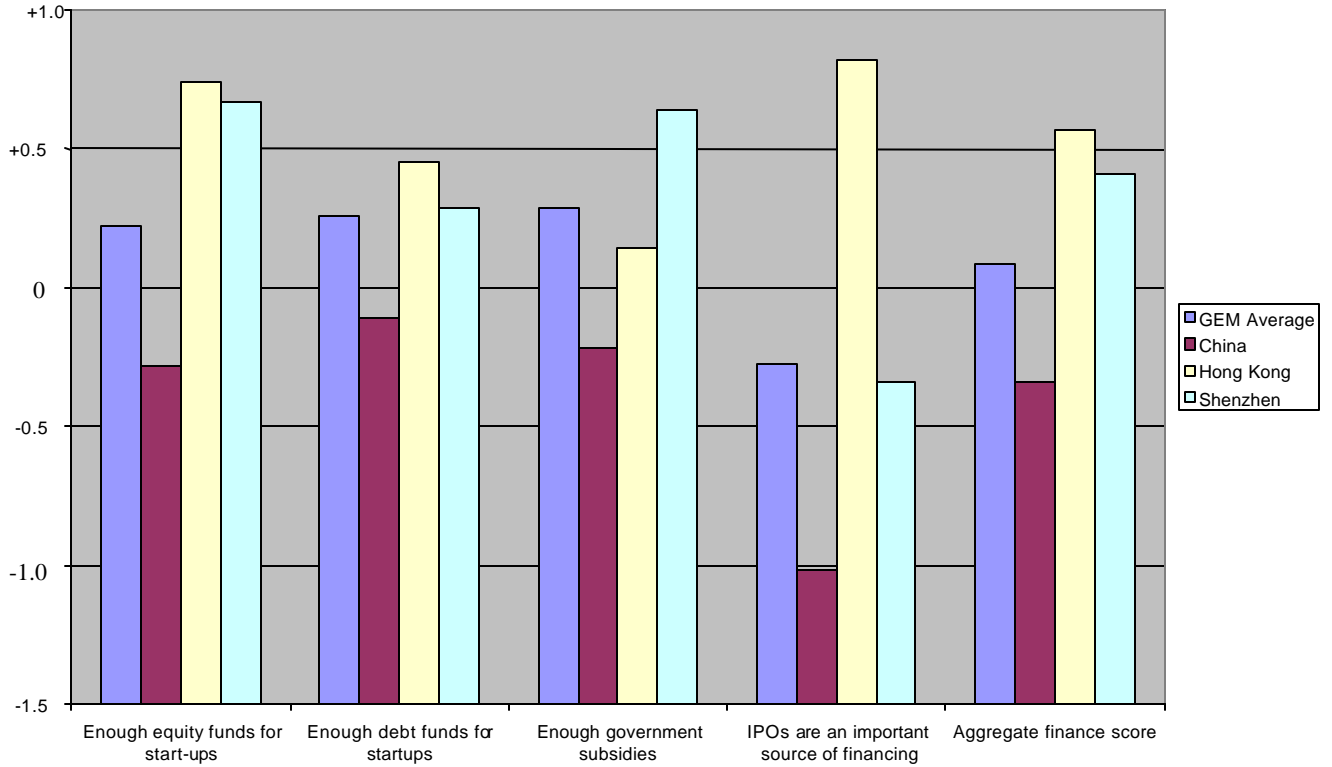
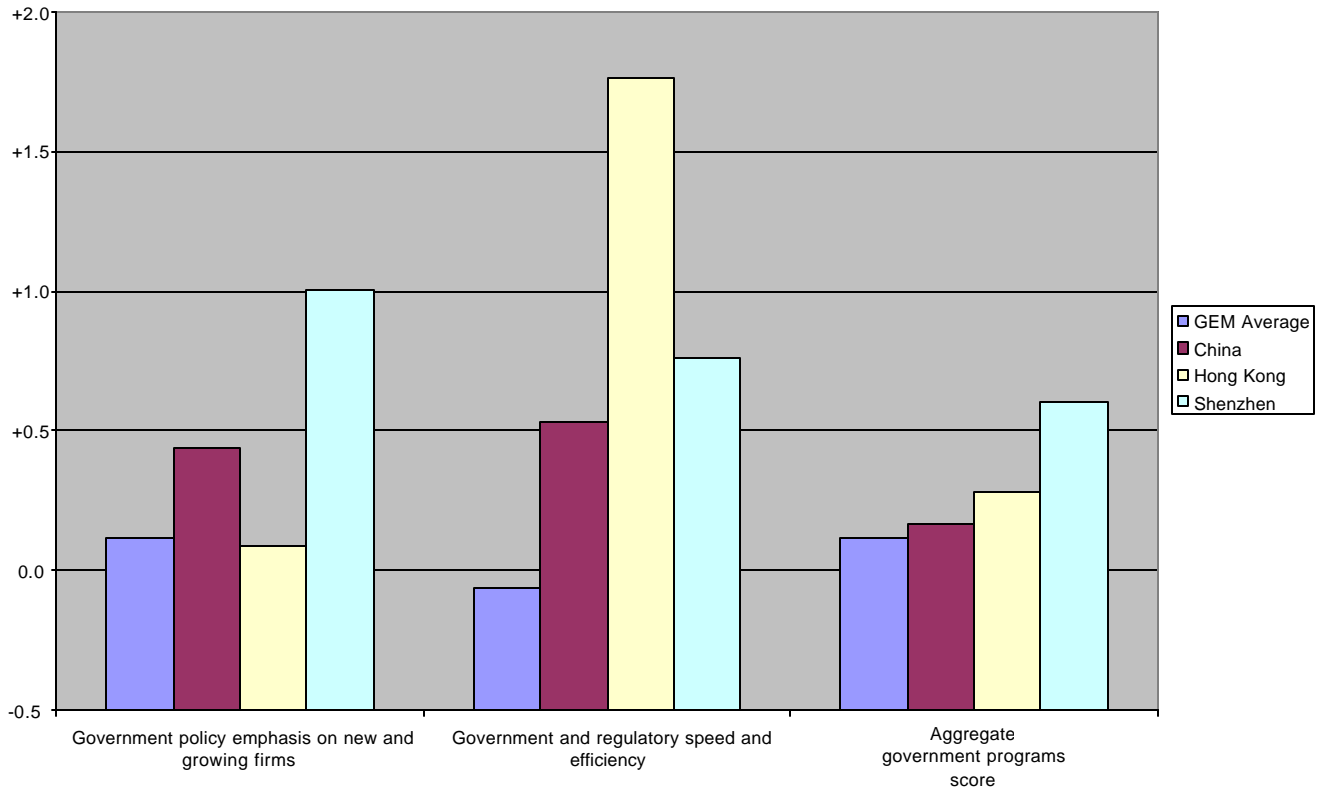


