

# **Women's Economic Empowerment through Entrepreneurship in Hong Kong**

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# Women's Economic Empowerment through Entrepreneurship in Hong Kong

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## The Women's Foundation Foreword

At The Women's Foundation, we are committed to empowering women with the skills and resources they need to create better lives for themselves and their families. In keeping with the findings of the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), the World Bank, and other international organisations, we have identified building and strengthening the pool of women entrepreneurs in Hong Kong as an important means of economic self-reliance for women with positive implications for the overall economy.

Despite the relatively favourable environment for entrepreneurs in Hong Kong, there is a heavy gender skew with 81% of high growth entrepreneurs are men. To date, there has not been any in-depth research that explores the reasons as to why women are not more actively engaged in entrepreneurial pursuits and why the women-owned businesses that exist find it hard to scale up. In 2012, The Women's Foundation launched a comprehensive qualitative study on women and entrepreneurship in Hong Kong to fill this gap.

Since our inception in 2004, The Women's Foundation has been a leading voice in filling the gap in objective and incisive gender research in Hong Kong. In 2006, The Women's Foundation published our ground-breaking study on The Status of Women and Girls in Hong Kong to review the status of women in Hong Kong. Building on this study, starting in 2008, we launched an 18-month long stakeholder engagement process comprising focus groups, individual interviews and public symposia to better understand the barriers faced by women and girls. Building on our earlier research in 2006 and 2008, The Women's Foundation launched a new series of quantitative and qualitative research studies in 2010, working in collaboration with The Chinese University's Gender Research Centre, the Hong Kong Council of Social Service and Civic Exchange. These studies which were published in 2012 and 2013 and are available on our website ([www.thewomensfoundationhk.org](http://www.thewomensfoundationhk.org)), have informed other organisations' policies and initiatives and have raised public awareness to build a more gender equitable society.

We hope this report on Women & Entrepreneurship will help to spotlight the specific challenges that female entrepreneurs and women-owned businesses face in Hong Kong. We also hope our recommendations will inform and influence regulatory and institutional bodies in their policy-setting, build stronger networks among current women entrepreneurs, and galvanise stakeholders to take steps to create programmes and initiatives that encourage and cultivate larger numbers of successful women entrepreneurs. We are heartened and encouraged by the many references in the recent Policy Address to the importance of re-igniting Hong Kong's entrepreneurial spirit and the additional resources the Government is pledging to promote social entrepreneurship in particular. We hope the Government will also recognise the need to do more for women entrepreneurs based on this report.

This publication is the outcome of our collaboration with social policy consultant, Louisa Mitchell. We are very grateful to her for her excellent work. The Women's Foundation would also like to thank the many people at Goldman Sachs who so generously gave their time, advice and financial support to this project through Goldman Sachs Gives. In addition, we would like to thank all the individuals who provided us with invaluable counsel, encouragement and expertise.

Women in Hong Kong often bear the brunt of wealth inequity but represent untapped potential as drivers of sustainable growth — a growth which is key to Hong Kong's future. Entrepreneurship is a powerful means to unleash that potential and advance gender equality through women's economic empowerment. We hope this study will serve as a catalyst for long-term systemic change by spurring efforts to pursue the changes needed to achieve the full participation of women in Hong Kong society.

Kay McArdle  
Board Chair, The Women's Foundation

Su-Mei Thompson  
CEO, The Women's Foundation

## Goldman Sachs Foreword

Goldman Sachs is honoured to support The Women's Foundation and its research on "Women's Economic Empowerment Through Entrepreneurship in Hong Kong." Research conducted by Goldman Sachs' economists, the World Bank, and others suggests that investing in the education of women and their economic empowerment can have a significant positive impact on GDP growth and per-capita income.

We recognised the powerful role that women have to play in creating growth and we made a significant investment in their economic empowerment by launching the 10,000 Women initiative. 10,000 Women is a campaign to foster greater shared economic growth by providing 10,000 women around the world with a business and management education.

Goldman Sachs has been a supporter of The Women's Foundation since its establishment in 2004. The Foundation's ground-breaking research publications on the gender gap and the status of women in Hong Kong are now seminal reference tools for government, businesses, academia and NGOs. Its programs focused on combatting gender stereotyping, increasing the women in leadership and decision-making roles, and empowering lower-income women to achieve a better quality of life, have been instrumental in helping to raise awareness to these issues in Hong Kong.

The Foundation's latest research on "Women's Economic Empowerment Through Entrepreneurship in Hong Kong" is a significant piece of evidence-based research that will help support the formulation of policy and create an environment that unleashes the full economic potential of women in Hong Kong.

Stephanie Hui  
Managing Director, Goldman Sachs

## EXECUTIVE SUMMARY

### The research

This project examines the environment for women entrepreneurs in Hong Kong. It aims to identify the enablers for, and obstacles to, women starting up and scaling up their own businesses and to make suggestions for how to break down the barriers women entrepreneurs currently face. A diverse group of twenty-one women entrepreneurs was interviewed and a literature review was undertaken in the first half of 2013. Around ten academics and experts working in the entrepreneurship space were consulted and several others tapped on a more informal basis. This report analyses the policy framework for women's entrepreneurship, the access to finance for starting up and scaling up, the challenges around capacity development, and the social and cultural barriers women business owners experience in Hong Kong today. Case studies of twenty of the women interviewed are interspersed throughout the discussion and analysis in the main report. At the end, some suggestions for change are presented for discussion.

### The context

The research was initiated against the backdrop of a global policy focus on women entrepreneurs. Entrepreneurship is seen as a way of driving economic growth, creating jobs and therefore contributing to social stability.<sup>1</sup> There is significant potential for developing women's entrepreneurship because although women are undertaking salaried work in increasing numbers, their share of entrepreneurial activity around the world remains consistently lower than men's.<sup>2</sup> Women's entrepreneurship is therefore very much a global concern,<sup>3</sup> and is also ripe for policy development. In addition, the emergence of more successful female business owners would add to the economic empowerment of women who are said to control US\$20 trillion of consumer spending around the world, making them an enormous market.<sup>4</sup>

Research by the International Finance Corporation shows that firms run by women tend to be smaller than those operated by men in terms of number of employees, asset value and annual turnover, as well as being less profitable.<sup>5</sup> However, their potential is significant. Recent research conducted in the UK, which surprisingly found that women entrepreneurs in the UK have higher incomes than men entrepreneurs in the UK, concluded that these women have achieved this success because they can fare better in a market-driven environment than in a traditional role as an employee where they have to negotiate for pay and other terms.<sup>6</sup>

Hong Kong, well known for being home to some of the world's great entrepreneurs and with a government-supported Small and Medium Enterprise (SME) sector providing 47 per cent of total employment (excluding the civil service), has fallen down the global rankings in entrepreneurial activity.<sup>7</sup> In addition, whilst there are targets for women's participation in economic activity and public life in Hong Kong, there are no such targets for women's business ownership or entrepreneurship. Hong Kong recently participated in the first APEC Ministerial Meeting on SMEs and Women at which members agreed to a range of targeted policy measures for the development of women-owned SMEs but there is no indication that Government targets are forthcoming in Hong Kong in this area.

Lack of publicly available gender-disaggregated data and analysis makes it difficult to gain a detailed understanding of women's entrepreneurial activity in Hong Kong. However, census data shows that the ratio of male to female employers is 3.5 to 1.<sup>8</sup> Analysis of early stage entrepreneurial activity by the Global Entrepreneurship Monitor (GEM) shows that Hong Kong's male to female ratio is 2.2 compared to 1.3 in China and 1.7 in the US and although on a par with Shenzhen at 2.1 and the UK at 2.3, Hong Kong's overall entrepreneurial activity is lower than both Shenzhen and the UK.<sup>9,10</sup>

At the time of writing it was possible to deduce from the government incubation scheme websites that there are currently more men than women in these programmes by a ratio of approximately 5:1. The Youth Business Hong Kong scheme has a slightly less skewed ratio of 1.8 men to 1 woman. Programmes for business sectors that have traditionally attracted women have better ratios. While the Design Incubation Programme has a male to female ratio of around 2.5:1, the Hong Kong Social Enterprise Challenge run by the Chinese University of Hong Kong (CUHK) in 2013 had a ratio of 1.6:1 male to female entrants and there were actually more female winners than male at 14 women and 6 men, in line with recent research showing that women in Hong Kong care more about social issues than men.<sup>11</sup>

The gender-disaggregated information for technology and high-growth start-ups paints to a stark gender gap with research in 2007 showing that 81 per cent of high-growth entrepreneurs were men.<sup>12,13</sup> In addition, whilst the proportion of women studying engineering and technology in Hong Kong's universities has increased from 14 per cent of the total in 1996/7 to 33 per cent of the total in 2011/12,<sup>14</sup> the proportion of women working in the information and communications sector has stagnated, declining from 33 per cent of the total in 1996 (when it was classified as communications) to 31 per cent.<sup>15</sup> CUHK's Centre for Entrepreneurship, which has advised around 50 incubatee companies from the Hong Kong Science and Technology Parks Corporation (HKSTPC), confirmed that amongst those 50, only a few were women and of those, only one was wholly owned by a single woman with the others being joint male/female partnerships.

### The findings

Entrepreneurship policy in Hong Kong has not been designed with a gender lens. Hong Kong lacks a department or body like the US Office of Women's Business Ownership (see Section 2) to co-ordinate and implement gender policy on entrepreneurship. This means that there is no joined-up approach by the government, banks, private sector companies and civil society to provide women with appropriate resources and financing that address their needs for starting and scaling up businesses. On top of that, many women lack confidence and the self-esteem required to start up on their own. Further down the line, scaling up requires time and stamina, but women still bear the brunt of household and family duties, which eat into their time and energy, although many women find Hong Kong's compact scale and size a positive factor in this regard.

For men and women, the policy, institutional and regulatory environment for starting up in Hong Kong is favourable. Hong Kong is widely regarded as one of the easiest places in the world to establish a business due to its advanced legal system, stable political environment, favourable tax regime, low start-up costs and light

<sup>1</sup> International Finance Corporation (2013), *IFC Jobs Study: Assessing Private Sector Contributions to Job Creation and Poverty Reduction*, Washington; [http://www1.ifc.org/wps/wcm/connect/0fe6e2804e2c0a8f8d3bad7a9dd66321/IFC\\_FULL+JOB+STUDY+REPORT\\_JAN2013\\_FINAL.pdf?MOD=AJPERES](http://www1.ifc.org/wps/wcm/connect/0fe6e2804e2c0a8f8d3bad7a9dd66321/IFC_FULL+JOB+STUDY+REPORT_JAN2013_FINAL.pdf?MOD=AJPERES) (accessed 3 May 2013).

<sup>2</sup> Global Entrepreneurship Monitor (2011), *GEM 2010 Women's Report*; <http://www.gemconsortium.org/docs/768/gem-2010-womens-report> (accessed 25 April 2013).

<sup>3</sup> OECD (2012), *Women in Business: Policies to Support Women's Entrepreneurship Development in the MENA Region*, OECD Publishing; [http://www.keepeek.com/Digital-Asset-Management/oced/industry-and-services/women-in-business\\_9789264179073-en](http://www.keepeek.com/Digital-Asset-Management/oced/industry-and-services/women-in-business_9789264179073-en) (accessed 5 May 2013).

<sup>4</sup> Silverstein M. and Sayre K. (2009), *Women Want More: How to Capture Your Share of the World's Largest, Fastest-Growing Market*, Boston Consulting Group.

<sup>5</sup> International Finance Corporation (2013), *IFC Jobs Study: Assessing Private Sector Contributions to Job Creation and Poverty Reduction*, Washington.

<sup>6</sup> Barclays Wealth and Investment Management (2013), *Unlocking the Female Economy: The Path to Entrepreneurial Success*, London; <http://www.barclayswealth.com/Images/unlocking-fem-economy.pdf> (accessed 5 May 2013).

<sup>7</sup> Global Entrepreneurship Monitor (2009), *Global Entrepreneurship Monitor Hong Kong & Shenzhen 2009*; <http://www.gemconsortium.org/docs/download/713> (accessed 26 April 2013).

<sup>8</sup> Census and Statistics Department, HKSAR Government (2013), *Women and Men in Hong Kong, Key Statistics*, HKSAR.

<sup>9</sup> Global Entrepreneurship Monitor (2009), *Global Entrepreneurship Monitor Hong Kong & Shenzhen 2009*; <http://www.gemconsortium.org/docs/download/713> (accessed 26 April 2013).

<sup>10</sup> Total early stage Entrepreneurial Activity (TEA) is defined by GEM as being the percentage of 18-26 year olds who are either nascent entrepreneurs or owner-managers of a new business (i.e. owning and managing a running business that has paid salaries, wages, or any other payments to the owners for more than 3 months, but not more than 42 months).

<sup>11</sup> DeGolyer M. (2013), *The Changing Faces of Hong Kong: Women in the Community and National Context, 1994-2010*, Civic Exchange, Hong Kong; [http://www.civic-exchange.org/wp/201302gender\\_en/](http://www.civic-exchange.org/wp/201302gender_en/) (accessed 25 April 2013).

<sup>12</sup> 'High growth' was defined in the research report in Note 13 as those companies which responded to the question "How many people will be working for this business, not counting the owners but excluding all exclusive subcontractors, when it is five years old?" with the words "over 20".

<sup>13</sup> Chua B-L et al. (2007), *Innovation Policy and High Growth Startups*, Chinese University of Hong Kong; <http://entrepreneurship.baf.cuhk.edu.hk/sites/default/files/project/hong-kong-entrepreneurship-and-government-policy/innovationpolicyandhighgrowthstartups.pdf> (accessed 4 April 2013).

<sup>14</sup> University Grants Committee (2012), *Statistics*; <http://cdf.ugc.edu.hk/cdf/statIndex.do?language=EN> (accessed 22 May 2013).

<sup>15</sup> Census and Statistics Department, HKSAR Government (2012), *Women and Men in Hong Kong, Key Statistics*, HKSAR; <http://www.statistics.gov.hk/pub/B11303032012AN12B0100.pdf> (accessed 23 May 2012).



touch regulation. Property rental costs aside, the obstacles to starting up are essentially social and cultural. First, the education system is largely believed to stifle creativity and is not conducive to encourage entrepreneurship, although recent changes to the curriculum may alter this in the long run.<sup>16</sup>

Second, Hong Kong parents generally prefer the safer career routes of law, finance and medicine for their children.<sup>17</sup> The broad view which emerged in this research that people in Hong Kong fear failure instead of being risk takers who embrace failure as a necessary component of future success. All of the women interviewed for this research referred to time spent studying, working or travelling overseas as instrumental in motivating them to take the risk of establishing their own businesses.

The roadblocks to scaling up are related to fragmented frameworks for securing capital, attracting and retaining high quality employees (without fail the number one ongoing challenge identified by all interviewees), accessing adequate support in developing the business, and financial management skills. It was not possible to quantify whether these barriers are more severe for women than men since gender-disaggregated data on financing schemes, recruitment and training related to SME owners is not available. There are almost no gender-targeted policies and programmes for women business owners in Hong Kong and global research shows that gender needs to be taken into consideration in the design, marketing and delivery of business development services for them to reach out most effectively to women.<sup>18</sup> Other countries have recognised this need and established targeted policies and programmes for women, for example the government of Taiwan recently launched a 2013 Female Innovative Entrepreneurship Project (see Section 2) including training programmes, mentoring and ongoing business monitoring.

Access to capital is a significant challenge across the globe for women entrepreneurs. Hong Kong previously had a Women's Business Start-Up Assistance Scheme launched by the Hong Kong Women Professionals and Entrepreneurs Association (HKWPEA), which was highlighted by the Women's Commission as one of the role models of 'Good Practices on Empowerment of Women in Hong Kong', but the Scheme appears to have lapsed.<sup>19</sup> Research by the International Finance Corporation shows women entrepreneurs are more risk-averse than men, less likely to take a bank loan, and if they do, the terms of borrowing they are offered can often be less favourable than for men.<sup>20</sup> New analysis provided by one bank in Hong Kong for this research showed that it has far fewer women SME clients than men and they borrow less. In addition, the SME lending schemes tend to cater more for the medium than for small enterprises. Banks in Hong Kong would benefit from joining the Global Banking Alliance (see Section 3) and developing tailored, holistic financing solutions for women business owners.

The angel and venture capital industry is nascent but developing, although it has been said that in Hong Kong it is 'all men'. For women owned businesses to get a bigger share of VC funding, it would probably help if there were more women working in VC and private equity firms which have traditionally been heavily male-dominated. Research in the US published in 2004 showed that the few partnerships that had closed deals with women-led companies (which comprised less than 10% of all VC deals at the time) employed 70 per cent of the women working in the industry.<sup>21</sup> As the sector develops, we are seeing the emergences in the US of women's networks like SandHillRdWomen's community (see Section 3) and investment organisations such as Astia Angel and Golden Seeds (see Section 3), which nurture women investors and entrepreneurs. At the same time as the VC industry has tended to exclude women, women entrepreneurs have tended to shy away

from external financing, preferring to start up with capital from friends and family, if this is available. More mentoring is needed to encourage and support women business owners through the process of applying for VC funding. Once VC investment has been tapped, in general, success is more likely with ongoing monitoring and advice.

Most of the women who were interviewed commented on the value they placed on mentoring for personal and professional support. There are several entrepreneurs' associations for networking and accessing support in Hong Kong, including associations for women-only as well as those for men and women. The Women's Foundation also runs a Mentoring Programme for Women Leaders which includes entrepreneurship panels and an entrepreneurs' mentoring circle where seasoned women business owners mentor and coach up and coming female entrepreneurs. However, these networks and schemes have been criticised for being too fragmented and for not working together. The initiation of a high-level, government-led network which is a public and private sector partnership like Sweden's Ambassadors for Women's Entrepreneurship Programme (see Section 2) or Ireland's Going for Growth (see Section 5), may help to tie the current fragmented networks together and lead the development of women's entrepreneurship in Hong Kong.

While the use of social media in a territory with 50 per cent Facebook penetration is a prerequisite to successful business marketing today, it was widely agreed by the women interviewed for this research that virtual communications are no substitute for face-to-face networking and meetings. Physical networks remain important for building business relationships. CoCoon (see Section 4) offers a co-working venue catering specifically for start-ups which provides the physical space for working and networking. There is no women-only space yet like B.Hive in the UK (see Section 4) but the recent trend for co-working spaces in Hong Kong is a positive development in building a community of entrepreneurs.. One expert commented that, taken as a whole, these co-working spaces and the efforts of organisations like General Assembly (see Section 4) offering start-up training, particularly in technology, as well as on-line support platforms like Dragon Law (see Section 2) and new crowdfunding platforms (see Section 3) means that Hong Kong is starting to have many of the necessary ingredients to develop a sustainable entrepreneurship culture in Hong Kong.

