

6. Country Report of Hong Kong, China¹

6.2 Current Status of Women Entrepreneurs of Hong Kong, China

Section 2 will now attempt to provide foundational understanding of both the overall and female entrepreneurial landscape in modern day Hong Kong.

Entrepreneurship in Hong Kong

Unfortunately, since neither the Hong Kong Trade and Industry Department nor the Census and Statistics Department currently provide official reporting or statistics specifically on entrepreneurs (whether disaggregated by sex or not) on their respective official websites, limited national data is available on metrics or composition pertaining to entrepreneurship in Hong Kong (Chu, 2004).

Therefore, in order to gain deeper insight and additional context on Hong Kong's entrepreneurial landscape, some common global rankings for entrepreneurship have been incorporated and referenced. In particular, the Global Entrepreneurship Index (GEI) which 'measures the health of the entrepreneurship ecosystems in each of 137 countries' and is calculated by The Global Entrepreneurship and Development Institute (GEDi) is currently 67.3 for the year 2018, at a rank of 13—the highest rank for all countries in the Asia-Pacific region. Additionally, the Global Entrepreneurship Monitor (GEM) figures can be used to gain detailed insight on entrepreneurial self-perceptions and activities within a particular country. For Hong Kong in 2016, the Perceived Opportunities Rate was 56.76, but this showed to be relatively tempered by an unusually high Fear of Failure Rate which was 37.30. On the other hand, the Total early-stage Entrepreneurial Activity (TEA), defined as 'Percentage of 18-64 population who are either a nascent entrepreneur or owner-manager of a new business' was 9.44, which was not too far from the global average of 12.33.

Detailed information on SMEs (small and medium-sized enterprises with at most 100 employees) in Hong Kong was likewise difficult to find. However, it was published by Chua (2003) that 290,000 SMEs in Hong Kong accounted for 98 percent of all local businesses in 2003. These SMEs employed more than 1.36 million people at the time, or approximately 60 percent of all private-sector employees and 90 percent of these SMEs had fewer than 10 employees. To provide a more up-to-date figure, the Hong Kong Trade and Industry Department last reported that there were 330,000 SMEs employing 46 percent of private sector employees as of 2017 (Trade and Industry Department: SMEs and Industries, 2017). Given this high concentration of SMEs, it can be extrapolated that there must be minimal barriers to entry in Hong Kong, which is further supported by the below excerpt:

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‘Starting a new business in Hong Kong is simple. One has only to register the company with the required documents within one month of commencement of operations. The GEM country experts identified this as one of the strengths that promotes setting up enterprises in Hong Kong’ (Chua, 2003, p. 11).

As stated in Section I, the country’s laissez-faire approach can be seen as having a positive impact on the development and growth of entrepreneurship in Hong Kong. It should be noted however, that in the years immediately following the transfer of sovereignty to China (1997), the Hong Kong government began to take a more active role in creating various programs and funds specifically for entrepreneurs and SMEs, such as the Applied Research Fund, Innovation and Technology Fund, Small Entrepreneur Research Assistance Program, SME Export Marketing Fund, SME Training Fund, SME Development Fund, and TechMart (Chua, 2003). Some of these programs, including others not mentioned, are currently listed as available resources from the Hong Kong government by the Hong Kong Trade Development Council (HKTDC), an organization that is officially affiliated with the government (SME Finance | HKTDC, 2018). In addition, the Hong Kong government recognized in 2007 the need for greater access to education and used HK\$5 billion to create the Continuing Education Fund (CEF) (Chan and Lo, 2007). Although not specifically intended for entrepreneurs, this fund subsidizes costs for working adults who are interested in further education and training courses and can be certainly utilized as a resource for entrepreneurs looking to grow their skill base.

Owing in part from its free-market laissez-faire policy, Hong Kong’s geographical location has allowed it to act as the main hub for both passengers and cargo in Asia for a number of decades (Zhang, 2003), which is reflected in Figure 4 below.

Figure 1. Asia’s Main Cargo Airports



Source: Adapted from (Zhang, 2003)

This aspect of Hong Kong's geographical/geopolitical location is an asset for entrepreneurs today, as it is considered to be a gateway city to China which can provide access to larger markets (Lee, Wong and Foo, 2007). And Hong Kong's reputation for being a testbed for trends, a hub for high fashion, and garment sourcing center also make it a desirable location for entrepreneurs to launch businesses (Chu, 2004).