Figure 21

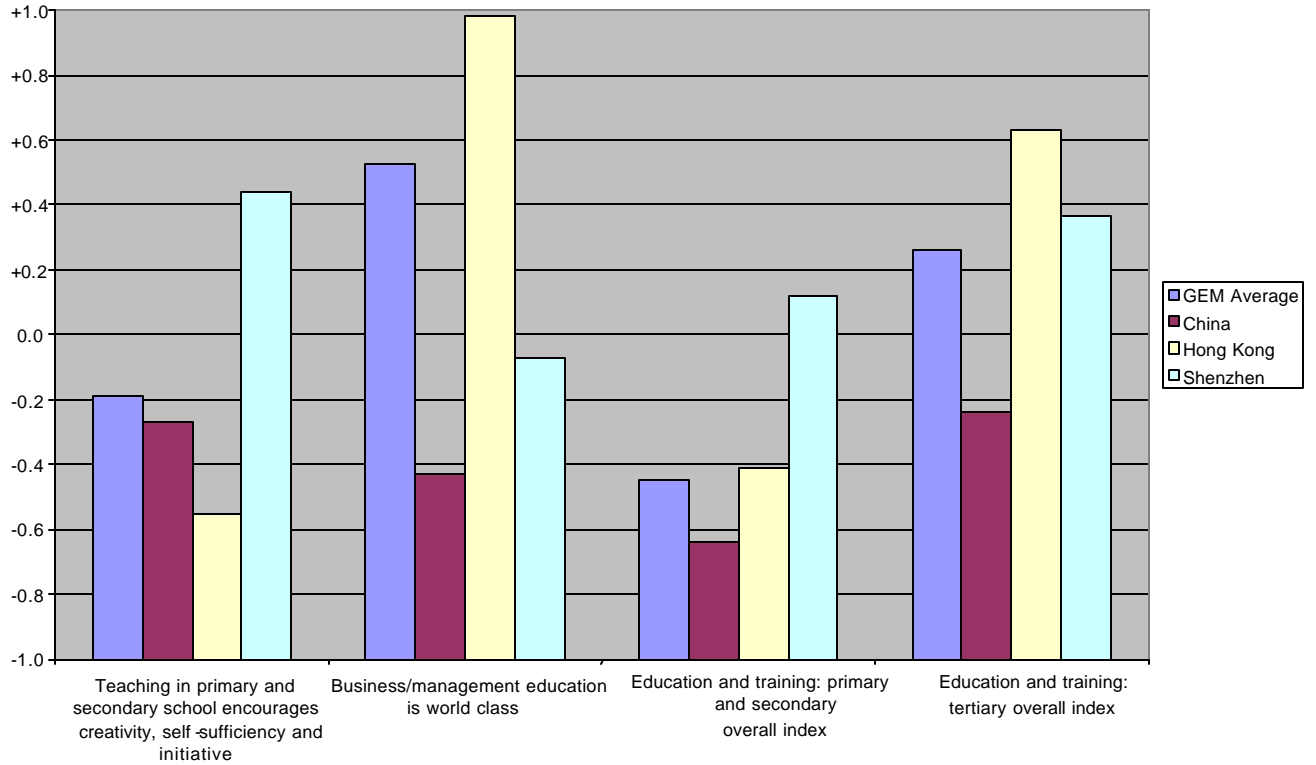
### Government programs and policies

The following chart shows the agreement of experts with statements. Positive numbers show agreement; negative numbers show disagreement



**Figure 22**  
**Education and training**

The following chart shows the agreement of experts with statements. Positive numbers show agreement; negative numbers show disagreement



**Figure 23**  
**Research and development transfer**

The following chart shows the agreement of experts with statements. Positive numbers show agreement; negative numbers show disagreement