The private sector in Hong Kong has not been particularly visible in its support of women entrepreneurs, so the launch in 2013 of Google's Women Entrepreneurs Online programme (see Section 4) was a positive step, as was Google's subsequent launch of a joint mentoring programme with CUHK for young entrepreneurs. Given that research shows that companies that have embraced the internet have higher growth,<sup>22</sup> training in technology is critical for women entrepreneurs, who are proven to grow their businesses slower than men.<sup>23</sup> In addition, Hong Kong's e-commerce market has high forecast growth which women entrepreneurs can tap into if furnished with the right skills, particularly given the opportunity to market directly through and to women's networks in Hong Kong where women shop more online than men.<sup>24</sup> E-commerce is also the most efficient way of bypassing Hong Kong's punitive rental prices. However, it requires a huge leap of faith, which is challenging for women who are generally more risk averse, to embark on a new business using only a digital, rather than bricks and mortar, space..

Engaging in e-commerce also requires skills in technology and in social networking, as well as in business ownership and development, which speaks to the need for training. What is more, training can be instrumental

<sup>16</sup> Global Entrepreneurship Monitor (2009), *Global Entrepreneurship Monitor Hong Kong & Shenzhen 2009*; <http://www.gemconsortium.org/docs/download/713> (accessed 26 April 2013).

<sup>17</sup> Whitehead K. (2013), "Incubator company Nest gives budding entrepreneurs their big chance", in *South China Morning Post*, 17 May 2013.

<sup>18</sup> OECD (2012), *Women in Business: Policies to Support Women's Entrepreneurship Development in the MENA Region*, OECD Publishing; [http://www.keepeek.com/Digital-Asset-Management/oecd/industry-and-services/women-in-business\\_9789264179073-en](http://www.keepeek.com/Digital-Asset-Management/oecd/industry-and-services/women-in-business_9789264179073-en) (accessed 5 May 2013).

<sup>19</sup> Cheng E. (2005), *Hong Kong Women Professionals & Entrepreneurs Association President's Report for 2003-2004*, HKWPEA; <http://www.hkwpea.org/pdf/PresidentReport.pdf> (accessed 1 May 2013).

<sup>20</sup> International Finance Corporation (2011), *Strengthening Access to Finance for Women-Owned SMEs in Developing Countries*, Washington, [http://www.ifc.org/wps/wcm/connect/a4774a004a3f66539f0f9f8969adcc27/G20\\_Women\\_Report.pdf?MOD=AJPERES](http://www.ifc.org/wps/wcm/connect/a4774a004a3f66539f0f9f8969adcc27/G20_Women_Report.pdf?MOD=AJPERES) (accessed 12 May 2013).

<sup>21</sup> Kauffman Foundation (2004), *Gatekeepers of Venture Growth: A Diana Project Report on the Role and Participation of Women in the Venture Capital Industry*, [http://www.kauffman.org/uploadedFiles/Diana\\_2004.pdf](http://www.kauffman.org/uploadedFiles/Diana_2004.pdf) (accessed 24 May 2013).

<sup>22</sup> The Boston Consulting Group (2011), *The Connected Harbour: How the Internet is Transforming Hong Kong's Economy*; <http://connectedharbour.hk/> (accessed 6 April 2013).

<sup>23</sup> International Finance Corporation (2013), *IFC Jobs Study: Assessing Private Sector Contributions to Job Creation and Poverty Reduction*, Washington.

<sup>24</sup> yStats.com (2013), *Tiger Countries B2C Commerce Report 2013*; <http://ystats.com/en/reports/preview.php?reportId=1016> (accessed 19 April 2013).

for developing confidence. The government has targeted some groups of women (low income, elderly) with computer skills training as part of its Digital 21 Strategy, and it has also targeted SMEs in programmes to build ICT capabilities, but it has not joined the dots between the two to focus specifically on women-run SMEs. Initiatives are required to furnish young women with technology and coding skills so that they have equality of access to business opportunities in technology start-ups, such as Girls Who Code in the US (see Section 4).

In addition, the private sector, especially MNCs with deep pools of expertise and well-developed diversity programmes in their head offices, can offer training in other areas. Banks could offer training in financial management, accountancy firms in book-keeping, law firms in demystifying legalese, human resources firms in employee management and so on. And support should not stop at training. A greater commitment to supply chain diversity, whereby large companies ensure that a certain proportion of their suppliers are minority-owned businesses, would increase opportunities for women-owned SMEs in Hong Kong and potentially elsewhere in the region. Many MNCs are subscribing to supply chain diversity programmes in other parts of the world but the same commitment is not evident when it comes to the selection of Hong Kong-based suppliers. In Hong Kong, it is unclear how companies are pursuing supplier diversity goals but the recent introduction of guidance on supply chain reporting, albeit voluntary, in the Hong Kong Listing Rules, may provide more clarity in the future (see Section 4). Meanwhile, there are global organisations such as WEConnect International that connect corporations with certified women-owned businesses who could be potential suppliers or partners.

But it is also clear that women also need to help themselves. In this research, some of the women said they had not started out with grand ambitions but, rather, they had become entrepreneurs because they wanted to pursue their passion or wanted more flexibility in their lives. Some of them said they had become more ambitious as they tasted success, others not. It is hard to tell whether the latter are genuinely unambitious or whether they are scared of failing and doubt their own ability. GEM research has found that compared to men, fewer women believe they have the capabilities for entrepreneurship and more women are dissuaded from starting up by fear of failure, and this is worse in developed than developing economies.<sup>25</sup> Whilst the government, the private sector and women's groups can do so much, women also need to help themselves. Many of the women interviewed felt they had only experienced isolated incidents of discrimination and that Hong Kong was not an especially difficult place for a woman to do business. But women can also do much more by way of recognising and promoting their strengths and positioning themselves effectively for success. They need to 'lean in', as explained in Facebook Chief Operating Officer Sheryl Sandberg's recent book, and seize their own moments.<sup>26</sup>

### The suggestions

More entrepreneurial activity in Hong Kong will make a positive contribution to job creation and future economic growth. If women are given the support they need to become successful entrepreneurs, the talent pool for entrepreneurship will be bigger. But given that research showing that, on average, women owned businesses tend to be smaller than men's and grow slowly,<sup>27</sup> targeted assistance is required to close the gap between men and women's enterprises, to empower women-owned businesses to reach their full potential and to expand the economic contribution of the sector. Facilitating an environment that better meets the needs of women entrepreneurs in Hong Kong requires a joined-up and co-ordinated effort across government, the private sector the investment community, business associations, civil society and women themselves. This kind of approach is necessary for women's needs be reflected in policy and translated into action and implementation. A full list of suggestions for change and responsibilities with more detailed explanations is presented in Section 6, but in summary include:

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<sup>25</sup> Global Entrepreneurship Monitor (2011), *GEM 2010 Women's Report*; <http://www.gemconsortium.org/docs/768/gem-2010-womens-report> (accessed 25 April 2013).

<sup>26</sup> Sandberg S. (2013), *Lean In: Women, Work and the Will to Lead*, US: Knopf Doubleday Publishing.

<sup>27</sup> International Finance Corporation (2013), *IFC Jobs Study: Assessing Private Sector Contributions to Job Creation and Poverty Reduction*, Washington.

## TOP 5 SUGGESTIONS

Priority	Suggestion	Responsibility
1	Establish a Women's Entrepreneurship Centre, possibly within the Trade and Industry Department	Government, stakeholders
2	Encourage more Hong Kong companies to embrace supply chain diversity with a particular focus on supporting and providing opportunities to women-owned businesses	MNCs and private sector companies, particularly Hong Kong's large, leading companies
3	Develop expertise for IT-related and high growth industries by equipping young women (and men) with computer science and coding skills	Government, schools and universities, NGOs/civil society, businesses
4	Launch programmes to provide women entrepreneurs with vital access to venture capital, business advice, training and mentoring	Government, banks, private sector companies, business associations, trade bodies, stakeholders
5	Build women's representation and networks within the angel/VC/PE community	Angel/VC community

## OTHER SUGGESTIONS

Priority	Suggestion	Responsibility
Support networks	Develop an entrepreneurs ambassador programme that incorporates mentoring	Government, private sector, NGOs/civil society, business associations
	Develop platforms to facilitate hiring in SMEs and start-ups by sector	Business associations, start-up communities
Promotion	Public education and promotion of role models	Government, private sector, NGOs/civil society, business associations
	Promote entrepreneurship as aspirational and erode fear of failure	Government, schools and universities, NGOs/civil society
	Target women for incubation in technology and high growth sectors	Government, universities
Research	Implement Hong Kong's re-entry to Global Entrepreneurship Monitor Project	Government
	Fund longitudinal research study on women entrepreneurs	Government with universities
Training and learning	Build on Digital 21 programmes to encourage entrepreneurship	Government, private sector companies
	Encourage lifelong learning, particularly among middle-aged women	Government, universities, private sector companies

Issue/Solution
Establishing a dedicated entity to support women entrepreneurs would provide the capacity to apply a gender lens to the development of the SME sector and business ownership in Hong Kong. The new Centre would be tasked with systematic collection of gender-disaggregated data and detailed analysis of the needs of women entrepreneurs, leading to a proposed policy framework for women business owners.
While large Hong Kong companies are increasingly taking diversity seriously in terms of their workforce and leadership and management teams, it is unclear how many are applying diversity policies through their supply chains and through to their investee companies. A greater commitment by MNCs and major Hong Kong companies to procure from women-owned businesses while offering support, training and mentoring, would provide valuable business and development opportunities for women entrepreneurs.
Hong Kong lacks targeted efforts to encourage girls and young women to consider studying computer science and jobs within IT.. Introduce school and university level programmes to encourage girls to learn how to code and to educate them (and their parents) on IT related career opportunities.
Involve multiple stakeholders in developing comprehensive, targeted programmes that provide women entrepreneurs with access to venture capital, business advice, training in financial literacy, business planning, pitching, managing growth and scaling up, and mentoring.
Grow the proportion of women within the angel and VC community in Hong Kong. In turn, this is likely to bolster the number of women entrepreneurs who are successfully tapping angel investors or VC/private equity money. Encourage women investing in women initiatives.

Issue/Solution
A large, broad, high-profile network that is supported by or at government level and structured as a high-level public and private sector partnership to lead a women's entrepreneurship movement may bring together other networks and organisations that are currently fragmented. This should also be tied to a problem-solving, results-oriented, matched mentoring scheme
Finding employees that want to work in a start-up is difficult given the likely low salary, hard work, and lack of benefits. Online niche marketplaces can help refine searches by possible employers and employees.
Women lack confidence and belief in what is possible and need to be inspired by seeing what other women have achieved. Successful women entrepreneurs should be widely promoted.
The prevailing attitude in Hong Kong is that working for a big institution is 'safe' and the 'correct' path after a successful education.
Men, particularly those in the high technology space, currently dominate government incubators. Women need to be targeted for the high growth sectors and managed with regard to developing their risk appetite and financial management. In addition, policies and support frameworks for future growth areas such as social enterprise, which fits with women's interests (recent research shows they care more about social issues than men <sup>28</sup> ), should target women.
Termination of Hong Kong's inclusion in the Global Entrepreneurship Monitor Project means that there is now no regular, systematic way to measure Hong Kong's entrepreneurial activity on the global landscape. To retain its status as a world city in business and entrepreneurship, it must continue to be analysed as a stand-alone city in the GEM rather than being wrapped into mainland China. This will also encourage collection of gender-disaggregated data.
The entrepreneurial activity and status of women has changed over recent decades but little detail is known without tracking women entrepreneurs over the years. A long term, large scale study would help with on-going monitoring and evaluation which would deepen understanding of women's needs.
Entrepreneurship is a way of generating income and empowering low-income women but little is being done to train them to benefit from such an approach. Expansion of programmes like the 'Internet Learning and Support Programme', perhaps with the private sector, can segue way into entrepreneurship for economic and social empowerment.
Women tend to have multiple responsibilities and struggle to prioritise or keep up with changes, such as in ICT, which is important for developing business today. There is also an abundance of middle-aged women who are not in employment and who are not targeted for re-training or skills development, but if they were, could be furnished with the skills to become future entrepreneurs.

<sup>28</sup> DeGolyer M. (2013), *The Changing Faces of Hong Kong: Women in the Community and National Context, 1994-2010*, Civic Exchange, Hong Kong; [http://www.civic-exchange.org/wp/201302gender\\_en/](http://www.civic-exchange.org/wp/201302gender_en/) (accessed 25 April 2013).



## SECTION 1: INTRODUCTION

### 1.1 Purpose

There is currently a global policy focus on the role of entrepreneurs in contributing to economic growth, job creation and social stability with a special focus on women and entrepreneurship. UNESCAP, supported by Goldman Sachs, has undertaken research on *Creating an Enabling Environment for Women's Economic Empowerment through Entrepreneurship* in China, India, Indonesia and Malaysia during 2012-13. Each of these countries has its own policy, regulatory and institutional environment for women's entrepreneurship, but they also have shared characteristics. The research will result in a series of country-specific and Asia-wide recommendations for facilitating an improved enabling environment for women entrepreneurs.

The Women's Foundation (TWF), supported by Goldman Sachs, has conducted research on the same topic in Hong Kong which has resulted in this report. The purpose of the TWF research is to identify the enabling factors and barriers that exist for women entrepreneurs in Hong Kong, and through that process, to identify policy implications and make suggestions for how best to enhance the environment for women's entrepreneurship in Hong Kong.

### 1.2 Methodology

The research was conducted over a four-month period and consisted of two principal components: (i) literature and data review, and (ii) semi-structured interviews using open-ended questions with women entrepreneurs. In February and March 2013, a review of literature and data was conducted on women's entrepreneurship in Hong Kong and around the world. At this time, a list of Hong Kong women entrepreneurs who we wanted to interview was drawn up using a convenience sample chosen by way of professional networks and referrals. Interviews were conducted in English or Cantonese (with a translator), recorded and transcribed from March to April 2013.

A total of 25 women entrepreneurs were contacted, of whom 20 agreed to be interviewed and profiled as case studies. Their ages ranged from 21 to over 60. Sectors covered included professional services, finance, fashion, technology, food and beverage, pharmaceuticals, and social media. Few of the women were willing to disclose the size of their company by revenue, but in terms of size by number of employees, they ranged from 1 part-time employee to 50 employees but most were within the 5-15 employee range.

All the women who were interviewed were running enterprises that were currently viable. Two women had been bought out and were now working as employees. It was not part of the research brief to determine or opine on whether and how a business was successful, nor whether the individual interviewed was presenting a true picture of her business. The goal was to understand the views of these individuals on setting up and scaling up in Hong Kong and to reflect those views in this report. The research was written up in April and May 2013 and circulated for comments from June to November 2013. Experts from trade associations, banks, universities and other organisations were consulted on the findings and recommendations.

The limitations of this research are the small sample size, the fact that men were not included for comparison, and the omission of interviews with women running family businesses. Family businesses are an important component of the entrepreneurial landscape in Hong Kong and research on women entrepreneurs in Hong Kong conducted ten years ago found that Chinese women entrepreneurs' motivation was often the desire to assist their husbands or parents in running their businesses.<sup>29</sup> However, we decided to focus this research on women who had started up business in their own right. Broadly, these limitations were down to reasons

<sup>29</sup> Chu P. (2003), *The Making of Women Entrepreneurs in Hong Kong*, City University, Hong Kong; [http://books.google.com.hk/books?id=TgYjfhcJHfKc&printsec=frontcover&source=gbs\\_ge\\_summary\\_r&cad=0#v=onepage&q&f=false](http://books.google.com.hk/books?id=TgYjfhcJHfKc&printsec=frontcover&source=gbs_ge_summary_r&cad=0#v=onepage&q&f=false) (accessed 5 April 2013).

of scope. One further limitation was the lack of inclusion of women whose enterprises had failed. All of the case studies in this report are of women who are running viable enterprises. Two of the women had run previous enterprises that had not been successful and were able to give some insight into how those failures had informed their current enterprises, but stories of 'failure' to use as case studies were not identified.

### 1.3 Terminology and reference

#### Entrepreneurship

For the purpose of this research, which is about entrepreneurship and economic empowerment, the women who were interviewed were all running for-profit enterprises. When looking for entrepreneurs to interview, several suggestions of outstanding women who had established charities, non-profit enterprises and non-governmental organisations were put forward. Whilst these women would undoubtedly have had much to offer in terms of views on the environment for women entrepreneurs in Hong Kong, they were not included because of the parameters of the project. An interview with Wu Mei Lin of the Hong Kong Women Workers' Association, which organises several women's co-operatives, was conducted as a special case to give some perspective on the economic and social empowerment of low-income women through entrepreneurship.

The definition of entrepreneurship has been debated widely over the years and can mean different things to different people. In other studies on entrepreneurship in Hong Kong, female entrepreneurs have covered a wide range, from 'economic elites' such as partners in law firms, to women-owned microbusinesses, to illegal women hawkers, but for the purposes of this report, women entrepreneurs means those who have started up and are running (or may have now sold) their own for-profit businesses, possibly with a partner.<sup>30</sup>

#### Small and medium enterprises (SMEs)

It is difficult to be consistent with a definition of SME for this research, perhaps for any research. The Census and Statistics Department of the HKSAR Government considers SMEs to be all enterprises with fewer than 50 employees. However, for the loan schemes of the Trade and Industry Department and Hong Kong Mortgage Corporation, SMEs are manufacturing businesses with fewer than 100 employees and other businesses with fewer than 50 employees. In other countries, the definition of SME varies further. For example, the European Union defines an SME as having fewer than 500 employees and South Korea as having fewer than 1,000 employees.

These definitions of SME suggest that Hong Kong may be underestimating its number of SMEs although Hong Kong includes microbusinesses of between 5-10 employees in its definition of SME, whereas some countries exclude them. Note, however, that SME data and analysis does not include the informal sector in which businesses are not officially registered but may employ several people. The reality is that this is a small proportion of the sector in a developed economy like Hong Kong.<sup>31</sup> For this research, the term SME is used quite loosely on the basis that it does not meaningfully impact the research or its outcomes.

#### Global Entrepreneurship Monitor (GEM)

This paper draws heavily on the plethora of papers produced by the Global Entrepreneurship Monitor over the last decade.<sup>32</sup> The work and the organisation are referred to as 'GEM' throughout the report. The GEM project is an annual assessment of the entrepreneurial activity, aspirations and attitudes of individuals across a wide range of countries. Initiated in 1999 as a partnership between London Business School and Babson College in the US, the first study covered 10 countries. Since then, nearly 100 national teams from every corner of the globe have participated in the project. In 2011, the project had an estimated global budget of nearly US\$9 million.

<sup>30</sup> Ng C. and Ng E. (2007), "Entrepreneurship and leadership: Case studies of female micro-business owners in Hong Kong", in *Asian Journal of Women's Studies*, 13(1), 52-73.

<sup>31</sup> Cunningham L. X. (2012), *SMEs in Selected Countries in Asia*, Cass Business School, City University, London; <http://www.cassknowledge.com/sites/default/files/article-attachments/SME-in-Asia-Cass-Knowledge.pdf> (accessed 17 May 2013).

<sup>32</sup> To find out more about GEM, see <http://www.gemconsortium.org/teams/131/hong-kong> (accessed 13 March 2013).