As far as specific data explaining the current state of female entrepreneurship in Hong Kong, little was available. As reiterated throughout the report, there appears to be a lack of official government reporting on entrepreneurs and even less data about female entrepreneurs. Therefore it is difficult to postulate with much certainty the current state of female entrepreneurship in Hong Kong. Without such data, key questions such as: (1) 'Are there enough women entrepreneurs engaged in the ICT sector?' (2) 'Are women in Hong Kong well equipped for entrepreneurship?' (3) 'What skills do women entrepreneurs lack?' and (4) 'What resources or programs are most highly leveraged by female owners?' are all difficult to answer. These are just a sampling of questions that this report would have liked to include but found difficult to pinpoint given the lack of regular, consistent, and publically available national reporting concerning such topics.

Fortunately, some third-party data is available, and it was reported as recently as 2015 that 45 percent of entrepreneurs in Hong Kong are female. This percentage is higher than nearly every other country in the world, except for India which has a 49 percent ratio (Knott, 2015). This is supported by the 2016 GEM ranking previously cited regarding the Female/Male TEA ratio, which indicated that there was approximately one female entrepreneur for every male entrepreneur. This implies that there is an active and fair environment for women entrepreneurs in Hong Kong. Furthermore, researchers have found that most female entrepreneurs in Hong Kong are concentrated in the middle to upper-class, while male entrepreneurs tend to be concentrated primarily in the middle class – this class standing is measured based on personal or family wealth (Chu, 2004). In general, women entrepreneurs tend to have greater financial assets compared to men founders in Hong Kong. The exact reason for this was not explicitly provided in the research, but may be related to the country's cultural trait of being averse to failure as previously stated above.

In terms of barriers to entry for entrepreneurship in Hong Kong, below are two of the most cited reasons. While they are not specific to females, the barriers mentioned can be seen as both impacting and affecting female entrepreneurs.

Fear of Failure

This stems from the Chinese culture's tendency to fear failure due to a concern with 'losing face,' which leads to a widespread lack of self-confidence among would-be entrepreneurs. Naturally this

has caused a negative association towards entrepreneurship, which are seen as riskier ventures in Chinese culture (Lee, Wong and Foo, 2007). This barrier is also supported in the GEM's Fear of Failure Rate of 37.30 that was previously cited.

Lack of Financial Capital

There was no definitive research to support that women have more difficult access to funding than men, but research did convey that in general, access to capital and funding for startups is not as easy in Hong Kong as maybe other countries like Singapore (Lee, Wong and Foo, 2007). Research claims that SMEs have had minimal access to financing in Hong Kong in the past and typically relied on either personal savings or money borrowed from family or friends to start their businesses (Chua, 2003). Venture capital was typically unavailable for those pursuing light manufacturing, retail, wholesale, and services, and instead was usually reserved for ventures involved in computers or ICT (Chua, 2003). Due to the lack of formal venture capital for most ventures, most entrepreneurs depended on some amount of government largess (Moy, Luk and Wright, 2003). Today this issue has been mitigated to an extent through InvestHK's StartMeUp website, which is not officially affiliated with the government but offers information and resources on angels and venture capitalists, as well as government funding and programs (Resources – GOVERNMENT SUPPORT | StartMeUp HK, 2018).

However, these resources/programs may not be well-advertised and therefore not as well-known among modern entrepreneurs. From a public funding perspective, the Hong Kong government does provide some funds, grants, and programs to support SMEs in general; however, none appear to be for females specifically, at least according to the aggregate information available from StartMeUp HK (SME Finance | HKTDC, 2018) (Resources – GOVERNMENT SUPPORT | StartMeUp HK, 2018). The lack of government programs specifically geared towards women entrepreneurs or entrepreneurs in the latter stages of business is a definite area of concern, considering that many startups tend to fail after a few years, when entrepreneurs begin to face issues with scaling (and funding) (Mitchell, 2011).

In the remainder of the report, the background information that has been provided on Hong Kong, ICT, and entrepreneurs, and more specifically female entrepreneurs, will be used to underscore the analysis of the case study findings below. Topics and themes from both parts (research & case study findings) will be analysed to support policy recommendations and further debated in the summary and discussion section to present an overall viewpoint of the state of ICT and female entrepreneurship in Hong Kong.