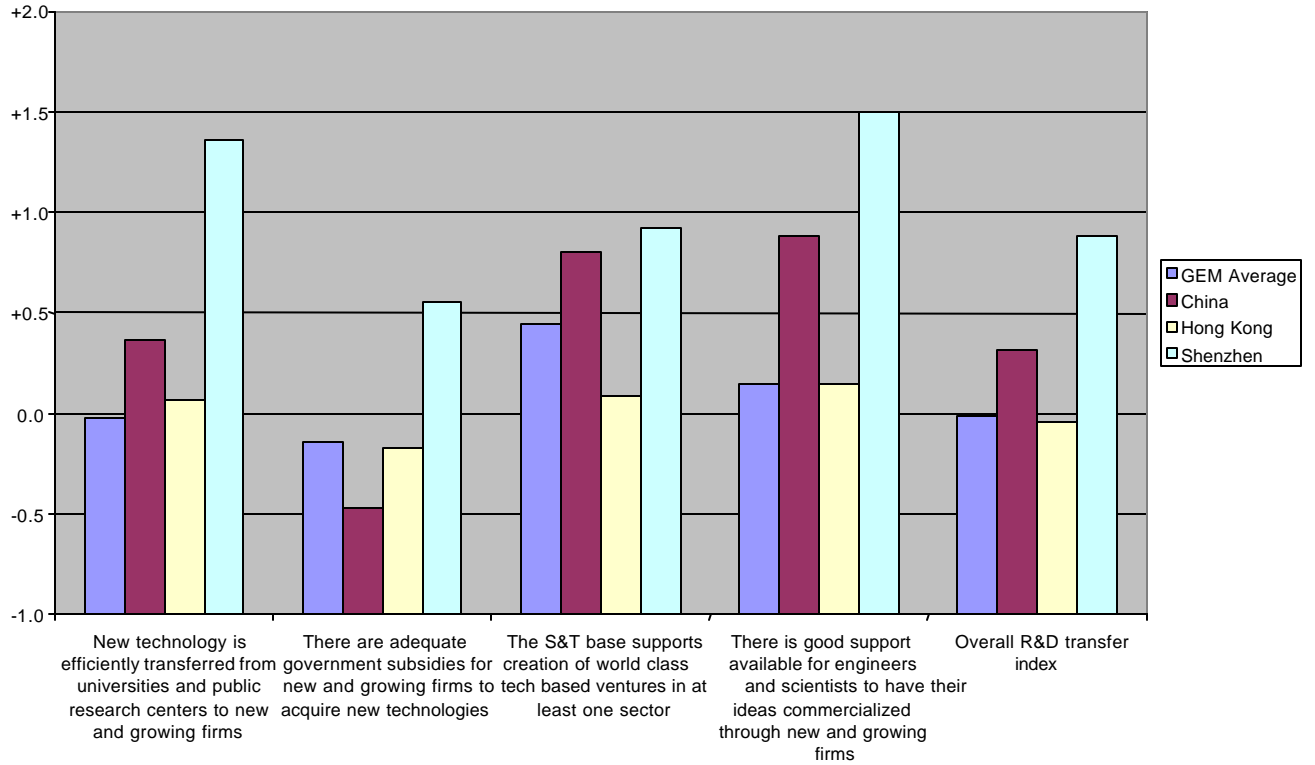


Figure 24  
**Commercial and professional infrastructure**

The following chart shows the agreement of experts with statements. Positive numbers show agreement; negative numbers show disagreement