The GEM work for Hong Kong has historically been conducted by the Centre for Entrepreneurship at the Chinese University of Hong Kong. The last GEM report for Hong Kong was published in 2009 and is heavily referenced throughout this research.<sup>33</sup> GEM also publishes reports on thematic topics. This study heavily references its 2010 global study on women entrepreneurs.<sup>34</sup>

#### 1.4 Women and entrepreneurship across the globe

##### Innovation

In the most advanced economies, entrepreneurship tends to be what is widely referred to as ‘opportunity-driven’, meaning that an individual can choose whether to start a business or not, whereas in lower-income countries, it is ‘necessity-driven’. Entrepreneurship in high-income countries like Hong Kong tends to be about innovation (in low-income countries, it is about generating higher incomes). It is new SMEs that tend to identify untapped business opportunities and market niches with their unique products and services.<sup>35</sup> Studies on SMEs in OECD countries suggest that around 30-60 per cent of companies have introduced at least one new or improved product or process to the market.<sup>36</sup>

The importance of SMEs has increased over the last few decades, partly due to technology but also due to income, especially in high-income countries where privatisation and increased government outsourcing has encouraged the development of small businesses and where the production of a wide range of consumer products and services encourages specialist firms to meet the demand. Governments across the globe, both in developed and developing economies, have initiated new frameworks to nurture SMEs, both in terms of access to capital and to business support, in recognition of their significant contribution to economies and societies.<sup>37</sup>

##### Job creation

In the last few years, the role of SMEs in job creation has also been placed at the centre of public policy around the world. Global concerns about unemployment rates have put the spotlight on evidence that shows that SMEs, particularly those at the smaller end of the spectrum, make a disproportionate contribution to the creation of new jobs.<sup>38</sup> The contribution to employment by small firms is also believed to be less cyclical than for large firms, helping with stability.<sup>39</sup> Nonetheless, more jobs do not always mean poverty reduction – approximately 40 per cent of workers around the world are still ‘poor’.<sup>40</sup> For employment to lead to poverty reduction, it must be accompanied by higher earnings, which are linked to high labour productivity. This is why policy frameworks developed for entrepreneurship must focus on scaling up as well as starting up. Companies with over 50 workers typically offer a wage premium of 20-50 per cent over microenterprises.<sup>41</sup>

##### Gender constraints

Women’s contributions to their economies have been well documented. Women, who do the majority of day-to-day shopping in most households and who either make, or heavily influence, the decisions around significant purchases, are said to control US\$20 trillion of consumer spending around the world, making them an enormous market.<sup>42</sup> They are also said to influence at least 64 per cent of all purchases in a wide variety of categories, and a much higher percentage in some of them.<sup>43</sup> That US\$20 trillion figure is also expected to continue to grow significantly over the coming years.<sup>44</sup>

As well as having significant power as consumers, women are gaining power as businesswomen. The declaration by then US Secretary of State Hillary Clinton at the second APEC Women and the Economy Forum in 2012 that “limiting women’s economic potential is for every country like leaving money on the table” has been much repeated. Simon Ogus, CEO of Hong Kong based consultancy DSGAsia, recently called Asia’s inability to tap the potential of educated women a ‘self-inflicted wound’.<sup>45</sup> Women can make particularly significant contributions to their economies as entrepreneurs. Although globally their entrepreneurial activity is consistently lower than men’s,<sup>46</sup> a recent report on women entrepreneurs in the UK shows that there, the usual pay gap is reversed, with the average annual income for the women entrepreneurs in the research sample being higher than that of the men. The report concludes that these women have achieved this success because they can fare better in a more directly market-driven environment than in a traditional role as an employee where they have to negotiate for pay and other terms (based on the gender pay gap that exists in most industries and sectors).<sup>47</sup>

Women entrepreneurs also have a critical role to play in job creation, given that women business owners employ a higher share of women than men business owners.<sup>48</sup> Recent research in Malaysia, Thailand and the Philippines shows that women business owners in these countries hire 17 per cent more women employees than men business owners.<sup>49</sup> In the US, by 2018 women entrepreneurs are expected to be responsible for creating approximately 5.5 million new jobs, and over half of those are expected to be created by small businesses.<sup>50</sup>

However, the development of women’s entrepreneurship continues to be a global concern because although women are undertaking salaried work in increasing numbers, they still significantly lag men as business owners.<sup>51</sup> Naturally, the participation of women in entrepreneurship varies significantly in countries around the world, from 1.5 per cent of women in the adult working-age population of 18-64 years, to as high as 45.4 per cent, but “the vast majority of countries [have] more men than women”.<sup>52</sup> GEM analysis also shows that in high-income countries, men are almost twice as likely to be early stage or established business owners than

<sup>33</sup> Global Entrepreneurship Monitor (2009), *Global Entrepreneurship Monitor Hong Kong & Shenzhen 2009*; <http://www.gemconsortium.org/docs/download/713> (accessed 26 April 2013).

<sup>34</sup> Global Entrepreneurship Monitor (2011), *GEM 2010 Women’s Report*; <http://www.gemconsortium.org/docs/768/gem-2010-womens-report> (accessed 25 April 2013).

<sup>35</sup> Caverly J. (2010), *SMEs’ Changing Role*, Standard Chartered Bank, Toronto; [http://www.standardchartered.com/sme-banking/en/SMEs\\_changing\\_role\\_30\\_09\\_10\\_05\\_29.pdf](http://www.standardchartered.com/sme-banking/en/SMEs_changing_role_30_09_10_05_29.pdf) (accessed 29 March 2013).

<sup>36</sup> OECD (2002), *High-growth SMEs and Employment*, OECD Paris; <http://www.oecd.org/industry/smes/2493092.pdf> (accessed 24 May 2013).

<sup>37</sup> International Finance Corporation (2013), *IFC Jobs Study: Assessing Private Sector Contributions to Job Creation and Poverty Reduction*, Washington; [http://www1.ifc.org/wps/wcm/connect/0fe6e2804e2c0a8f8d3bad7a9dd66321/IFC\\_FULL+JOB+STUDY+REPORT\\_JAN2013\\_FINAL.pdf?MOD=AJPERES](http://www1.ifc.org/wps/wcm/connect/0fe6e2804e2c0a8f8d3bad7a9dd66321/IFC_FULL+JOB+STUDY+REPORT_JAN2013_FINAL.pdf?MOD=AJPERES) (accessed 3 May 2013).

<sup>38</sup> URS Corporation (2010), *The City’s Role in Providing for the Public Equity Financing Needs of UK SMEs*, City of London; <http://www.cityoflondon.gov.uk/business/economic-research-and-information/research-publications/Documents/research-2010/The%20city%27s%20role%20in%20providing%20for%20the%20public%20equity%20financing%20needs%20of%20UK%20SMEs.pdf> (accessed 13 May 2013).

<sup>39</sup> Caverly J. (2010), *SMEs’ Changing Role*, Standard Chartered Bank, Toronto; [http://www.standardchartered.com/sme-banking/en/SMEs\\_changing\\_role\\_30\\_09\\_10\\_05\\_29.pdf](http://www.standardchartered.com/sme-banking/en/SMEs_changing_role_30_09_10_05_29.pdf) (accessed 29 March 2013).

<sup>40</sup> International Labour Organisation (2012), *Global Employment Trends 2012: Preventing a Deeper Job Crisis*, ILO; [http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms\\_171571.pdf](http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_171571.pdf) (accessed 13 May 2013).

<sup>41</sup> International Finance Corporation (2013), *IFC Jobs Study: Assessing Private Sector Contributions to Job Creation and Poverty Reduction*, Washington; [http://www1.ifc.org/wps/wcm/connect/0fe6e2804e2c0a8f8d3bad7a9dd66321/IFC\\_FULL+JOB+STUDY+REPORT\\_JAN2013\\_FINAL.pdf?MOD=AJPERES](http://www1.ifc.org/wps/wcm/connect/0fe6e2804e2c0a8f8d3bad7a9dd66321/IFC_FULL+JOB+STUDY+REPORT_JAN2013_FINAL.pdf?MOD=AJPERES) (accessed 3 May 2013).

<sup>42</sup> Silverstein M. and Sayre K. (2009), *Women Want More: How to Capture Your Share of the World’s Largest, Fastest-Growing Market*, Boston Consulting Group.

<sup>43</sup> Silverstein M. and Sayre K. (2009), *Women Want More: How to Capture Your Share of the World’s Largest, Fastest-Growing Market*, Boston Consulting Group.

<sup>44</sup> Global Banking Alliance (2013), *The Business Case*; <http://www.gbaforwomen.com/index.php/our-work/business-case> (accessed 15 September 2013).

<sup>45</sup> Adam S. (2013), “Asia losing US\$89 billion a year failing to recognise women: jobs”, *Bloomberg*, 1 October 2013

<sup>46</sup> Global Entrepreneurship Monitor (2011), *GEM 2010 Women’s Report*; <http://www.gemconsortium.org/docs/768/gem-2010-womens-report> (accessed 25 April 2013).

<sup>47</sup> Barclays Wealth and Investment Management (2013), *Unlocking the Female Economy: The Path to Entrepreneurial Success*, London. <http://www.barclayswealth.com/Images/unlocking-fem-economy.pdf> (accessed 5 May 2013)

<sup>48</sup> World Bank (2008), *Global Monitoring Report 2008*, Washington; <http://econ.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTDECPROSPECTS/0,contentMDK:23103268~pagePK:64165401~piPK:64165026~theSitePK:476883,00.html> (accessed 13 May 2013).

<sup>49</sup> APEC and The Asia Foundation (2013), *Access to Trade and Growth of Women’s SMEs in the APEC Developing Economies*, APEC Singapore; [http://publications.apec.org/publication-detail.php?pub\\_id=1388](http://publications.apec.org/publication-detail.php?pub_id=1388) (accessed 20 May 2013).

<sup>50</sup> Lesonsky R. for The Guardian Life Small Business Institute (2010), *Unique Management Style of Women Small Business Owners*; [http://www.smallbizdom.com/Research/ResearchMonographs/UNIQUE\\_MANAGEMENT\\_STYLE\\_OF\\_WOM](http://www.smallbizdom.com/Research/ResearchMonographs/UNIQUE_MANAGEMENT_STYLE_OF_WOM) (accessed 29 November 2012).

<sup>51</sup> OECD (2012), *Women in Business: Policies to Support Women’s Entrepreneurship Development in the MENA Region*, OECD Publishing; [http://www.keepeek.com/Digital-Asset-Management/oecd/industry-and-services/women-in-business\\_9789264179073-en](http://www.keepeek.com/Digital-Asset-Management/oecd/industry-and-services/women-in-business_9789264179073-en) (accessed 5 May 2013).

<sup>52</sup> Global Entrepreneurship Monitor (2011), *GEM 2010 Women’s Report*; <http://www.gemconsortium.org/docs/768/gem-2010-womens-report> (accessed 25 April 2013).

women (the gender gap is greater than for lower-income countries).<sup>53</sup> In addition, firms run by women are usually smaller than those operated by men in terms of number of employees, asset value and annual turnover, as well as being less profitable.<sup>54</sup>

Specifically in Europe and Asia (a study of 34 developed and developing countries), female-owned firms have fewer employees overall than male-owned firms, are about 1.5 years younger on average and mainly operate in the services sector.<sup>55</sup> In the US, women account for 35 per cent of entrepreneurial activity but only 20 per cent of women-owned firms have annual revenue of greater than US\$100,000 compared to 33 per cent of male-owned firms.<sup>56</sup> Given that larger firms offer a wage premium, the importance of scaling up women's enterprises in the context of job creation is critical.

Recognising the contribution of entrepreneurship to economic growth and the potential empowerment of women by entrepreneurship, multilaterals are making a concerted effort to break down the barriers to women starting up and scaling up. All of these institutions widely agree that the growth and success of women-owned businesses constitute one of the most profound changes in the business world today and do not doubt that women are an emerging force in the global economy. They have made a global push for improved collection of gender-disaggregated data, so as to better conduct needs assessments and design policy for a global women's entrepreneurship movement.<sup>57,58</sup> On the implementation side, APEC recently held its Ministerial Meeting on SMEs, at which women and attendees committed to, among other things, efforts to develop gender-responsive entrepreneurship policies, promote business training and outreach targeted at women entrepreneurs, improve women's financial education and encourage a supportive policy environment for the development of venture capital and angel investment.<sup>59</sup>

## 1.5 Women and entrepreneurship in Hong Kong

### An entrepreneurial hub?

SMEs make up around 98 per cent of Hong Kong's enterprises and provide jobs to over 1.2 million people, about 47 per cent of total employment (excluding civil service). Almost 40 per cent of SMEs are in the import/export and wholesale sector, 15 per cent in finance/real estate/professional services, 10 per cent in retail and 10 per cent in social and personal services.<sup>60</sup> Hong Kong has long recognised the importance of SMEs and the government has been a staunch supporter of the sector. In a research survey conducted in the early 2000s, a country expert commented that in Hong Kong, there is a widely held belief that it is impossible to make money working for other people and the only way to get rich is to start your own business.<sup>61</sup>

The benefits of setting up business in Hong Kong are well understood. Its advanced legal system (including intellectual property protection), stable political environment, strong financial infrastructure and reliable tax scheme are not to be taken for granted in a region where many countries do not have these basic building

blocks in place.<sup>62</sup> In addition, start-up costs are inexpensive, making barriers to entry low. There is also a wide pool of professional resources to draw on, including many experts from around the world.

Hong Kong's compact size is an advantage and a disadvantage. It is easy to get around and network, as Laura Cozijnsen of Lighthouse Consultant summed up: "I live 15 minutes away from the office by taxi. I can't imagine this being the case in China. One province to another you have to get on a flight and all the flight delays and all that." But its small size means rental prices are punitively high and the market opportunity is limited without crossing borders. Fashion designer Bonita Cheung has found retail rental costs a constant problem in her industry.

### BONITA CHEUNG

#### Tassels/Bonita Cheung

<http://www.bonitacheung.com/>

Punitive rental charges are a repeat theme for Hong Kong fashion designer Bonita who designs ready-to-wear collections and haute couture. She says: "I would never have a shop, it's too expensive." She also explains rent as being partly to blame for why there are so few well known Hong Kong fashion designers today compared to twenty years ago: "The 1980s and 1990s was the heyday of Hong Kong designers, some could even have a standalone store on Queens Road Central, but today it is too difficult, rent is too expensive." When talking about her work today supporting up-and-coming designers with the Fashion Design Association (FDA), she says: "It is so difficult for them now, they have to take a space, invest."

The challenges of being a designer in Hong Kong today bother her. Rent is one. Lack of global interest in Hong Kong designers is another. The fact that they have to go overseas and make their name abroad before coming home has motivated her work with the FDA, which has also provided her with a useful network. She explains: "Everybody has their own difficulties, even very experienced designers, and we all share and encourage each other." She particularly credits her network of fellow designers and informal mentors for their advice on the production and business management side of the business. They advised her not to open her own factory in China for her ready-to-wear collection and she is grateful for that suggestion. Instead, she uses medium to small factories that are "high-end quality also meaning high-end price but will also take orders of minimal quantity".

She explains that the haute couture items are all made on site by her team of four, currently on the first floor (less expensive than ground floor) on Queens Road Central. She has about 120 orders per year and a simple couture dress starts at HK\$20,000. Clients come from all over the world wanting dresses for weddings in Hong Kong or balls in New York. But it has become more difficult over recent years as more international acclaimed designers are entering Hong Kong and products from Taiwan and China are becoming higher quality yet still at low prices. When she set up in 1998 she did not find it difficult to get clients. They came through referrals and her network of friends and clients from her previous role in marketing at luxury watch and jewellery retailer Emperor. Nonetheless, she was cautious at first, opening a small studio/shop in Lan Kwai Fong and using a friend's workshop.

She started out because she wanted flexibility. She explained: "My daughter was starting to grow and I wanted more time with her instead of a 9-5, 9-6, or rather 9-8 job in Hong Kong." She went through different options in her mind but she quickly landed on fashion, as she had always loved it ever since helping her mother to make dresses. She says: "I wasn't in my 20s any more and it was kind of like a last call for what I wanted to do and what I wanted to be...I started to imagine when I am 80 and if I look back what would be missing and it would have been fashion if I hadn't done this." She had not gone into fashion straight out of college because

<sup>53</sup> The Center for Women's Leadership at Babson College (2007), *2007 Report on Women and Entrepreneurship*; <http://www.gemconsortium.org/docs/281/gem-2007-report-on-women-and-entrepreneurship> (accessed 13 May 2013).

<sup>54</sup> International Finance Corporation (2013), *IFC Jobs Study: Assessing Private Sector Contributions to Job Creation and Poverty Reduction*, Washington.

<sup>55</sup> Muravyev A., Talavera O., Schafer D. (2009), "Entrepreneurs' gender and financial constraints: evidence from international data", in *Journal of Comparative Economics* 37 (2009), pp.270-286; <http://ideas.repec.org/p/diw/diwwpp/dp706.html> (accessed 15 May 2013).

<sup>56</sup> Mitchell L. (2011), *Overcoming the Gender Gap: Women Entrepreneurs as Economic Drivers*, Ewing Marion Kauffman Foundation; <http://www.kauffman.org/research-and-policy/overcoming-the-gender-gap-women-entrepreneurs-as-economic-drivers.aspx> (accessed 3 May 2013).

<sup>57</sup> International Finance Corporation (2013), *IFC Jobs Study: Assessing Private Sector Contributions to Job Creation and Poverty Reduction*, Washington; [http://www1.ifc.org/wps/wcm/connect/0fe6e2804e2c0a8f8d3bad7a9dd66321/IFC\\_FULL+JOB+STUDY+REPORT\\_JAN2013\\_FINAL.pdf?MOD=AJPERES](http://www1.ifc.org/wps/wcm/connect/0fe6e2804e2c0a8f8d3bad7a9dd66321/IFC_FULL+JOB+STUDY+REPORT_JAN2013_FINAL.pdf?MOD=AJPERES) (accessed 3 May 2013).

<sup>58</sup> OECD (2012), *Women in Business: Policies to Support Women's Entrepreneurship Development in the MENA Region*, OECD Publishing; [http://www.keepeek.com/Digital-Asset-Management/oced/industry-and-services/women-in-business\\_9789264179073-en](http://www.keepeek.com/Digital-Asset-Management/oced/industry-and-services/women-in-business_9789264179073-en) (accessed 5 May 2013).

<sup>59</sup> For more information on the APEC Joint Ministerial Statement on SME and Women, see [http://www.apec.org/Meeting-Papers/Ministerial-Statements/Women/2013\\_sme\\_women.aspx](http://www.apec.org/Meeting-Papers/Ministerial-Statements/Women/2013_sme_women.aspx) (accessed 24 September 2013).

<sup>60</sup> Census and Statistics Department of the HKSAR Government (2012), *Operating Characteristics of SMEs, 2011*, HKSAR.

<sup>61</sup> Chua B. L. and Steilen C. for Hong Kong Trade Development Council (2001), *Success Factors of SMEs in Hong Kong: A 10 Step Entrepreneurship Model*.

