

## **Global Entrepreneurship Monitor (GEM) 2009 Highlights of Hong Kong and Shenzhen Report**

### Background of the Study

- ✧ The study is part of the Global Entrepreneurship Monitor (GEM), which is a research consortium led by Babson College, USA and London Business School, UK. It involves 300 scholars from 55 countries around the world with an aim to produce an accurate and up-to-date picture on global entrepreneurship activities. The CUHK Center for Entrepreneurship takes lead of the Hong Kong and Shenzhen part of the Study.
- ✧ Data of the present study are collected through 4,000 telephone and 72 face to face interviews conducted from May through August 2009 in Hong Kong and Shenzhen.

### Highlights of Major Findings

- 1. Dramatic Drop in Early Stage Entrepreneurship Activities**  
(Newly start-up firms or firms less than 3.5 years)
  - ✧ Only **3.6%** of the Hong Kong respondents have started business in the 2009 survey, a much lower rate compare to 10% in 2007.
  - ✧ Shenzhen also shows dramatic drop from 11.5% (2004) to **4.8%** (2009).
  - ✧ Despite the decrease in early stage entrepreneurship activities in its two major cities, Hong Kong and Shenzhen, China as a whole has seen steady growth from 13.7% (2005) to **18.8%** (2009).
  
- 2. Deterioration in Confidences and Changes in Perception of Entrepreneurship**
  - ✧ Only **one-fifth (1/5)** of Hong Kong people express confidence in having the skills and experience to start a new business, compare to **one-third (1/3)** in 2007.
  - ✧ The number of respondents consider starting a new business as a desirable and respected career choice have dropped from **two-third (2/3)** in 2007 to **around half** in the 2009 study.

### **3. Expectation of Future Business Growth**

- ✧ Only **14%** of Hong Kong respondents think there will be good business opportunities in the next six months, a dramatic drop from 81% in 2007.
- ✧ Nevertheless, **23%** of Hong Kong entrepreneurs still expected high growth rate (employ 20 or more employees) of their firms in the coming five years, one of the highest in the world, exceeded but Shenzhen (45%) but well over the rate of China (14%) and the US (9%).

### **4. Other Observations**

- ✧ Hong Kong's entrepreneurs are better educated than before. People with post-graduate degree are twice as likely to be entrepreneurs, whereas in the 2007 study, only 1.4 times as likely. This is opposite of what is seen in China where post-graduate degree holders are only one-fifth (1/5) as likely to be entrepreneurs as the population as a whole.
- ✧ Being an entrepreneur in Hong Kong is a profitable career. Established local entrepreneurs and early stage entrepreneurs are 27 times and 3.8 times (respectively) more prevalent in the top three of Hong Kong income earners than in the bottom three.