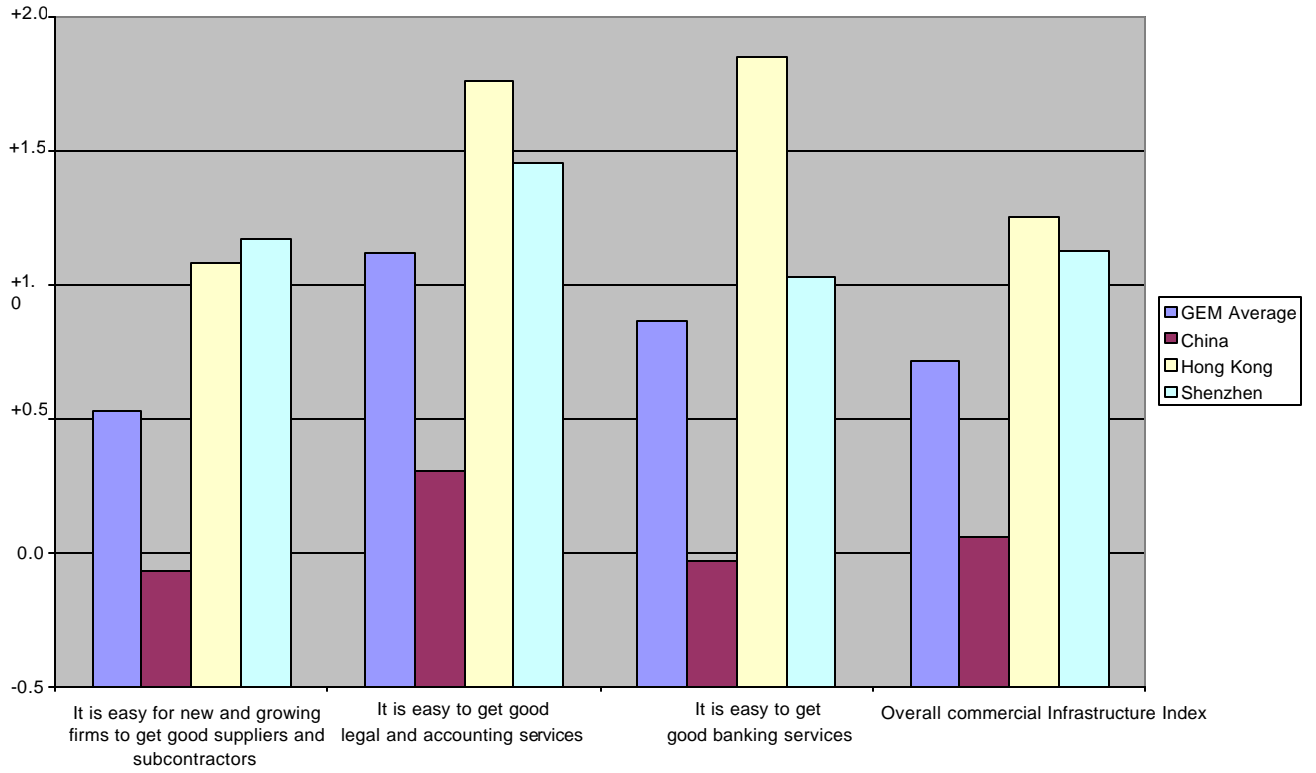