<sup>62</sup> Fannin R. (2013), "Pros & cons for startup launches from silicon harbour", in *Forbes*, 4 April 2013; <http://www.forbes.com/sites/rebeccafannin/2013/04/21/pros-cons-for-startup-launches-from-silicon-harbour/> (accessed 14 May 2013).



her mother had encouraged her to do something ‘broader’ so that she had something to fall back on.

Her business is borne of passion. She says: “It’s not work to me. I just enjoy what I am doing every day.” And her motivation is not financial: “I don’t have the ambition to make a zillion on it, but as long as I can remain and do what I want to do, that is fine.” She credits her family with supporting her emotionally and financially. As she says: “It is lumpy and unpredictable, peaks and troughs. If I had stayed in marketing, I would have had a stable salary, a more constant job.”

Production and business management are a challenge for her. She can never be sure how long it is going to take to do a piece of work. As she says: “The whole process of designing, ordering fabric, getting embroidery and beading done in India, cutting, sewing, fitting in Hong Kong...it is extremely time intensive and every dress is different.” But ready-to-wear is even worse as it requires upfront investment and cash flow is impossible. She enjoys it though as it is more like designing for herself than other people, so she has one label, Ni-Chi, which has sold through Harvey Nichols for three seasons and she is continuing with a friend. She explains that it will sell through an online retailer because “a shop would be too expensive” and she muses about what she could have made if she had bought her second workshop in Soho when the landlord sold it during SARS...

Hong Kong’s small size means the domestic market for any service or product is only 7 million people. Erica Ma of CoCoon, in the context of explaining why overseas experience is critical for gaining a broader outlook explained: “Potential market size is a key consideration for venture capitalists when evaluating investments. If a solution can have impact beyond the immediate local community, then that’s a start-up worth investing time and money in building. Worldliness, taking advantage of trends at the right time and understanding Hong Kong’s role in the greater China context – these are all critical factors for scalable businesses.”

InvestHK observes that entrepreneurs from overseas coming to Hong Kong to start up are doing so to tap into Asia’s emerging markets whilst Europe remains in the doldrums.<sup>63</sup> They therefore come with a broad mind-set and wide-reaching goals from the outset. Rachel Chan of Innofoco is keen to promote Hong Kong as an entrepreneurial marketplace for the region and believes its current positioning is a good springboard for achieving that.

However, in recent years, Hong Kong’s entrepreneurial activity has been hard hit. Total early stage Entrepreneurial Activity (TEA) according to GEM in 2007, was 16.4 per cent in China, 10 per cent in Hong Kong and 9.6 per cent in the USA.<sup>64</sup> However, in 2009 this fell dramatically to 1.6 per cent in Hong Kong, which was “relatively low” compared to Shenzhen and the rest of China.<sup>65</sup> This was partly due to the economic cycle – Hong Kong was thriving in 2007 and was very hard hit by the financial crisis in 2008 – but the GEM report also cites deterioration in confidence and dramatic changes in the perception of entrepreneurship as reasons for the decline.<sup>66</sup> Hong Kong withdrew from the GEM analysis in 2009 so there is no measurement of TEA after this period. However for China, although it dipped in 2010, in 2011 it rose to 24.0 per cent.<sup>67</sup>

A survey of young people published in 2011 showed that starting a company is a dream for many of them, but only 6 per cent actually put entrepreneurial plans into practice. The survey suggested that this might be because it takes skill, dedication, financial support, background knowledge and creativity to succeed.<sup>68</sup> Rachel

<sup>63</sup> InvestHK, which advises companies setting up in Hong Kong, found that 15 per cent of its completed projects in 2012 involved start-up companies, mostly from Europe.

<sup>64</sup> Total early stage Entrepreneurial Activity (TEA) is defined by GEM as being the percentage of 18-26 year-olds who are either nascent entrepreneurs or owner-managers of a new business (i.e. owning and managing a running business that has paid salaries, wages, or any other payments to the owners for more than 3 months, but not more than 42 months).

<sup>65</sup> Global Entrepreneurship Monitor (2009), *Global Entrepreneurship Monitor Hong Kong & Shenzhen 2009*; <http://www.gemconsortium.org/docs/download/713> (accessed 26 April 2013).

<sup>66</sup> Global Entrepreneurship Monitor (2009), *Global Entrepreneurship Monitor Hong Kong & Shenzhen 2009*; <http://www.gemconsortium.org/docs/download/713> (accessed 26 April 2013).

<sup>67</sup> Global Entrepreneurship Monitor (2012), *Key Indicators, China*; <http://www.gemconsortium.org/key-indicators> (accessed 13 May 2013).

<sup>68</sup> Hong Kong Trade and Development Council Research (2011), *Unleashing Hong Kong’s Creative Youth*, Hong Kong; <http://economists-pick-research.hktdc.com/business-news/article/Research-Reports/Unleashing-Hong-Kong’s-creative-youth/books/en/1/1X000000/1X09OTF6.htm> (accessed 5 May 2013).

Chan of Innofoco gave her opinion: “First, Hong Kong’s entrepreneurial activity is generally not high value generating, mostly buying and selling as middlemen or small retail/food and beverage businesses. We are not creating anything so we capture very little value in the whole value chain. Second, every university student wants to work in a bank, consultancy, government or something similar. It is a myth that Hong Kong is an entrepreneurial hub.”

## RACHEL CHAN

### Innofoco and Make a Difference/MaD

<http://www.innofoco.com/> and <http://www.mad.asia/>

In a bid to make Hong Kong more innovative and entrepreneurial, Rachel, Hong Kong born and bred but with a significant stint of working overseas, launched Make a Difference (MaD) in 2010. She wants to inspire and empower a new generation of interdisciplinary talent and to develop their creative and global thinking. The long-term aim is to encourage the new generation to build purposeful organisations combining sustainable business models with social/environmental missions.

Rachel set up MaD jointly with Ada Wong’s Hong Kong Institute of Contemporary Culture. It runs forums, conferences, workshops and awards, all aimed at educating the next generation to be more creative and innovative. Its landmark event is the annual MaD Forum in January, which attracted over 1,000 people from Hong Kong and around the world.

As part of MaD, Rachel organised in January 2013 the MaD Venture Fellow Programme to promote Hong Kong as an entrepreneurial cross-border marketplace. Rachel explained: “As well as celebrating and supporting entrepreneurs, MaD aims to position Hong Kong as a cross-border marketplace, a platform to facilitate deals from around the world. Through this I am helping Hong Kong to brand itself as a comeback entrepreneurial hub in Asia.”

The Programme was very well received by the participating entrepreneurs and other stakeholders in the start-up ecosystem. InvestHK, the government entity that supports overseas businesses in Hong Kong, has been “super supportive”. But Rachel recognises it needs to scale up to have a broader impact. She said: “I have to think about how to keep it sustainable. I need to build a team now, groom more people like me. I need more private sector support and more government support.” Three months after the interview, Rachel decided to continue the Programme by joining hands with InvestHK. The new Programme will be known as StartmeupHK Venture Programme. Rachel said, “I am delighted that we have developed a ‘prototype’ for the government to scale it on a more sustainable basis. It’s kind of like M&A in the commercial world!”

She is encouraged by developments in Hong Kong in the entrepreneurship scene in the last two to three years, saying: “It is a much more vibrant community, I see people trying to build the entrepreneurial ecosystem, especially expats and returnees with overseas experience. Exposure to the outside world is so important for the development of Hong Kong.”

She attributes her vision partly to the fact that she studied and spent much of her previous ten year career with the Hong Kong government overseas which she says “opened [her] eyes and gave [her] the freedom to think creatively”, so much so that she found life in the Administrative Service in Hong Kong stifling on her return because she was “so used to freedom and autonomy”. But she also says she has had outstanding mentors in her life who encouraged her to follow her dream and helped her along the way. It was UK creativity expert Sir Ken Robinson who encouraged her to start MaD and focus on young people as the future. The final piece of the puzzle is her “deep-rooted sense of duty” to Hong Kong and a strong desire to see it stage a comeback in entrepreneurship and become an innovation city.

Her other business, InnoFoco is also highly creative and is essentially how she makes her living. She describes it as “a hybrid between a mainstream consultancy firm and a creative agency, which provides strategic thinking as to how organisations can differentiate themselves and create greater value through innovation in either their business model, brand strategy or process through to customer experience”. Rachel set it up in 2007 because a friend in an executive search firm told her that the job she wanted did not exist in Hong Kong and so she created it herself. She believes Hong Kong being one of the most service-oriented economies in the world needs a new generation of “designers”. The ethos is “creativity, innovation and entrepreneurship”, much like MaD. Getting people to understand it is a challenge. As she explained: “Design for intangibles as opposed to tangible products is a relatively new concept in Hong Kong.”

That said, clients come to her through word of mouth and she has no need to pitch to find business. She only needs a few major projects in a year to achieve her financial objectives. She referred to her business model as “agile”, very “21st century”. She can scale up the team very fast with her networks of consultants in and outside Hong Kong. Rachel compares herself to a film director who assembles the best suitable cast depending on the theme of each movie.

Rachel works with a regular team of consultants in Hong Kong. There are other people that she taps into on a less regular basis, constantly using and expanding the network of experts she needs. This model allows her to tap outstanding expertise without having to take on large headcount. It is just her, a PA and a serviced business centre, so the cost base is small. It also takes the pressure off her because she does not have to be responsible for the livelihood of a big team. She explained: “I don’t want the pressure of being responsible for people and their families.” She also said: “I see myself as a catalyst pushing for change and sometimes in this role it is better to be a small player which is harmless and can work with bigger organisations.” At the moment, InnoFoco is entering into a partnership deal with a global agency.

She described herself as “utterly passionate”, persistent and driven but said: “I don’t feel it eats into my life because I love what I do and I don’t really believe in work/life balance. I read a lot but my reading is all about my work although I don’t see it as work. You have to love what you are doing.” She has big ambitions and is a change-maker with foresight, often described as being “too far ahead for what society can understand”. If she had not embarked on InnoFoco and MaD, she would have started a French restaurant and it is impossible not to wonder what that would have meant for the French cuisine scene in Hong Kong.

### The gender gap

Entrepreneurship is affected by prior work experience and education. Over the last twenty to thirty years, educational attainment levels have improved significantly, there are targets and objectives for the greater inclusion of women in public life and economic activity, and there are institutional frameworks in place to promote women’s rights. In 2009, the Women’s Commission conducted its own Gender Empowerment Measure of Hong Kong and found it would have ranked at about 19th out of a total of 109 countries in the United Nations rankings had it been included.<sup>69</sup>

But these improvements have not necessarily been translated to the workplace. Whilst the labour force participation rate for women in Hong Kong steadily increased from 47.9 per cent to 53.0 per cent between 1991 and 2011, it is still lower than in many other developed economies such as Canada and New Zealand at 62 per cent, Australia at 59 per cent, the US at 58 per cent and the UK at 56 per cent.<sup>70</sup> In addition, recent research shows that women’s greatest representation is in the ‘public administration, social and personal services’ sector, rather than the business-oriented sectors, and women still lag behind men in earnings and occupational

<sup>69</sup> Choi S. and Cheung F. (2012), *Women and Girls in Hong Kong: Current Situations and Future Challenges*, Hong Kong Institute of Asia Pacific Studies, The Chinese University of Hong Kong.

<sup>70</sup> World Bank (2011), “Labour participation rate, female”; [http://data.worldbank.org/indicator/SL.TLF.CACT.FE.ZS?order=wbapi\\_data\\_value\\_2010+wbapi\\_data\\_value+wbapi\\_data\\_value-last&sort=asc](http://data.worldbank.org/indicator/SL.TLF.CACT.FE.ZS?order=wbapi_data_value_2010+wbapi_data_value+wbapi_data_value-last&sort=asc) (accessed 9 July 2013).

status from aged 30-something upwards.<sup>71</sup> Women still form the greater proportion of casual workers who need only receive the minimum wage with no benefits under current labour law, making them cheap and flexible. This is something that Wu Mei Lin of the Hong Kong Women Workers’ Association believes is in the government’s and economy’s interest since it provides a pool of cheap labour which is available when needed.

Women are also under-represented in leadership positions in Hong Kong. There are only six women out of 28 members in the current Executive Council, and in the private sector, recent surveys show only 10 per cent of board members of Hang Seng Index companies are women,<sup>72</sup> and 30 per cent of senior management positions of companies in Hong Kong are held by women.<sup>73</sup> The Mastercard Worldwide Index of Women’s Advancement, an effort to measure the socioeconomic level of women in relation to men, showed that Hong Kong scored highly for regular employment opportunities but fell down heavily when it came to top-level opportunities such as business ownership and business and government leadership roles for women.<sup>74</sup>

The 2009 GEM report on Hong Kong found that levels of entrepreneurship are higher among men than women in Hong Kong.<sup>75</sup> Government statistics show that although the ratio of male to female employers has declined since 1991, there remains a gender gap as shown in Table 1.1.<sup>76</sup> The number of women who are self-employed is also lower than for men as shown in Table 1.2.<sup>77</sup> These gender gaps are particularly noticeable given the parity of female and male employees in the workplace at around 1.6 million each in 2011, even though the labour force participation rate is actually lower for women.

**Table 1.1**  
**Male and female employers in Hong Kong**

	Male	Female	Ratio
1991	137,000	15,700	9:1
1996	148,200	21,400	7:1
2001	138,000	27,500	5:1
2006	122,100	28,700	4:1
2011	96,100	27,700	3.5:1

Source: Census and Statistics Department, HKSAR Government (2013), *Women and Men in Hong Kong*, Key Statistics, HKSAR

**Table 1.2**  
**Males and females self-employed in Hong Kong**

	Male	Female	Ratio
1991	124,600	19,300	6.5:1
1996	121,500	22,000	5.5:1
2001	166,100	36,700	4.5:1
2006	188,000	55,500	3.4:1
2011	165,100	57,600	2.9:1

Source: Census and Statistics Department, HKSAR Government (2013), *Women and Men in Hong Kong*, Key Statistics, HKSAR

<sup>71</sup> Mitchell L. (2013), *The Changing Faces of Hong Kong: A Cohort Analysis of Women in the Community, 1991-2011*, Civic Exchange and The Women’s Foundation; [http://www.civic-exchange.org/wp/201302gender\\_en/](http://www.civic-exchange.org/wp/201302gender_en/) (accessed 20 March 2013).

<sup>72</sup> Banerji A. and Vernon K. (2012), *Standard Chartered Bank Women on Boards: Hang Seng Index 2012*, Community Business; [http://www.communitybusiness.org/images/cb/publications/2012/WOB\\_Eng\\_2012.pdf](http://www.communitybusiness.org/images/cb/publications/2012/WOB_Eng_2012.pdf) (accessed 25 May 2012).

<sup>73</sup> Grant Thornton International Business Report (2012), *Women in Senior Management: Still Not Enough*; <http://www.internationalbusinessreport.com/> (accessed 5 April 2012).

<sup>74</sup> MasterCard International (2011), “Worldwide index of women’s advancement”; <http://www.masterintelligence.com/ViewRegionReport.jsp?hidReportTypeId=4&hidRegionId=1&hidUserId=null> (accessed 20 April 2012).

<sup>75</sup> Global Entrepreneurship Monitor (2009), *Global Entrepreneurship Monitor Hong Kong & Shenzhen 2009*; <http://www.gemconsortium.org/docs/download/713> (accessed 26 April 2013).

<sup>76</sup> An employer is a person who works for profit or fees in their own business/profession and employs one or more persons to work with them.

<sup>77</sup> A person who is self-employed works for profit or fees in their own business/profession, is not employed by someone and does not employ others.



The women who were interviewed for this research started up their own business for a variety of reasons – passion, a desire to see their idea work, or the need for flexibility that being the boss brings. But the 2009 GEM report found that women are still more likely than men to start up companies out of necessity.<sup>78</sup> Research on women entrepreneurs in Hong Kong published in 2003 showed that the proportion of self-employed persons in the ‘no schooling/kindergarten’ category was higher for women than men in the 1980s and 1990s and concluded that this was perhaps because the labour market was less accessible to women with poor educational backgrounds and therefore self-employment was the only option. However, the research found that by 2001, self-employed women were slightly more educated than self-employed men.<sup>79</sup>

The same 2003 research found that the average age of self-employed women had gone down, whereas it had gone up for men.<sup>80</sup> The study commented on the growing number of never-married women in Hong Kong and the proportion of these women who are self-employed, calling Hong Kong’s single working women ‘driven, achievement-oriented, focused, responsible, disciplined, inquisitive, worldly and proud of themselves.’<sup>81</sup> Nonetheless, Hong Kong’s entrepreneurial success stories are predominantly male ones. Whilst women have formed much of the workforce in the manufacturing and service sectors to which Hong Kong owes its economic success, they have rarely been the leading entrepreneurs.<sup>82</sup>

Table 1.3 shows that Hong Kong’s proportion of the female population starting businesses is low compared to other countries.

**Table 1.3**  
**Early Stage Entrepreneurial Activity Prevalence Rate by Gender (simplified)**

	Male			Female			M/F Ratio
	Opportunity %	Necessity %	Total %	Opportunity %	Necessity %	Total %	
Hong Kong	3.7	0.7	4.5	1.4	0.6	2.0	<b>2.2:1</b>
China	11.6	9.1	20.7	7.0	9.0	16.0	<b>1.3:1</b>
Shenzhen	5.2	1.2	6.4	2.2	0.8	3.0	<b>2.1:1</b>
Brazil	8.7	6.1	14.8	10.1	5.8	15.9	<b>0.9:1</b>
Japan	3.3	1.6	4.9	1.1	0.4	1.4	<b>3.4:1</b>
Russia	3.3	1.1	4.4	2.0	1.2	3.1	<b>1.4:1</b>
UK	6.1	1.2	7.8	2.6	0.6	3.2	<b>2.3:1</b>
US	6.7	2.6	9.3	4.3	1.1	5.4	<b>1.7:1</b>

Source: Global Entrepreneurship Monitor (2009), *Global Entrepreneurship Monitor Hong Kong & Shenzhen 2009*

Note:

‘Opportunity’ shows the percentage of males/females engaged in early stage entrepreneurship to pursue an opportunity.

‘Necessity’ shows the percentage of males/females engaged in early stage entrepreneurship out of necessity.

‘Total’ gives the total percentage of males/females engaged in early stage entrepreneurship

The males/females ratio gives total early stage male entrepreneurship divided by total early stage female entrepreneurship.

<sup>78</sup> Global Entrepreneurship Monitor (2009), *Global Entrepreneurship Monitor Hong Kong & Shenzhen 2009*; <http://www.gemconsortium.org/docs/download/713> (accessed 26 April 2013).

<sup>79</sup> Ng E. and Ng C. (2003), “Women micro entrepreneurs in Hong Kong: Balancing the personal with the business”, in Butler J. (vol. ed.), *Research in Entrepreneurship and Management, Vol. 3: New Perspectives on Women Entrepreneurs* (pp. 121-150), Greenwich, CT: Information Age Publishing.

<sup>80</sup> Ng E. and Ng C. (2003), “Women micro entrepreneurs in Hong Kong: Balancing the personal with the business”, in Butler J. (vol. ed.), *Research in Entrepreneurship and Management, Vol. 3: New Perspectives on Women Entrepreneurs* (pp. 121-150), Greenwich, CT: Information Age Publishing.