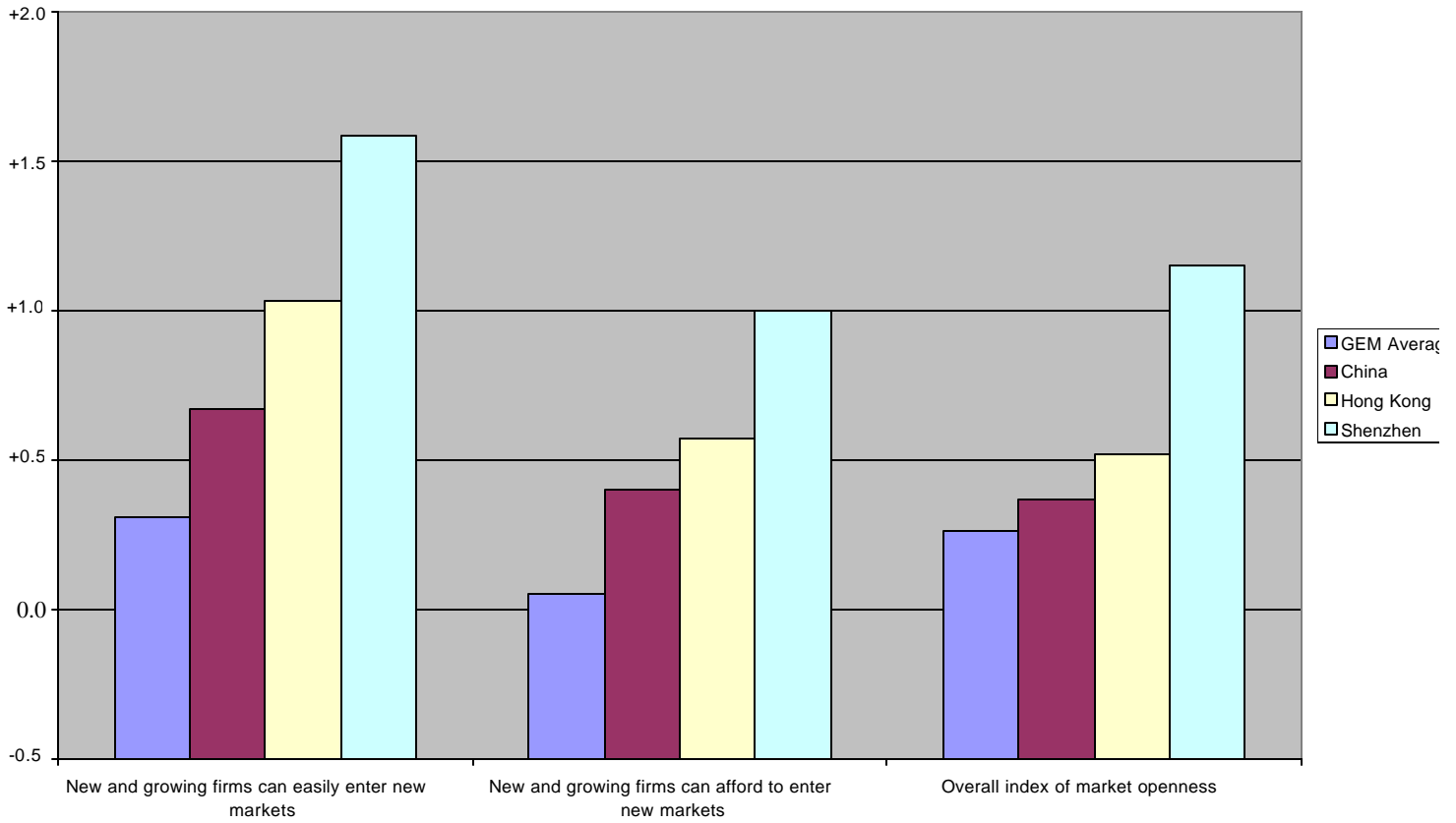


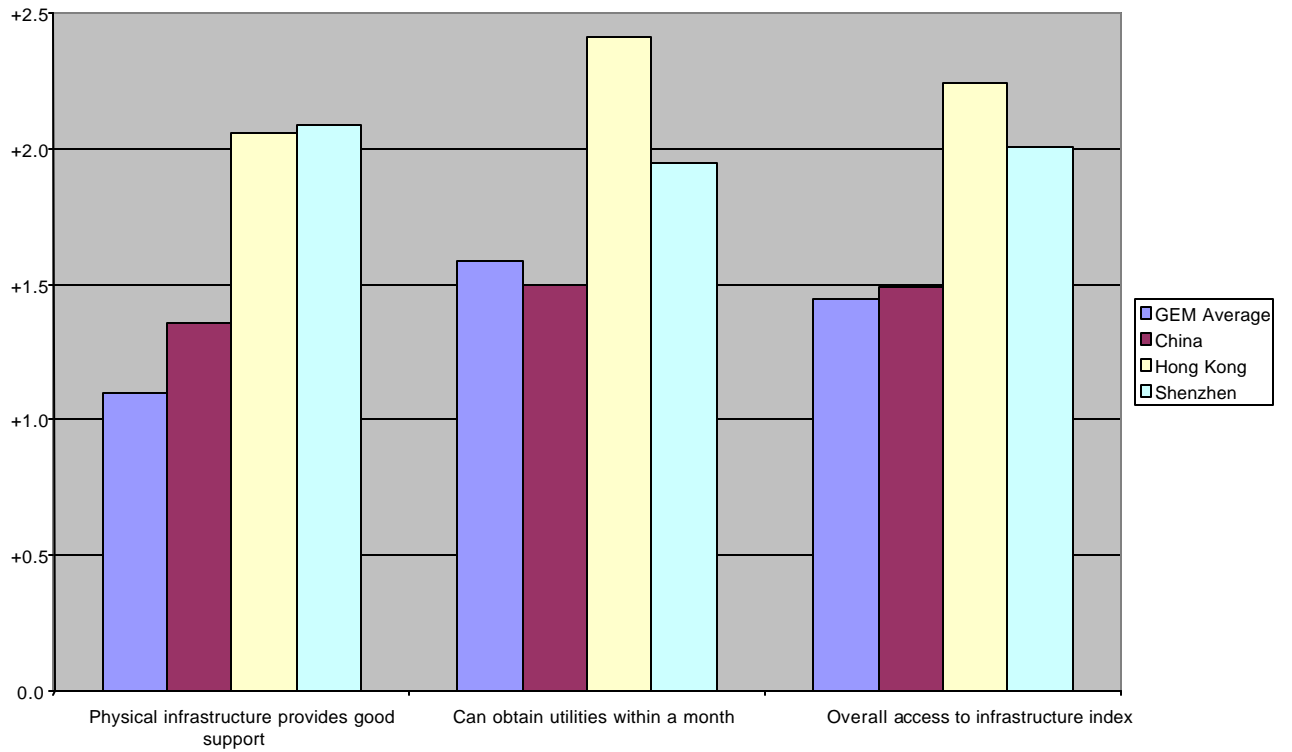
Figure 25  
**Market openness and barriers to entry**