<sup>81</sup> Ng E. and Ng C. (2003), “Women micro entrepreneurs in Hong Kong: Balancing the personal with the business”, in Butler J. (vol. ed.), *Research in Entrepreneurship and Management, Vol. 3: New Perspectives on Women Entrepreneurs* (pp. 121-150), Greenwich, CT: Information Age Publishing.

<sup>82</sup> Chu P. H. (2005), *The Making of Women Entrepreneurs in Hong Kong*, Hong Kong University Press; <http://books.google.com.hk/books?id=TgYjfhcJHfkC&printsec=frontcover&dq=inauthor:%22Priscilla+Pue+Ho+Chu%22&hl=zh-CN&sa=X&ei=ePe5UMihGKuviQee6YCWAg&ved=0CDkQ6AEwAA#v=onepage&q&f=false> (accessed 1 December 2012).

### Discrimination?

Previous research on women professionals shows that most women in Hong Kong do not feel they face serious sex discrimination either when employed or when acting as an employer.<sup>83</sup> It is a commonly held view that what matters is merit, measured by formal qualifications and performance indicators.<sup>84</sup> But research on women managers in Hong Kong, published in 2009, concludes that in reality there is a complicated combination of traditional patriarchal family constraints, in which gender roles persist, and economic individualism, whereby women have developed their careers without feeling constrained.<sup>85</sup> A previous study on women microbusiness owners in Hong Kong (those who are self-employed or who employ fewer than 10 employees) surmised women face additional barriers to men such as age discrimination, low educational levels and lack of work experience due to long periods of absence from employment in order to fulfil the homemaker role. Ironically, these barriers are also the reasons for choosing self-employment over paid employment.<sup>86</sup>

None of the women interviewed for this research felt their gender was a significant obstacle to setting up their business. Laura Cozijnsen of Lighthouse Consultant (whose surname belies the fact that she is half Chinese and was brought up by a Chinese single mother and schooled through the traditional Hong Kong system) summed up her view on setting up in Hong Kong as follows: “It is very easy, probably the easiest place in the world...I don’t think it is different for a man or woman to set up a business. I just wish more women would do what I do, it is so much fun, and I have my freedom.”

However, some of the women recounted isolated incidents when they had been discriminated against. Most of the stories related to professional services. Suzanne Liu of S. Liu & Co. has an extreme story, albeit from several years ago: ‘I had a Chinese male client in manufacturing who said to me, when you get married I don’t want you to continue with my audit. I asked why and he said because you won’t be as focused. When I told him I got engaged, he terminated me.’ Ella Cheong tells the story of how, early on in her career (again a while ago now), a Chinese male client who wanted intellectual property advice insisted she take him to see the senior partner who was British, so she did. In front of her, the potential client said that either the senior partner had to handle it himself or he would walk. (The senior partner showed him the door).

More recently, one young woman reported that the professional advisors (legal, tax) whom she sought advice from when setting up her company treated her as if she was not serious. Others had encountered a lack of respect from bank managers. For those in retail, some women business owners said that the manufacturing process was difficult to manage and the head of the factory, who was always male, could be difficult to handle. One woman said the head of the factory she used treated her like she was running a “little housewife venture”. An expatriate woman said that since expatriate women were known for following their husbands to Hong Kong and being fairly transient, her commitment had been called into question. But around half of the women interviewed generally had not felt any discrimination and did not feel they were in any way penalised for being female.

### A private market and a gender research gap

Most small companies are private companies so it is difficult to find information on them and owners are under no obligation to provide it. For example, very few of the women interviewed for this research were willing to share their revenue numbers and those who did asked for them to be kept confidential. Whilst the

<sup>83</sup> Ng C. and Ng E. (2007), “Entrepreneurship and leadership: Case studies of female micro-business owners in Hong Kong”, in *Asian Journal of Women’s Studies*, 13(1), 52-73.

<sup>84</sup> Lee E. (2003), “Individualism and patriarchy: the identity of entrepreneurial women lawyers in Hong Kong”, in Lee E. (ed.), *Gender and Change in Hong Kong: Globalisation, Postcolonialism and Chinese Patriarchy*, Vancouver: UBC Press.

<sup>85</sup> Ng C. and Ng E. (2009), ‘The changing face of women managers in Hong Kong’, in Rowley C. and Yukongdi V. (eds), *The Changing Face of Women Managers in Asia*, pp. 43-68, Abingdon: Routledge.

<sup>86</sup> Ng E. and Ng C. (2003), “Women micro entrepreneurs in Hong Kong: Balancing the personal with the business”, in Butler J. (vol. ed.), *Research in Entrepreneurship and Management, Vol. 3: New Perspectives on Women Entrepreneurs* (pp. 121-150), Greenwich, CT: Information Age Publishing.

government's Census and Statistics Department provides gender-disaggregated data on employees, employers and the self-employed, it was not possible to find gender-disaggregated data on sizes, sectors, growth and other aspects of SMEs. Research published in 2003 including analysis of data provided by the Census and Statistics Department on 'unpaid workers' (meaning 'working proprietors, active business partners and unpaid family workers') found that women business owners in Hong Kong own smaller firms than male business owners.<sup>87</sup>

In addition, small companies are often financed by friends and family, so financing is a 'private' business too. The government does not publish gender-disaggregated data on its loan schemes, nor do the banks involved. However one bank conducted some gender-disaggregated internal analysis on its SME lending clients and provided it for use in this report. See Section 3 for comments on this analysis. Angel/venture capital/private equity networks and companies were unable to provide useful data beyond basic deal flow. This makes it difficult to understand how women in Hong Kong access capital to scale up their businesses, what sort of growth they deliver and how.

A previous study on women microbusiness owners in Hong Kong found that there is a general lack of perspective and little insight into their unique circumstances and experiences, especially in the service sector.<sup>88</sup> As part of the study, the researchers also assessed previous research, concluding that "the predominance of a gender-blind approach to entrepreneurship in past studies presumes that women behave the same way as their male counterparts".<sup>89</sup> Other researchers have also referred to this tendency in small business research to treat all women as 'honorary men'.<sup>90</sup> But there are also those who argue that women perceive and approach business ownership differently from men;<sup>91</sup> that their leadership styles differ, with men being more authoritarian and hierarchical and women more egalitarian, sensitive and gentle, providing employees more opportunity to develop.<sup>92</sup>

Research on different sectors has shown that whilst there are some consistent patterns of competencies across entrepreneurs in Hong Kong, there are also sharp differences between industries. For example business owners in the IT services industry require higher levels of innovation and strategic and learning competencies than those in the wholesale trade industries.<sup>93</sup> The reality is that entrepreneurs are a highly diversified community.<sup>94</sup> They differ markedly in their motivations, attitudes and approaches to start-up and growth, and whilst gender-disaggregated information remains unavailable, it is not possible to analyse such differences in any depth.

<sup>87</sup> Ng E. and Ng C. (2003), "Women micro entrepreneurs in Hong Kong: Balancing the personal with the business", in Butler J. (vol. ed.), *Research in Entrepreneurship and Management, Vol. 3: New Perspectives on Women Entrepreneurs* (pp. 121-150), Greenwich, CT: Information Age Publishing.

<sup>88</sup> Ng E. and Ng C. (2003), "Women micro entrepreneurs in Hong Kong: Balancing the personal with the business", in Butler J. (vol. ed.), *Research in Entrepreneurship and Management, Vol. 3: New Perspectives on Women Entrepreneurs* (pp. 121-150), Greenwich, CT: Information Age Publishing.

<sup>89</sup> Ng E. and Ng C. (2003), "Women micro entrepreneurs in Hong Kong: Balancing the personal with the business", in Butler J. (vol. ed.), *Research in Entrepreneurship and Management, Vol. 3: New Perspectives on Women Entrepreneurs* (pp. 121-150), Greenwich, CT: Information Age Publishing.

<sup>90</sup> Marlow S. and Strange A. (1995), "Female entrepreneurs: Success by whose standards?" in Tanton M. (ed.), *Women in Management: A Developing Presence*, pp. 172-184, London: Routledge.

<sup>91</sup> Ng C. and Ng E. (2007), "Entrepreneurship and leadership: Case studies of female micro-business owners in Hong Kong", in *Asian Journal of Women's Studies*, 13(1), 52-73.

<sup>92</sup> Kitching B. (2002), "Women, the disabled and ethnic minorities in business in contemporary china", in Haley U. and Richter F. (eds.), *Asian Post-Crisis Management: Corporate and Governmental Strategies for Sustainable Competitive Advantage*, Basingstoke: Palgrave.

<sup>93</sup> Man T. and Lau T. (2005), "The context of entrepreneurship in Hong Kong: An investigation through the patterns of entrepreneurial competencies in contrasting industrial environments", in *Journal of Small Business and Enterprise Development*, 12 (4) 464-481; <http://www.emeraldinsight.com/journals.htm?articleid=1528975&show=abstract> (accessed 19 May 2013).

<sup>94</sup> Chu P. (2000), "The characteristics of chinese female entrepreneurs: Motivation and personality", in *Journal of Enterprising Culture*, 08, 67; <http://www.worldscientific.com/doi/abs/10.1142/S021849580000005X> (accessed 24 May 2013).

## SECTION 2: POLICY FRAMEWORK

### 2.1 Government's role in entrepreneurship

#### Policy context

Hong Kong was built on principles of economic freedom and its government has been a staunch supporter of entrepreneurship. It has tried to establish a business environment that strikes "a balance between maximum support and minimum intervention" and develop an economic strategy that promotes SMEs as a driving force of economic growth.<sup>95</sup> Chief Executive C. Y. Leung in his January 2013 Policy Address referred to SMEs as the "pillar of the economy".<sup>96</sup> There are comprehensive government policies for SME development including a solid legal and regulatory environment, credit access, and facilitation for crossing borders and adopting technology. However, the framework that has been established is gender neutral.

All governments tread a fine line between help and hindrance in the business community. The results of the 2009 GEM report on Hong Kong illustrate the tension between levels of government support and free market principles perfectly. Amongst the 36 experts interviewed, there was a substantial split between satisfaction and dissatisfaction with the government's stance (although such results can sometimes be partially due to the nature of the questions posed). Part of the dissatisfaction lay, however, with the decision-making process, the 'software' rather than the 'hardware', whilst there was general satisfaction around the small government model and focus on economic freedom.<sup>97</sup> Hong Kong ranked second (to Singapore) in the World Bank's Doing Business Index in 2011 and 2012, meaning that "the regulatory environment is conducive to business operation".<sup>98</sup> However, the real relevance of such rankings is often called into question when business and competitiveness are at stake.<sup>99</sup>

As a member economy, Hong Kong is committed to APEC's efforts to assist the internationalisation and export-led development of the SME sector, strengthen SME's access to markets and financing, and promote innovation as a competitive advantage of SMEs. Furthermore, Hong Kong is a part of APEC's Small and Medium Enterprise Working Group (SMEWG) which has the following priority areas for action: building management capability, entrepreneurship and innovation; financing; and developing the business environment, market access and internationalisation.

In addition, as a member economy, Hong Kong is committed to supporting the APEC Start-Up Accelerator Initiative and the Young Entrepreneurs Network. The APEC Start-Up Accelerator Initiative seeks to connect entrepreneurs with investors and experts who can meet their needs in innovation as well as enable them to build international business relationships. The initiative also facilitates fundraising activities between investors and start-ups across the Asia-Pacific region.<sup>100</sup> In 2012, Hong Kong sent a delegation from the Youth Business Hong Kong (YBHK) scheme, a joint venture between The Hong Kong Federation of Youth Groups and UK-based The Prince's Youth Business International (YBI), to the APEC Young Entrepreneurs' Summit in Malaysia to share ideas on global expansion of entrepreneurship.<sup>101</sup> YBHK is Hong Kong's answer to the United Nations' Millennium Development Goal of promoting youth entrepreneurship as a way of solving youth unemployment.<sup>102</sup> Hong Kong is also a part of the APEC Policy Partnership on Women and the Economy

<sup>95</sup> Small and Medium Enterprises Committee, Trade and Industry Department of HKSAR Government (2001), *Staying Ahead: Smart, Motivated and Enterprising: A Report on Support Measures for Small and Medium Enterprises*; <http://www.tid.gov.hk/english/aboutus/publications/smes/smes04.html> (accessed 2 December 2012).

<sup>96</sup> Leung C. Y. (2013), *Seek Change, Maintain Stability, Serve the People with Pragmatism*, HKSAR; <http://www.policyaddress.gov.hk/2013/eng/p48.html> (accessed 24 April 2013).

<sup>97</sup> Global Entrepreneurship Monitor (2009), *Global Entrepreneurship Monitor Hong Kong & Shenzhen 2009*; <http://www.gemconsortium.org/docs/download/713> (accessed 26 April 2013).

<sup>98</sup> World Bank (2008-2012), "Ease of doing business index"; <http://data.worldbank.org/indicator/IC.BUS.EASE.XQ> (accessed 21 May 2013).

<sup>99</sup> Vines S. (2013), "Keep your global rankings - HK will keep the business", in *South China Morning Post*, 11 September 2013.

<sup>100</sup> To find out more about the APEC Start-up Accelerator Initiative see <http://www.apecaccelerator.org/teams.aspx> (accessed 25 June 2013).

<sup>101</sup> To find out more about Youth Business Hong Kong, see [http://ybhk.hkfyg.org.hk/pdf/ybhk\\_leaflet2013\\_01.pdf](http://ybhk.hkfyg.org.hk/pdf/ybhk_leaflet2013_01.pdf).

<sup>102</sup> United Nations General Assembly (2001), *Fifty-sixth session, Agenda item 29, Follow-up to the outcome of the Millennium Summit, Letter from the Secretary General to the President of the General Assembly*; <http://www.un.org/documents/ga/docs/56/a56422.pdf> (accessed 25 June 2013).



(PPWE), which provides a mechanism to integrate gender considerations into APEC activities. In September 2013, as a member economy, Hong Kong participated in the first APEC Ministerial Meeting on SMEs and Women in Indonesia.<sup>103</sup>

### Policy framework

Hong Kong's SME policy framework is broadly implemented through the Trade and Industry Department (TID). The government has had an SME Committee (SMCE) since 1996 that advises the Chief Executive on issues affecting the development of SMEs and makes suggestions on measures to support and facilitate their growth. Its members consist of SME operators, businesspeople, bankers, academics, and representatives from organisations that provide services to SMEs and representatives from the TID. SMCE published a landmark Report on Support Measures for SMEs in 2001 and the then Chief Executive Tung Chee-hwa announced full adoption of its recommendations. A total of HK\$1.9 billion was set aside to establish four SME Schemes. Three of them still exist today and are explained below in this section, but the SME Training Fund was closed in 2007 on the basis that it duplicated other initiatives.<sup>104</sup>

Also in 2001, the Hong Kong Science and Technology Parks Corporation (HKSTPC) was established. This merger of several incubation centres and technology parks marked a significant increase in government support of start-ups during their vulnerable inception stage and was part of a policy drive to develop Hong Kong as a technology hub. The Innovation and Technology Commission had been initiated in 1998, as had the Digital 21 Strategy, followed by the Applied Science and Technology Research Institute (ASTRI) in 2000, all of which marked a turning point in industrial policy to favour high growth, high technology.<sup>105</sup> In 2004, there was a reorganisation so that the focus of HKSTPC evolved to developing new technologies and supporting the commercialisation of these technologies through licensing agreements. There have also been five incarnations of the Digital 21 Strategy since 1998.<sup>106</sup> Experts agree that the number of science parks and business incubators supported by the government is adequate.<sup>107</sup>

### Finance (see Section 3 for further detail and analysis)

Over the last two decades, and particularly after the Asian financial crisis of 1997, it has become widely accepted that enhancing access to finance and financial management is the crucial factor for developing the SME sector.<sup>108</sup> Governments around the world have been taking action to develop the financing of SME markets broadly, intervening directly or incentivising lending to SMEs.<sup>109</sup> Certainly this has been a core area of focus in Hong Kong, where the government has established several loan guarantee schemes as public-private partnerships that provide “a flexible and sustainable financing platform for SMEs”.<sup>110</sup> But it is not straightforward in terms of a balancing act as Amy Yip of Rays Capital summarised: “It depends on how one defines ‘government support’. Does one define it as subsidised loans, preferential treatment of certain sectors? The government and entrepreneurs have to think very carefully about what they consider to be ‘support’. Can this industry or sector really stand on its own two feet or is it only going to do so because I have subsidised loans or government incentives?”

It is widely agreed that Asian SMEs fared better in the 2008 crisis than in 1997 due to the healthy state of the banks prior to the crisis, in contrast to many banks in the US and Europe. This in turn was due to the special guarantee measures that many Asian governments had put in place after the 1997 crisis and the fact that collateral values, specifically property prices, did not drastically fall.<sup>111</sup> Hong Kong is no exception to this, however export-oriented SMEs have suffered significant drops in orders. In a survey of Hong Kong SMEs conducted in 2010, more than 60 per cent reported that they had no difficulties financing their business, which was an improvement on the 33 per cent the previous year. Nonetheless, 61 per cent felt that the government could still do more to support their needs.<sup>112</sup>

### Tax breaks?

The 2009 GEM report stated that some SME experts proposed tax incentives for large corporations for their investments in technology ventures, for corporations that purchase Hong Kong-made products, and for SMEs themselves.<sup>113</sup> In the 2013-14 Budget, Financial Secretary John Tsang was criticised for a lack of policies to support SMEs in the ongoing difficult economic environment. Business consultancy firm Grant Thornton has said that it “expected more would be done to support SMEs” and its International Business Report revealed that businesses are looking to the government to offer more beneficial tax measures which “may include preferential SME corporate tax rates and tax bands, or other tax rebates that would help businesses to reduce their costs”.<sup>114</sup> The Hong Kong General Chamber of Commerce has proposed a two-tier tax regime whereby the first HK\$2 million of taxable revenue would be charged at 10 per cent (instead of the current 16.5 per cent), a move which would benefit small companies most.<sup>115</sup>

One banker commented that processing SME loans takes considerable human resources and is not as profitable as processing loans to big companies, so banks tend to focus on loans to bigger companies, and that bigger companies also have better financial track records and risk assessments. He suggested tax breaks to banks that offer loans to small companies as an incentive. However, the authors of the GEM report rejected all tax incentive suggestions given that a significant majority of experts considered that the current corporate tax rate of 16.5 per cent is not a burden on new and growing firms in Hong Kong and that taxes are applied in a predictable and consistent manner. The introduction of tax incentives would introduce complexity, unpredictability and inconsistency.<sup>116</sup>

### Support for starting up

The TDC has an SME Start-up Programme, which is a roadmap to starting a business.<sup>117</sup> Enrollers attend an entrepreneur's workshop, then an ‘Entrepreneur Day’ billed as “a platform for information exchange and experience sharing in starting new businesses”. There are two full days of seminars on starting up businesses, however the schedule on the website for the May 2013 event showed only 3 women out of 23 speakers listed.<sup>118</sup> It was not possible to obtain details on the gender of attendees. InvestHK offers advice and support to entrepreneurs coming in from other countries to set up in Hong Kong and in 2013 launched a new ‘Start Me Up Hong Kong’ programme.<sup>119</sup>

<sup>103</sup> For more information on the APEC Joint Ministerial Statement on SME and Women, see [http://www.apec.org/Meeting-Papers/Ministerial-Statements/Women/2013\\_sme\\_women.aspx](http://www.apec.org/Meeting-Papers/Ministerial-Statements/Women/2013_sme_women.aspx) (accessed 24 September 2013).

<sup>104</sup> Legislative Council Panel on Commerce and Industry (2007), *Small and Medium Enterprise (SME) Funding Schemes*, Commerce, Industry and Technology Bureau, Trade and Industry Department; <http://www.legco.gov.hk/yr06-07/english/panels/ci/papers/ci0612cb1-1849-3-e.pdf> (accessed 29 April 2013).

<sup>105</sup> Chua B. L. (2007), *Innovation Policy and High Growth Startups*, Chinese University of Hong Kong; <http://entrepreneurship.baf.cuhk.edu.hk/sites/default/files/project/hong-kong-entrepreneurship-and-government-policy/innovationpolicyandhighgrowthstartups.pdf> (accessed 16 April 2013).

<sup>106</sup> To find out more about the Digital 21 Strategy, see <http://www.digital21.gov.hk/eng/>.

<sup>107</sup> Global Entrepreneurship Monitor (2009), *Global Entrepreneurship Monitor Hong Kong & Shenzhen 2009*; <http://www.gemconsortium.org/docs/download/713> (accessed 26 April 2013).

<sup>108</sup> Beck T., Demirguc-Kunt A., Maksimovic V. (2002), *Financial and Legal Constraints to Growth: Does Firm Size Matter?*, World Bank Working Paper; <http://elibrary.worldbank.org/content/workingpaper/10.1596/1813-9450-2784> (accessed 15 May 2013).

<sup>109</sup> IFC (2009), *The SME Banking Knowledge Guide*, Washington; [http://www.ifc.org/wps/wcm/connect/industry\\_ext\\_content/ifc\\_external\\_corporate\\_site/industries/financial+markets/publications/toolkits/smebknowledge+guide](http://www.ifc.org/wps/wcm/connect/industry_ext_content/ifc_external_corporate_site/industries/financial+markets/publications/toolkits/smebknowledge+guide) (accessed 17 May 2013).

<sup>110</sup> Speech by Director General Trade and Industry at 2012 APEC SME Summit, 21 February 2012; [http://www.tid.gov.hk/english/aboutus/presspeech/speeches/2012/speech\\_20120221.html](http://www.tid.gov.hk/english/aboutus/presspeech/speeches/2012/speech_20120221.html) (accessed 28 April 2013).

<sup>111</sup> Caverly J. (2010), *SMEs' Changing Role*, Standard Chartered Bank, Toronto; [http://www.standardchartered.com/sme-banking/en/SMEs\\_changing\\_role\\_30\\_09\\_10\\_05\\_29.pdf](http://www.standardchartered.com/sme-banking/en/SMEs_changing_role_30_09_10_05_29.pdf) (accessed 29 March 2013).

<sup>112</sup> UPS Business Monitor Asia (2010), “Hong Kong SMEs Call for Further Innovation and Government Support”, Press Release, 19 August 2010; <http://pressroom.ups.com/Press+Releases/Archive/2010/Q3/Hong+Kong+SMEs+Call+for+Further+Innovation+and+Government+Support> (accessed 29 April 2013).

<sup>113</sup> Global Entrepreneurship Monitor (2009), *Global Entrepreneurship Monitor Hong Kong & Shenzhen 2009*; <http://www.gemconsortium.org/docs/download/713> (accessed 26 April 2013).

<sup>114</sup> SMBWorld Editors (2013), “Hong Kong Budget 2013: Mismatched remedies for real need of SMEs”, in *SMBWorld Asia*, 7 March 2013; <http://www.smbworldasia.com/en/content/hong-kong-budget-2013-mismatched-remedies-real-needs-smes> (accessed 29 April 2013).

<sup>115</sup> Yuen S. (2013), “It's time to invest in city's small businesses”, in *South China Morning Post*, 28 February 2013.

<sup>116</sup> Global Entrepreneurship Monitor (2009), *Global Entrepreneurship Monitor Hong Kong & Shenzhen 2009*; <http://www.gemconsortium.org/docs/download/713> (accessed 26 April 2013).

<sup>117</sup> To find out more about the HKTDC SME Start-up Programme, see <http://hong-kong-economy-research.hktcdc.com/business-news/article/Small-Business-Resources/HKTDC-SME-Start-up-Programme/sbr/en/1/X000000/1X09N9WD.htm>.

<sup>118</sup> To find out more about Entrepreneurs Day, see <http://www.hktcdc.com/fair/eday-en/HKTDC-Entrepreneur-Day.html>.

<sup>119</sup> To find out more about the InvestHK Start Me Up Hong Kong Programme, see <http://www.startmeup.hk/>.

The universities have had a large hand in trying to support the development of start-ups. The Chinese University of Hong Kong's Centre for Entrepreneurship, established in 2005 to further research, understand and promote entrepreneurship in Hong Kong and China, holds a Vice Chancellor's Cup of Student Entrepreneurship every year in which judges select the best investment opportunity and give the students feedback as to how to further advance their business idea. One person involved with this initiative said: "There is nothing like a woman in the team to improve it. A team with a woman in it is always a better team." The Hong Kong University of Science and Technology (HKUST) holds a One Million Dollar Entrepreneurship Competition, which attracted 85 team entries in 2013, mostly from the HKUST Faculty of Science, Engineering and Business.<sup>120</sup> Applications were encouraged in nanotechnology, renewable energy, environment, health, financial services and social enterprises. There is significant financial reward associated with this competition – the first prize is HK\$300,000, the same amount as a HKSTPC loan.

The women interviewed for this report felt that the basic mechanics of incorporating, registering and licensing a company in Hong Kong are considered easy compared to anywhere else in the Asian region or even the world. Given Hong Kong's status as a developed economy, women in Hong Kong do not have to worry about many of the mechanical issues such as inconsistent and inaccessible registration processes, a lack of formal guidance on government regulations and gender discrimination in accessing formal processes and procedures that women starting businesses in countries like India, China, and Indonesia have to overcome.<sup>121</sup>

All of the expatriate women interviewed for the research felt it was easier setting up in Hong Kong than it would have been in their home countries. Payal Shah of l'Dezen extolled: "There is no place like Hong Kong to set up a business. I had a brand name, licence done in half a day, business up and running, bank account ready in a week, manufacturing just around the corner, great people to back me up." Elizabeth Thomson of Orangefield ICS said: "I think it is pretty easy. The only place that is probably easier is Delaware [in the US]."

The only issue that was raised with regard to the mechanics of setting up in this research was immigration. Whilst the government has a special visa scheme called Entry for Investment which enables overseas entrepreneurs to establish their business in Hong Kong if they can prove that it will make a significant contribution to the economy, there was a question over how supportive the government is when it comes to actually developing the business. Rachel Chan of Innofoco said: "The Immigration Department, in my opinion, discourages overseas entrepreneurs from setting up in Hong Kong. The same criteria are applied to a small company as for a big company setting up in Hong Kong. The Singapore government is a lot more proactive in attracting international talent. In the UK, the government procurement system encourages the use of small new firms."

But all of the non-Chinese women interviewed for this research who had started their companies felt that Hong Kong was an easy place to start a business and had even offered them an opportunity they would not have had, or taken, at home. Hong Kong is generally considered to have adequate regulation, but is not as regulated as the US. A recent conference on the advantages and disadvantages of starting up in Hong Kong rated "a legal framework with intellectual property protection" as one of the top 10 advantages.<sup>122</sup> However, Lizette Smook of Innovasians said that she felt legal costs were "an issue" and could be significantly reduced if the entrepreneur community could be provided with "a couple of good contracts, couple of good non-disclosure non-circumvent agreements, couple of good IP protection type agreements". At the end of 2013 a web-service called Dragon Law was started up to provide these types of legal documents for small businesses in Hong Kong at low cost, starting from HK\$100 each, as well as a free database of legal information for entrepreneurs.<sup>123</sup>

<sup>120</sup> To find out more about the One Million Dollar Entrepreneurship Competition, see <http://onemilliondollar.ust.hk/>.

<sup>121</sup> UNESCAP (2013), *Creating an Enabling Environment for Women's Economic Empowerment through Entrepreneurship in Asia and the Pacific: Background Paper*, Regional Forum Beijing.

<sup>122</sup> Fannin R. (2013), "Pros & cons for startup launches from silicon harbour", in *Forbes*, 4 April 2013; <http://www.forbes.com/sites/rebeccafannin/2013/04/21/pros-cons-for-startup-launches-from-silicon-harbour/> (accessed 14 May 2013).

<sup>123</sup> Chiu J. (2013), "Start-ups helping start-ups overcome costs of launching businesses in Hong Kong", in *South China Morning Post*, 29 November 2013; <http://www.scmp.com/business/article/1368552/start-ups-helping-start-ups-overcome-costs-launching-businesses-hong-kong> (accessed 29 November 2013).

## LINDSEY HERMES

Unison Creative

<http://unisoncreative.com/>

Lindsey is an American who set up her business by necessity and compares the setting-up environment in Hong Kong as favourable to the US, saying: "I would not have started a company at my age and my level of experience back home because I would be greatly intimidated by the level and quality of work there. Here I could see there was a necessity for what I do and I could just do it. In the US, when I hired someone, I would have to take out a loan because of the 401K [pension plan] commitment and things like that. Also you have to have a vast legal understanding of running a business in the US ... taxes, employment law and so on. There is a lot of regulation."

Lindsey, is, in her words "a trailing spouse". She slogged around Hong Kong when she arrived in 2009 looking for a job that used her digital design and marketing skills and was depressed to find she was being offered mediocre jobs at low salaries. She summarised: "I had no choice but to start my own business." She is "an 80 hour a week person, not a 40 hour a week person", so she has been incredibly committed and now, four years later, is running a fully integrated digital design and marketing agency that is successfully hitting its financial targets. She is also launching a brand of beauty products in the US in 2014 although she describes that as "low priority".

She is extremely grateful for the opportunity Hong Kong gave her but finds it frustrating. She said: "Web and creative are two of the hottest commodities here but nobody wants to pay for it." She refers to the outcome of her membership with a business networking organisation as "constant requests for free logos." She also feels people in Hong Kong oversell their abilities, calling it a "fake it till you make it" culture. Integrity in the business community is such an issue for her, that she and others have started a network called 'Trusted'. Its members are "related, reliable, independent agencies in Hong Kong – copywriters, photographers, videographers, accountants, human resources, web development, design, creative."

She has had some difficult business experiences and says: "I trust nobody except my lawyer". Her experiences have resulted in her initial two pages of terms and conditions for clients expanding to twenty-three pages. She explained: "I hired a lawyer for that and it was the best investment of my money." Lindsey is clear that she has a zero-tolerance policy for any dishonesty whatsoever in the company and maintains constant vigilance over her employees. Before hiring anyone Lindsey goes through a careful vetting process and upon starting they have to sign up to the 'Trusted' Charter and Values.

Like many of the women interviewed for this report, Lindsey, has found the overall experience of hiring and retaining talent something of a learning journey. It was hard to get good people at first because they wanted to go to the big name agencies, they did not want to work for a start-up. Also turnover was high in the early days. Now that Unison Creative is over two years old, loyalty is building up and employees are staying for longer. Lindsey has also managed to hire a senior-level account manager and thinks that the team has now begun to gel. However, hiring the best talent possible remains a constant focus and a constant challenge for her. It sounds stressful but she explains that she has adapted and no longer "sweats the small stuff". She misses being part of a team but she has been helped enormously by mentors. Her parents and aunt started their own businesses and she learnt a huge amount from them. In 2012 she worked with a career coach in Australia and extolled her virtues saying: "She has completely revolutionised how I think about work and a business deal. If it isn't win-win I don't do it. If someone is trying to pull a fast one I spot it a mile off."

Like many women interviewed for this report, Lindsey has had problems with delegation and has struggled with natural tendencies towards perfectionism. However, these issues have improved as she has been able to hire and retain quality talent. She has morphed from doing everything herself to having to do more project



management than design as she struggled to hire the right talent and meet client deadlines, to where she is today which is driving strategy and creative design. The biggest step was not doing everything herself and she admits: “I still see things go out the door that shouldn’t and kick up a fuss. When people think Unison they think Lindsey. And my standards are way too high. This will be the biggest inhibitor to growth. Everything could always be better and I am struggling to live with this element of perfectionism.” Her reputation for good work has built her a client base all around the region, some of which are “Fortune 500 types”. They all come through word of mouth and personal networks, not via the web or social media. She can now afford not to take clients “unless it is really worth it”.

She says her aims have changed over the years, explaining that if she had been asked three years ago what she wanted, she would have said “to be bought by a conglomerate”, but now she loves her independence and wants to do the best job for her clients. Her overall aim is to be happy in her work and paid appropriately. She says she “does not want to be on the cover of *Time Magazine*”. Like many of the entrepreneurs interviewed for this research, she is proudest of the pro bono work she does with the charity Feeding Hong Kong. This desire to ‘give back’ is a running theme amongst women interviewed for this report who are grateful for the opportunities afforded to them in Hong Kong, regardless of their nationality.

### Support for scaling up and enhancing competitiveness

Recognising that SMEs encounter different problems at different stages of development, SUCCESS, a Support and Consultation Centre for SMEs established by the TID, adopts a multifaceted approach to strengthening capacity of businesses in start-up mode. SUCCESS provides free business consultation services, including face-to-face subject-specific business advisory services and mentorship.<sup>124</sup> It operates as a partnership with trade organisations, professional and academic bodies, and private companies, who provide volunteers for the ‘Meet-the-advisors’ Business Advisory Service and SME Mentorship Programme.<sup>125</sup>

Nonetheless, the 2009 GEM report called the role of SUCCESS into question when it recommended a government ‘one-stop-shop’ because experts believe it is still difficult for a business owner to find what they need which “shows that none of these potential candidates for the ‘one-stop-shop’ are fully meeting the need”. Given the global focus on the role of SMEs in job creation explained in Section 1, supporting the scaling up and expansion of SME capacity requires focused policy and programme development. A survey of SME owners in Hong Kong in 2010 found that 20 percent intended to increase their workforce (up from 6 per cent in 2009).<sup>126</sup>

The Hong Kong government has dedicated significant funds and resources to enable Hong Kong’s SMEs to enhance their competitiveness. As a result of the landmark 2001 SMEC report, the government initiated the SME Development Fund, which supports non-profit organisations and trade associations that are supporting SMEs.<sup>127</sup> The SME Export Marketing Fund was also launched and supports SMEs to take part in promotional activities to develop export markets, such as participating in exhibitions, trade missions and advertisements (with a maximum funding of HK\$150,000). Suzanne Liu of S. Liu & Co. said of the SME Export Marketing Fund: “Very useful. Sometimes clients go overseas to have a booth, it costs them HK\$30,000 and they get refunded HK\$15,000 from the government. Better than loans you have to pay back. They give you money. Every penny counts as a small business owner.”

There is a range of other initiatives that are government initiated and/or government supported to encourage competitiveness of Hong Kong’s SMEs. For example, the HKTDC’s World SME Expo has become a vast annual event for thousands of visiting SMEs to explore business opportunities. In 2012 there were 338 exhibitors and 14,785 visitors, almost half from outside Hong Kong.<sup>128</sup> The SME Creativity Centre, a non-profit centre designed to enable Hong Kong’s SMEs to explore creativity and innovation, was established by the TID and funded by the SME Development Centre. It hosts events and provides links to resources for SMEs in Hong Kong.<sup>129</sup>

### WINSOME LOK

#### Winsome Fashions

<http://www.winsomelok.com/>

Winsome is a Hong Kong designer with her own luxury fashion label which she is adamant she would never have got off the ground without the support of the Hong Kong Trade and Development Council (HKTDC) and the Hong Kong Fashion Designers Association (HKFDA) assisting her to attend exhibitions and trade shows to showcase her work and find clients. Some years, when she does a show, she has more overseas business than local business. She has also been supported by Youth Business Hong Kong (YBHK) and has been an incubatee of Innocentre. She summarised: “Without YBHK and the FDA I would not be where I am today. When I had my first interview with YBHK, I said I was a member of FDA so they thought I was very professional which was a big help.”

She was designing for a large clothing company when she decided to go out on her own in 2006. Her motivation was her desire, as a designer, to see the whole process through – from design to pattern making to cutting to sewing and then the customer interaction so that she could experience the excitement a customer feels when they get their unique product. However, she only took the plunge when the YBHK Scheme and other support came through. Winsome explained that the vote of confidence was key: “My family could support me to do the business, but they didn’t. They said that if an outside organisation feels you can be successful then they will support you.”

The YBHK support, followed by that of Innocentre, helped her to get clients, as “lots of people trust government-backed companies”. Winsome explained: “I got several of uniform contracts after that, especially from China”. She has designed the uniforms for the Airport Authority Hong Kong and Henderson Land Development Company to name two. She likes doing these projects as well as her core, bespoke, wedding and evening designs because they deliver a stable income. Also, Winsome says: “They are big projects and there are many people involved so I get lots of feedback and learn a lot.” She makes everything at her studio in Tsim Sha Tsui with her 3-4 tailors who have been with her since she set out, except for the big uniform orders, for which she passes the sample onto a factory for mass production.

She was keen to emphasise that YBHK’s support is more than just monetary: “The money is not such a big thing, but the mentor is very encouraging and after I call her I always have so many solutions”. She recalls that the first time she had lunch with her YBHK mentor she was so stressed about starting her business and not having any clients that she cried in the restaurant and everyone was looking at her. She is also grateful that the first time she went to HKTDC Fashion Week, her mentor told her to write down the 10 best things about herself and about each dress so that she could say it easily and she still does this every time she has to

<sup>124</sup> To find out more about SUCCESS, visit <http://www.success.tid.gov.hk/english/aboutus/aboutus.html>.

<sup>125</sup> Speech by Director General Trade and Industry at 2012 APEC SME Summit, 21 February 2012; [http://www.tid.gov.hk/english/aboutus/presspeech/speeches/2012/speech\\_20120221.html](http://www.tid.gov.hk/english/aboutus/presspeech/speeches/2012/speech_20120221.html) (accessed 28 April 2013).

<sup>126</sup> UPS Business Monitor Asia (2010), “Hong Kong SMEs Call for Further Innovation and Government Support”, Press Release, 19 August 2010; <http://pressroom.ups.com/Press+Releases/Archive/2010/Q3/Hong+Kong+SMEs+Call+for+Further+Innovation+and+Government+Support> (accessed 29 April 2013).

<sup>127</sup> To find out more about these funds, see <http://www.smefund.tid.gov.hk/eindex.html>.