The following chart shows the agreement of experts with statements. Positive numbers show agreement; negative numbers show disagreement



### Figure 26: Physical infrastructure

The following chart shows the agreement of experts with statements. Positive numbers show agreement; negative numbers show disagreement





### Figure 27: Cultural and social norms

The following chart shows the agreement of experts with statements. Positive numbers show agreement; negative numbers show disagreement

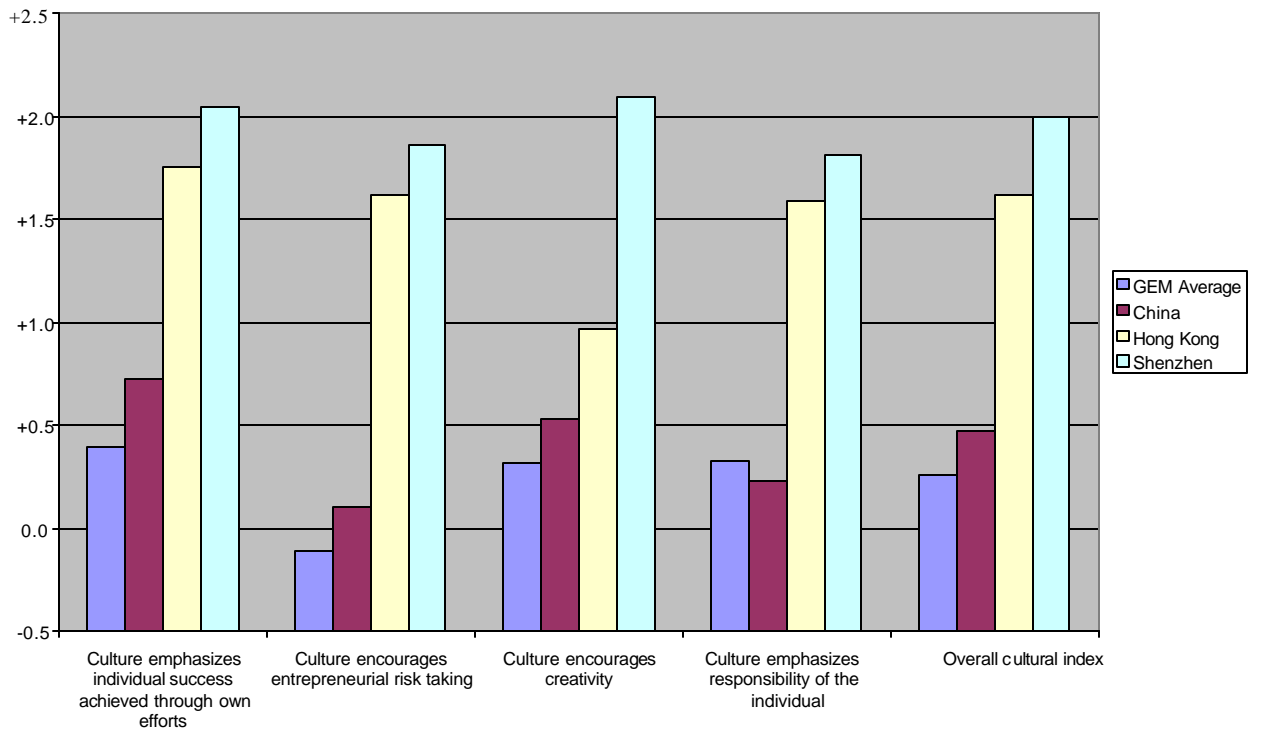


Figure 28  
**Royalty distributions of universities**

University	Percent of Royalties on Patented Invention	
	To Inventor	To University (including department or school)
Chinese University of Hong Kong	25%	75%
City University of Hong Kong	30%	70%
Hong Kong University	50%	50%
Hong Kong University of Science and Technology	50%	50%