<sup>128</sup> To find out more about the 2012 World SME Expo, see [http://www.hktdc.com/fair/worldsmeexpo-en/s/3809-General\\_Information/HKTDC-World-SME-Expo/Fair-Report.html](http://www.hktdc.com/fair/worldsmeexpo-en/s/3809-General_Information/HKTDC-World-SME-Expo/Fair-Report.html).

<sup>129</sup> To find out more about the SME Creativity Centre, see <http://www.smecc.hk/v2/>.

present a dress. In addition, YBHK arranged a significant amount of media exposure for Winsome, which gave confidence to the HKTDC and clients that Winsome Fashions is a trustworthy brand.

She summarised: “I am very weak on presenting my work and telling the story and I need to try to do more PR training”. It took her a while to find her niche and explain it, which was important because she needed to differentiate herself from the high-volume, low-margin fashion with which China and Hong Kong have often been equated. She also feels she is “poor with numbers” and has a part-time bookkeeper who takes care of her accounts for her. She believes her passion and skills are in design, whereas running the business side of things presents many challenges. She credits her time studying at Central Saint Martins in London as opening her mind and giving her the confidence to go out on her own after her stints as a film maker, assistant editor at a magazine and designer for a large clothing company.

Despite the networks she developed in these previous careers and the government programmes she has participated in, she says it is still lonely and is an advocate of groups working together saying: “If I tell things to my friends or my workers they will tell me not to worry about it. But if I talk to an entrepreneur, they will think about the details, they have lots of questions and lots of solutions and all of that is good. We need more entrepreneurial groups to work together and then they will have a strong bond too.” She believes there are pros and cons to being a woman entrepreneur: “If you have your own business, you have the flexibility to arrange your work time which is good for a woman, but you have to work harder when you work for yourself as there is always so much to do, which is not so good when juggling personal life”.

For her next step, she would like to have a showroom in the new PMQ, the former Police Married Quarters building on Hollywood Road, which is being redeveloped as a design hub. She believes this would help her to expand her client base as at the moment she has no walk-in clients, just referrals. Like many women interviewed for this report, when asked what her goal is, it was not to make a million dollars, but “to do charity work”. She recalls how a few weeks before the interview she met a Singaporean girl who invited her to do a collection to produce in India and teach Indian women to make the clothes. She opined: “Hong Kong is a rich and very good place and I do many amazing things so I want to have a little charity work, do some small things to help people.”

## 2.2 Gender lens

Whilst the policy framework is favourable for entrepreneurship in Hong Kong, it remains gender neutral. Although institutional and policy frameworks are generally strong for entrepreneurs in Hong Kong, there is no government body dedicated to women’s business ownership. In the US there is a dedicated US Office of Women’s Business Ownership whose role is to nurture women entrepreneurs in recognition of their potential contribution to the economy and social stability. Without such a department or body in Hong Kong, there is a danger that co-ordination gaps across departments result in an entrepreneurship policy not fully integrated with gender needs. Individual departments need to recognise their role in gender-focused needs assessment and policy formation, as well as working towards a joined-up approach with other departments, NGOs and business associations. This joined-up approach will likely be better organised by a dedicated body. This approach will also enable an implementation process that allows for collection of gender-disaggregated data that is currently not available in Hong Kong. The UN and other multilaterals are making a concerted effort to encourage improved collection of gender-disaggregated data so as to better conduct needs assessments and design policy for a global women’s entrepreneurship movement.<sup>130,131</sup>

<sup>130</sup> International Finance Corporation (2013), *IFC Jobs Study: Assessing Private Sector Contributions to Job Creation and Poverty Reduction*, Washington; [http://www1.ifc.org/wps/wcm/connect/0fe6e2804e2c0a8f8d3bad7a9dd66321/IFC\\_FULL+JOB+STUDY+REPORT\\_JAN2013\\_FINAL.pdf?MOD=AJPERES](http://www1.ifc.org/wps/wcm/connect/0fe6e2804e2c0a8f8d3bad7a9dd66321/IFC_FULL+JOB+STUDY+REPORT_JAN2013_FINAL.pdf?MOD=AJPERES) (accessed 3 May 2013).

<sup>131</sup> OECD (2012), *Women in Business: Policies to Support Women’s Entrepreneurship Development in the MENA Region*, OECD Publishing; [http://www.keepeek.com/Digital-Asset-Management/oecd/industry-and-services/women-in-business\\_9789264179073-en](http://www.keepeek.com/Digital-Asset-Management/oecd/industry-and-services/women-in-business_9789264179073-en) (accessed 5 May 2013).

### *Example of Government Office to Support and Facilitate Women’s Entrepreneurship*

#### **US Office of Women’s Business Ownership**

<http://www.sba.gov/about-offices-content/1/2895>

The Office of Women’s Business Ownership was established as an initiative of the US government’s Small Business Administration and tasked, in 1979, with the mission of establishing a network of Women’s Business Centres (WBCs) throughout the US. In 2013 there were approximately 100 centres. The broad aims are to foster the participation of women entrepreneurs in the economy, to level the playing field for them and to grow the income, influence and leadership of women business owners. Specifically, through the WBCs, women, especially those who are economically or socially disadvantaged, are offered comprehensive training and counselling on a range of topics in different languages to help them start, grow or finance their own business. A mentor programme has been developed with specific mentors dedicated to business finance and accounting; business operations; business strategy and planning; sales, marketing and public relations; and technology and IT services. Mentors are also organised by industry sector.

There is also a National Women’s Business Council of 15 members appointed to 3-year terms, which acts as an independent voice for women entrepreneurs, advising the President, Congress and the US Small Business Administration on economic issues of importance for women business owners. In 2010 the US Small Business Administration published changes to the Federal Contracting Programme which authorised contracting officers to set aside certain federal contracts for eligible women-owned small businesses or economically disadvantaged women-owned small businesses. They went into effect on 7 May 2013.

Although experts whose opinions were sought on the conclusions and recommendations of this report were unsure as to whether targeting training or support for women would result in increased participation by women in Hong Kong, research from around the world shows that gender needs to be taken into consideration in the design, marketing and delivery of business development services and that mainstream service providers can benefit from awareness training on how to work with female clients.<sup>132</sup> Given that the average growth rate of women-owned SMEs around the world is slower than male-owned,<sup>133</sup> gender-specific policies are particularly important with regard to accessing capital, business and risk management, and other key elements of scaling up. This is also the case on a sector specific basis. For example, the government has provided significant financial and business support for technology start-ups. Research conducted in Hong Kong in 2007 showed that 82 per cent of high growth start-ups at that time were founded by men, yet none of the policies or programmes to support the development of the technology sector have been initiated with a gender lens.

As a member economy of APEC, Hong Kong participated in the first APEC Ministerial Meeting on SMEs and Women in Indonesia in September 2013. In a Joint Ministerial Statement the meeting committed to further empowering SMEs in the Asian region through collaborative efforts on targeted policy measures for the inclusive development of women-owned SMEs. This included developing gender-responsive entrepreneurship policies, promoting business training and outreach targeted at women entrepreneurs, improving women’s financial education and encouraging a supportive policy environment for the development of venture capital and angel investment.<sup>134</sup> Other governments have already initiated such policies, such as Taiwan, which launched dedicated training, mentoring and support for women entrepreneurs earlier in 2013.

<sup>132</sup> OECD (2012), *Women in Business: Policies to Support Women’s Entrepreneurship Development in the MENA Region*, OECD Publishing; [http://www.keepeek.com/Digital-Asset-Management/oecd/industry-and-services/women-in-business\\_9789264179073-en](http://www.keepeek.com/Digital-Asset-Management/oecd/industry-and-services/women-in-business_9789264179073-en) (accessed 5 May 2013).

<sup>133</sup> IFC (2011), *Strengthening Access to Finance for Women-Owned SMEs in Developing Countries*, Washington; [http://www.ifc.org/wps/wcm/connect/Topics\\_Ext\\_Content/IFC\\_External\\_Corporate\\_Site/IFC+Sustainability/Publications/Publications?contentQuery=IFC\\_EXT\\_Design/Gender+Entrepreneurship+Markets&sustPubCategories=Topic&Topics=IFC\\_EXT\\_Design/Gender+Entrepreneurship+Markets&Products=Select](http://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/IFC+Sustainability/Publications/Publications?contentQuery=IFC_EXT_Design/Gender+Entrepreneurship+Markets&sustPubCategories=Topic&Topics=IFC_EXT_Design/Gender+Entrepreneurship+Markets&Products=Select) (accessed 27 May 2013).

<sup>134</sup> For more information on the APEC Joint Ministerial Statement on SME and Women, see [http://www.apec.org/Meeting-Papers/Ministerial-Statements/Women/2013\\_sme\\_women.aspx](http://www.apec.org/Meeting-Papers/Ministerial-Statements/Women/2013_sme_women.aspx) (accessed 24 September 2013).



#### Example of Targeted Training for Women

#### 2013 Female Innovative Entrepreneurship Project, Small and Medium Enterprise Administration (SMEA), Ministry of Economic Affairs, Taiwan Government

<http://www.sysme.org.tw/woman/internet/>

The SMEA in Taiwan has taken new measures to help women to start their own businesses. In May 2013, the SMEA launched one- and three-day courses for women entrepreneurs on the process of starting and building businesses, including a range of symposiums, workshops and lectures. A total of 18 courses are scheduled to be held between May and November 2013. At the time of writing (June 2013), 300 women had completed the courses.

The courses aim to take into consideration female entrepreneurial traits, as well as promote and encourage women to become financially independent and competitive. Topics such as business plan writing, access to capital, financial and tax management, business expertise, and legal expertise relating to intellectual property, advertising and marketing are covered. Consideration is particularly given to growth and expansion, as well as starting up.

A counselling support system is also provided to assist women with strengthening their business networks and overcoming difficulties. Strengthening networks is one of the key objectives of the programme. Women who participate are expected to provide feedback so that the SMEA can evaluate the effectiveness of the course.<sup>135</sup> Outstanding women entrepreneurs will also be selected through competitions and campaigns so as to create visible role models.

Middle- and low-income disadvantaged women form one group specifically targeted by this programme, in an attempt to furnish them with the right skills and confidence to start their own businesses and to lift themselves out of poverty.

Previous research has found that the Hong Kong government's 'laissez faire' policy in entrepreneurship has given the impression that people are free agents and business opportunities abound equally for both men and women; however, it also found that there is a group of women small business owners, specifically women microbusiness owners, who need a wider support network to help them balance their familial responsibilities and business aspirations.<sup>136</sup> Support networks are covered in detail in Section 5, but Sweden's Ambassadors for Women's Entrepreneurship Programme is an example of a government support programme that aims to tie together many of the aspects of government policy with regard to developing women's entrepreneurship at the heart of economic policy.

#### Example of Government Initiated Support Network:

#### Sweden's Ambassadors for Women's Entrepreneurship Programme

<http://www.ambassadorer.se/in-english>

In 2008, the Swedish government initiated its Ambassador programme to encourage the growth of women's entrepreneurship. The Swedish Agency for Economic and Regional Growth identified approximately 800 women to serve as 'ambassadors' for women's entrepreneurship. They were selected so as to represent a range of ages, backgrounds, industries and experience to enable all women to find an ambassador they can identify with. The ambassadors share experiences and give advice in schools, at conferences and online; and they are cultivating a network of women entrepreneurs, providing each other with contacts and support. When the programme was initiated, only 25 per cent of all businesses were run by women, a proportion similar to Hong Kong.

<sup>135</sup> Huang C. and Liu K. (2013), "Government offering help to female entrepreneurs", in *Focus Taiwan*; <http://focustaiwan.tw/news/aall/201305070049.aspx> (accessed 20 May 2013).

<sup>136</sup> Ng E. and Ng C. (2003), "Women micro entrepreneurs in Hong Kong: Balancing the personal with the business", in Butler J. (vol. ed.), *Research in Entrepreneurship and Management*, Vol. 3: *New Perspectives on Women Entrepreneurs* (pp. 121-150), Greenwich, CT: Information Age Publishing.

## SECTION 3: ACCESS TO FINANCE

### 3.1 The landscape

#### Women entrepreneurs and finance

Years of studies by GEM have cited lack of availability of finance as the biggest impediment to entrepreneurship around the world.<sup>137</sup> Furthermore, when finance is available, SME owners report that its cost is punitive and ultimately an obstacle to growth.<sup>138</sup> Research shows women entrepreneurs are more risk averse than men, less likely to take a bank loan, and if they do, the terms of borrowing can often be less favourable than for men.<sup>139</sup> A 2011 study in the US shows that female-owned enterprises have lower debt-to-equity ratios than male-owned enterprises.<sup>140</sup> A 2005 study of 34 countries from Europe and Asia shows that women-owned or managed firms were more financially constrained than men's.<sup>141</sup> Another study of Europe and Asia found that firms owned or managed by women were 5 per cent less likely to receive a loan and had interest rates averaging 0.5 percentage points higher than male-owned firms.<sup>142</sup>

What is not clear from all this research is whether it is a demand-side problem, meaning women entrepreneurs request less financing because they have less wealth to use as collateral than men, higher levels of risk aversion than men or greater self-doubt than men (possibly based on past experience of the low probability of securing a loan), or whether it is a supply-side problem, meaning that institutions are less willing to provide credit to women.

There is little research available on gender patterns and direct investment. But the community is dominated by men, particularly in venture capital (VC) and private equity (PE), and a recent report asserted that one reason that women may find it difficult to attract direct investment is that 'some investors may wrongly conclude that the obligations of family life mean that women will lack commitment to their ventures.'<sup>143</sup> Attracting such investment also means pitching and self-promotion, activities which some women find difficult given they are more prone to lack confidence than men, as is covered in Section 5.

#### Hong Kong entrepreneurs and finance

Hong Kong does not buck the global trend in terms of lack of access to capital. Finance is the critical component not just in starting a business, but also in scaling up a business. Bank loans are difficult to secure without collateral or at least a 3-year track record of solid cash flow. Early stage angel or venture financing is relatively new. A 2011 survey of young people found that 80 per cent of would-be entrepreneurs in Hong Kong did not put their plans into practice because of lack of start-up capital.<sup>144</sup> The 2009 GEM report on Hong Kong showed that interviewees who raised the topic of financial support were more than twice as likely to be critical than complimentary of finance available for start-ups in Hong Kong.<sup>145</sup> However only 7 per cent of the recommendations put forward by those interviewees concerned financial support, which the report surmises reflects "on the one hand, the critical nature of finance to an enterprise and on the other a lack of confidence in the efficacy of tinkering with Hong Kong's existing strong financial system."<sup>146</sup>

<sup>137</sup> See studies at <http://www.gemconsortium.org/docs> (accessed 12 April 2013).

<sup>138</sup> OECD (2006), *The SME Financing Gap, Volume 1: Theory and Evidence*, Paris; [http://books.google.com.hk/books?id=gRy4kjYjDzUC&printsec=frontcover&source=gbs\\_ge\\_summary\\_r&cad=0#v=onepage&q&f=false](http://books.google.com.hk/books?id=gRy4kjYjDzUC&printsec=frontcover&source=gbs_ge_summary_r&cad=0#v=onepage&q&f=false) (accessed 25 May 2013).

<sup>139</sup> International Finance Corporation (2013), *IFC Jobs Study: Assessing Private Sector Contributions to Job Creation and Poverty Reduction*, Washington.

<sup>140</sup> Mitchell L. (2011), *Overcoming the Gender Gap: Women Entrepreneurs as Economic Drivers*, Ewing Marion Kauffman Foundation; <http://www.kauffman.org/research-and-policy/overcoming-the-gender-gap-women-entrepreneurs-as-economic-drivers.aspx> (accessed 3 May 2013).

<sup>141</sup> Mitchell L. (2011), *Overcoming the Gender Gap: Women Entrepreneurs as Economic Drivers*, Ewing Marion Kauffman Foundation; <http://www.kauffman.org/research-and-policy/overcoming-the-gender-gap-women-entrepreneurs-as-economic-drivers.aspx> (accessed 3 May 2013).

<sup>142</sup> Muravyev A., Talavera O., Schafer D. (2009), "Entrepreneurs' gender and financial constraints: Evidence from international data", in *Journal of Comparative Economics* 37 (2009), pp.270-286; <http://ideas.repec.org/p/diw/diwwpp/dp706.html> (accessed 15 May 2013).

<sup>143</sup> Barclays Wealth and Investment Management (2013), *Unlocking the Female Economy: The Path to Entrepreneurial Success*, London; <http://www.barclayswealth.com/Images/unlocking-fem-economy.pdf> (accessed 5 May 2013).

<sup>144</sup> Hong Kong Trade and Development Council Research (2011), *Unleashing Hong Kong's Creative Youth*, Hong Kong; <http://economists-pick-research.hktdc.com/business-news/article/Research-Reports/Unleashing-Hong-Kong's-creative-youth/books/en/1/1X000000/1X09OTF6.htm> (accessed 5 May 2013).

<sup>145</sup> Global Entrepreneurship Monitor (2009), *Global Entrepreneurship Monitor Hong Kong & Shenzhen 2009*; <http://www.gemconsortium.org/docs/download/713> (accessed 26 April 2013).

<sup>146</sup> Global Entrepreneurship Monitor (2009), *Global Entrepreneurship Monitor Hong Kong & Shenzhen 2009*; <http://www.gemconsortium.org/docs/download/713> (accessed 26 April 2013).

### 3.2 Private means

#### Family funds

Financing for entrepreneurs in Hong Kong often comes from the owners, their families and friends; it is a private market, well known for its deep pools of private capital.<sup>147</sup> A survey in 2000 of 30 SMEs, 8 banks and 4 SME associations found that over two-thirds of the SMEs used personal savings as the sole source of start-up funding.<sup>148</sup> A later study in 2002 of 25 SME entrepreneurs found that all of the respondents had used their personal savings or borrowed money from family and friends to raise the necessary funds to start their businesses.<sup>149</sup> But the 2009 GEM report on Hong Kong suggests a move away from family funding and more towards friends. It showed that 63 per cent of Hong Kong's informal investors fund start-ups of friends or neighbours (up from 51 per cent in the 2004 survey) compared to only 24 per cent funding start-ups of relatives (down from 50 per cent in the 2004 survey).<sup>150</sup>

In a 2011 study, 90 per cent of respondents said they were fortunate enough to be able to fund their early stage of business with their own savings. In that study their demands were not large, with 38 per cent of the new entrepreneurs saying the actual start-up capital required was HK\$50,000 or less.<sup>151</sup> All of the women interviewed for this research project, except one, started out with their own savings and/or financing from their families. Although the majority declined to disclose how much, one woman said that she used HK\$400,000 of her own money to get started, another had HK\$50,000 of savings.

One woman benefited from an early stage investor and three benefited from government-subsidised loan schemes quite early in their development, but it was their own or their family's money that got them all started. Most women preferred it this way if they were lucky enough to be able to have family funds to support them, and Payal Shah of I'Dezen echoed the thoughts of many when she said: "I feel safer having started up with family money. I wouldn't want to have borrowed from a bank or anyone else and to have had all that pressure hanging over me at the beginning. Also, because it is my parents who are the investors, they can see what they have invested in on a day to day basis so it is an arrangement that works for all of us." But others like to have shareholders to push them. One woman interviewed as part of an academic research project published in 2005 said: "From an achievement perspective, I would say that stringent shareholders would actually drive me to achieve more than if I do it alone..."<sup>152</sup>

However, private financing dries up fast in a weak economic environment. The 2009 GEM report found that informal investment had dropped in all countries surveyed as a result of the 2008 financial crisis, but the greatest drop was in Hong Kong, from almost 10 per cent of the population in 2007 having invested in start-ups the previous year to 2.6 per cent in 2009.<sup>153</sup> It also limits scalability, as often the size of investment required to scale up cannot be met by friends and family.

<sup>147</sup> <http://www.internationalentrepreneurship.com/asia/hong-kong/> (accessed 30 November 2012).

<sup>148</sup> Chua B. L. and Steilen C. (2001), *Success Factors of SMEs in Hong Kong: A 10-Step Entrepreneurship Model*, Hong Kong Trade and Development Council.

<sup>149</sup> Hong Kong Monetary Authority (2002), *Survey of the Financing Situation of Small and Medium-Sized Enterprises*; <http://www.hkma.gov.hk/eng/key-information/press-releases/2000/20000623-3.shtm> (accessed 1 May 2013).

<sup>150</sup> Global Entrepreneurship Monitor (2009), *Global Entrepreneurship Monitor Hong Kong & Shenzhen 2009*; <http://www.gemconsortium.org/docs/download/713> (accessed 26 April 2013).

<sup>151</sup> Hong Kong Trade and Development Council Research (2011), *Unleashing Hong Kong's Creative Youth*, Hong Kong; <http://economists-pick-research.hktdc.com/business-news/article/Research-Reports/Unleashing-Hong-Kong's-creative-youth/books/en/1/X000000/1X09OTF6.htm> (accessed 5 May 2013).

<sup>152</sup> Ng C. and Ng E. (2009), "The changing face of women managers in Hong Kong", in Rowley C. and Yukongdi V. (eds.), *The Changing Face of Women Managers in Asia*, pp. 43-68, Abingdon: Routledge.

<sup>153</sup> Global Entrepreneurship Monitor (2009), *Global Entrepreneurship Monitor Hong Kong & Shenzhen 2009*; <http://www.gemconsortium.org/docs/download/713> (accessed 26 April 2013).

#### JOANNA HOTUNG

#### The KG Group (Kids' Gallery, Star English, Face Productions, Mills International Preschool)

[www.the-kkggroup.com](http://www.the-kkggroup.com)

In 1996, Joanna set up Kids' Gallery with her own savings. She started out offering art and drama classes to small children and she has built it brick-by-brick to what it is today, which is the KG Group of four companies offering creative education to children of all ages. She explained that this was the only way she knew how to do it. Bankers have come and gone, offering to finance her and help her expand her business but she said: "I don't want to have to be worried about what someone else is going to be expecting at the end of the year. I don't want to have to create profits for someone else. For me that's an added stress factor." For the same reason she has never had a business partner. She explained: "If it works it's my success, if it doesn't work, it's my failure, I would rather I just take it on myself."

She admits that she could have got where she is today in less than the 16 years it has taken her, but she did not want the risk or the stress. She said: "I have never extended my space until I have had a waitlist." She has always worked and still works incredibly hard. She manages herself and "the daily chaos" of 75 employees and several overseas franchises by making quick decisions and creating time to think. She explained: "I am surrounded by a lot of creative people, which is wonderful, but I think my management consultant training [at Coopers & Lybrand] made me very systematic so I do always come back to systems." She feels she has been "incredibly lucky" with her "amazing senior team". Turnover is low with 5 years being the shortest tenure among her 5 Directors, although turnover is higher amongst younger teaching staff.

Delegating to her staff was something she has had to learn. She says she is famous for her red pen. She "cannot bear bad English" and explained that she had just proofread the summer information booklet before it went out, protesting: "I would not feel comfortable if I didn't". Managing staff and getting good people has been her biggest ongoing challenge, although one-off events beyond her control have had a major impact. For instance during SARS in 2003 she had to close for 3 months because the government shut down the schools, which at least had their fees paid, but she had no protection. The financial crises have not affected the business however which she explained as follows: "Parents tend to keep going with the kids. They will cut back on themselves but not the kids."

Joanna herself was inspired to set up Kids' Gallery by her own girls, two and four years old at the time. She explained: "Because we are a mixed race family we wanted our children to speak Cantonese so we sent them to a local kindergarten, but I felt that they were not given the opportunity to express themselves creatively." The catalyst moment came when her eldest daughter was told that she could not paint an elephant orange, because elephants were grey.

Her husband is a co-owner in the business, although not a decision maker, and her business is about who she is. She explained: "For me my family, my business, my children are all part of who I am and this equation that is me." Her charity work also represents her. She does lots of fund raising with the Hong Kong Juvenile Diabetes Association (her eldest daughter has type 1 diabetes) and explains: "My for-profit businesses and my not-for-profit work are very closely intertwined and I probably cannot divide them in my mind."

She says that being part of one of Hong Kong's high profile families is a "blessing and a curse". It is useful when it comes to fundraising for the Hong Kong Juvenile Diabetes Association and it has helped with business profile. But it also has attracted unwanted attention, such as the time someone accused her (without basis) of running an illegal school, and it got a double page spread in *Next Magazine*, something that would never have happened if she was not a Hotung.

At times like that, she says it would have been nice to have had a professional mentor other than her husband. She was part of the Women Business Owners Club (now dormant) when she started out which was helpful for promoting her business, and which has evolved for her into a group of six ladies who meet informally



for coffee every month, which is “very helpful”. She thinks she has played to her strengths as a woman. She explained: “I understood my market and my customers well and could connect with them.” She also thinks that women “pay more attention to detail which is important in this business.” When asked whether she was taken seriously from the outset, she replied: “In the past 3-4 years, I think people think: ‘Oh she’s got a group’. It’s like I now have a real business.”

She is not driven by money, but she is driven by revenue as a measure of success of the business. She relishes earning her own living, but as a marker of independence, not as a marker of wealth. She recounted: “My mother has a huge influence on me. She was brought up in a traditional Chinese family, won a scholarship to a US college but wasn’t allowed to go because she was a girl....She drummed into me that it is important that women are independent and the route to that is to study hard at school, get a good job and have your own income. It wasn’t about being rich or about being famous. It was just about being secure and in control. I say the same thing to my daughters.” However, she is very clear that even though she does not have an exit strategy for the business, something that the bankers who come and go find exasperating, she does not expect her daughters to take it over. So she may yet be willing to sell it one day instead, but only once she has finished building it the way she wants with the resources she can control.

### 3.3 Angel and venture finance

#### Nascent market

The 2009 GEM report stated that “expert opinions suggest the existence of an equity funding gap between informal investment of family friends and acquaintances and formal capital markets”. The research showed that experts felt there was a lack of access to venture capital and private equity funding.<sup>154</sup> Further research published in 2009 concluded more specifically that “many early-stage entrepreneurs cannot find funding to bridge the ‘equity gap’ between what they can gather from early stage personal sources initially and what they could solicit from venture capital funds”.<sup>155,156</sup>

Vicky Wu of ZAOZAO, which is a very early stage start-up, said she felt it would be easier to get funding for her stage of business in Silicon Valley (but wants to be in Hong Kong because it is an Asian business). She finds the attitudes of the venture capital (VC) industry professionals in Hong Kong frustrating, saying: “It would be great to meet VCs with actual entrepreneurial experience rather than just spreadsheet-reading skills, something I have not encountered very much out here. It’s frustrating, for most meetings I may as well have just spent the time banging my head against a wall repeatedly.” Subsequent to being interviewed for this report, Vicky has temporarily relocated to New York where she found an advisor to help scale up her business.

#### Rapidly growing

But research shows that the volume of VC and private equity (PE) financing in the region is increasing. A recent conference on the advantages and disadvantages of Hong Kong’s start-up community posted as one of its findings: “Small but growing angel and venture investment community looking to source more local deals”.<sup>157</sup> The same conference also recommended that: “Local VCs with smaller number of portfolio companies in Hong Kong can work more closely with and help nurture these startups”.<sup>158</sup> One attendee at the conference reported that there were many representatives from family offices (companies that manage

investments and trusts for a single family) there, who remain focused on investing in property or equity and these are people need to be persuaded to support entrepreneurship. The same attendee also commented that they were mostly men.

In the 2013 Venture Capital and Private Equity Country Attractiveness Index, Hong Kong is ranked in 8th place, compared to China’s 24th place (US, Canada, UK, Japan, Singapore, Australia and Germany are the top seven, in descending order).<sup>159</sup> The Asia Venture Capital Journal reports that in Hong Kong, whilst venture capital deal flow has been uneven over the last 5 years due to the financial crisis, it rose significantly in the last couple years.<sup>160</sup>

**Table 3.1 Venture Capital Deals in Hong Kong**

Year	Number of deals	Volume
2012	13	US\$122 million
2011	9	US\$44 million
2010	6	US\$18 million
2009	9	US\$52 million
2008	6	US\$66 million

Source: Asia Venture Capital Journal (2013)

Angel investing, or early stage VC, has been on the rise around the world. New tax incentives in many countries have contributed to this situation. Silicon Valley has seen the rise of the ‘super-angels’, former executives of successful companies such as Google, Facebook and eBay who have built successful investment track records by investing personal capital in early stage companies. A 2012 global survey of the venture capital industry found that early stage VCs are more confident investing domestically than globally.<sup>161</sup> However, Rachel Chan of Innofoco says that global early-stage investors exist for Hong Kong. She says: “I have discovered a new generation of investors in Hong Kong. They go to Silicon Valley and other places to buy and they were thrilled that we brought all these entrepreneurs to them in Hong Kong [for the MaD Venture Forum]. Hong Kong can be a marketplace.”

Online angel funding and microfinance platforms are also developing. Kiva.org is widely believed to be the biggest success story globally.<sup>162</sup> Individuals can make small loans online to a person running a small business and will receive periodic updates and repayments. Kickstarter, a US crowdfunding site launched in 2009, has attracted a total of US\$686 million to fund over 44,000 creative projects since then.<sup>163</sup> Fringebacker is a ‘multimedia showcase’ in Hong Kong, which facilitates artists, designers, film makers and other creatives to reach out to financial backers.<sup>164</sup> It has an online funding platform through which funders can chose projects and businesses to support. Many of the investment amounts put through these websites are small. In some developing countries microfinance funds dedicated to women’s enterprises have been established with commitments to have social impact but not necessarily financial return.

At the time of writing, Fund2.me was due to start up in Hong Kong in December 2013 with the expectation that it will support mainly expatriates looking to start up businesses in mainland China. All funding campaigns have to be approved by the operators before being put on the site and a significant level of work and commitment has to be demonstrated. The aim of the site, as well as generating investment, is to develop supporters of the

<sup>154</sup> Global Entrepreneurship Monitor (2009), *Global Entrepreneurship Monitor Hong Kong & Shenzhen 2009*; <http://www.gemconsortium.org/docs/download/713> (accessed 26 April 2013).

<sup>155</sup> Au K. and White S. (2009), *Hong Kong’s Venture Capital System and the Commercialisation of New Technology*, Chinese University of Hong Kong; <http://entrepreneurship.baf.cuhk.edu.hk/sites/default/files/project/informal-investment/auwhitevcinhongkongmarch2009final.pdf> (accessed 5 May 2013).

<sup>156</sup> This research comments that VCs commonly consider US\$3 million as a lower-threshold size and it is the US\$1 million level that is missing between the seed and the start-up stages.

<sup>157</sup> Fannin R. (2013), “Pros & cons for startup launches from silicon harbour”, in *Forbes*, 4 April 2013; <http://www.forbes.com/sites/rebeccafannin/2013/04/21/pros-cons-for-startup-launches-from-silicon-harbour/> (accessed 14 May 2013).

<sup>158</sup> Fannin R. (2013), “Pros & cons for startup launches from silicon harbour”, in *Forbes*, 4 April 2013; <http://www.forbes.com/sites/rebeccafannin/2013/04/21/pros-cons-for-startup-launches-from-silicon-harbour/> (accessed 14 May 2013).

<sup>159</sup> IESE Business School, University of Navarra (2013), *The Venture Capital and Private Equity Country Attractiveness Index*, Barcelona; <http://blog.iese.edu/vcpeindex/hongkong/> (accessed 28 April 2013).

<sup>160</sup> To find out more about the *Asia Venture Capital Journal*, see <http://www.avcj.com/>.

<sup>161</sup> Deloitte Development LLC and National Venture Capital Association (2012), *Global Trends in Venture Capital: How Confident Are Investors?*

<sup>162</sup> To find out more about Kiva.org, see [www.kiva.org](http://www.kiva.org).

<sup>163</sup> To find out more about Kickstarter, see <http://www.kickstarter.com/>.

<sup>164</sup> To find out more about Fringebacker, see [www.fringebacker.com](http://www.fringebacker.com).

start-up community, so lawyers, consultants and other industry experts will be able to promote themselves on the site if they offer a certain amount of free advice to entrepreneurs.<sup>165</sup> The Angel Investment Network, a web-based organisation, has established a Hong Kong leg connecting angel investors with entrepreneurs both inside and outside Hong Kong.<sup>166</sup> Local incubators are emerging such as Nest, which has a pitch day once a month for which it receives roughly 200 applications, from which it selects 7 people to pitch and potentially attend their ‘boot camp’.<sup>167</sup> Forbes just voted Hong Kong the “#1 Tech Capital to Watch” after Silicon Valley and New York.<sup>168</sup> However, there is no Sand Hill Road type community (the active VC community that resides in Menlo Park, California) in Hong Kong to help expand the early stage investment network to get start-ups scaling up.<sup>169</sup>

#### Gender an unknown quantity

In Hong Kong there is certainly no Sand Hill Road Women’s Community which came together on the day that TEDx mobilised 13,000 women to gather in 100 cities.<sup>170</sup>

#### Example of women’s VC community emerging in the US

##### **TEDxSandHillRdWomen**

<http://www.tedxsandhillrdwomen.com>

Still something of an informal community, the TEDxSandHillRdWomen held an event at the end of 2012. TEDx is the arm of TED that mobilises locally organised events in different communities all over the world about “ideas worth spreading”.<sup>171</sup> On 1st December 2012 TEDx mobilised 13,000 women to gather in 100 cities around the world and 100 women from the Sand Hill Road community gathered in Menlo Park. Sand Hill Road is home to many of the Silicon Valley venture capitalists. The organiser of the event, Wendy Wallbridge, who is a well-known life coach to high tech executives, arranged speakers on various topics which included funding women’s businesses.

Yet it is important to develop opportunities for women in the early stage direct investment sector as a way of increasing the number of successful women entrepreneurs. Research in the US in 2004 showed that 70 per cent of women venture capitalists were in partnerships that had closed deals with women-led companies and since only 4 to 9 per cent of all venture capital deals went to women at that time, it followed that those women played a major role in the deals that went to female entrepreneurs, regardless of how few they were.<sup>172</sup>

Organisational models dedicated to supporting and financing women in start-up businesses are emerging in the US. Astia, a non-profit organisation founded in 1999 and dedicated to increasing women’s participation as entrepreneurs and leaders in high-growth businesses started up Astia Angels in early 2013.<sup>173</sup> Also in the US is Golden Seeds, an investment firm started in 2004 that “pursues above market returns through the empowerment of women entrepreneurs and the people who invest in them”. It has an angel network consisting of 250 men and women and a venture capital group of 8 managing partners with two funds and US\$30 million under management investing in 26 portfolio companies and it has a Knowledge Institute which specialises

in training women to become angel investors and venture capitalists.<sup>174</sup> In the UK there is Trapezia.<sup>175</sup> The Trapezia funds invest in high growth women businesses. The first fund closed at £4.5 million and due to the volume of investment proposals, a second fund has been launched with a target size of £10 million (with a minimum investment size of £25,000). As well as investment, support is offered in the form of mentoring, monitoring, and access to professional networks.

#### Example of Angel Investor Network for Women-Owned Businesses in the US

##### **Astia Angel**

<http://www.astia.org>

A global network of female and male angel investors established in January 2013 that invests in women-led, high growth ventures. The members of the network support non-profit organisation Astia’s mission to propel women’s full participation as entrepreneurs and leaders of high growth businesses, while targeting above market returns. Astia has been trying to increase the number of women leading fast growth companies since the end of the 1990s by offering coaching, advice and access to a network of 4,000 advisors, investors and entrepreneurs in different areas that can start up small businesses.

The Astia Angels investor network is led by an active manager and by experienced Founding Astia Angels. All members are highly involved throughout the investment process and make independent investment decisions. The network involves experienced male and female super angels who may have up to US\$500,000 to invest or who may join a deal with US\$10,000. Amy Gips, founding managing partner of Astia Angel was quoted in the media when the network was launched as saying: “The capital that’s provided to these women entrepreneurs is just not keeping pace”.<sup>176</sup>

However, these models are rare and women are scarce in the early stage direct investment community. Research on 20,000 venture-backed companies in the US between 1997 and 2011 showed that successful start-ups (classified as those that went public, were acquired or turned profitable) had more women in senior positions than unsuccessful start-ups.<sup>177</sup> Nonetheless, fewer than 7 per cent of executives at these successful venture-backed start-ups were women.<sup>178</sup> It was not possible to find any information on women in start-ups or women at VC/PE firms in Hong Kong, nor on how women fare in attracting PE/VC investment compared to men in Hong Kong. Neither the Hong Kong Venture Capital Association nor the Asia Venture Capital Journal publicly record gender-disaggregated data and both organisations declined to comment on whether they see any gender trends in the early investment landscape.<sup>179</sup> Rachel Chan of Innofoco said: “Most of the angels, VCs, they are men. There are so few women to talk to in this area.”

Claire Fenner, founder of women entrepreneurs network Heels & Deals (profiled in Section 5) in Hong Kong explained that Heels & Deals plans to hold its own Dragon’s Den type pitch event where its women-only members present to VCs looking for capital investment. She also commented on the popularity of the new virtual angel financing organisations with women: “These platforms have many success stories and a fair few are women-owned businesses or women funders. It is possible to put in a very low amount or a very high

<sup>165</sup> Winn H. (2013), “Crowdfunding phenomenon is coming to Hong Kong”, in *South China Morning Post*, 30 October 2013; <http://www.scmp.com/business/article/1343102/crowdfunding-phenomenon-coming-hong-kong> (accessed 20 November 2013).

<sup>166</sup> To find out more about the Angel Investment Network, see <http://www.investmentnetwork.hk/home>.

<sup>167</sup> To find out more about Nest, see <http://www.nestideas.com/>.

<sup>168</sup> Strauss K. (2013), “The world’s top 4 tech capitals to watch (after Silicon Valley and New York)”, in *Forbes*, February 2013; <http://www.forbes.com/sites/karstenstrauss/2013/03/20/the-worlds-top-4-tech-capitals-to-watch-after-silicon-valley-and-new-york/2/> (accessed 23 May 2013).

<sup>169</sup> Fannin R. (2013), “Pros & cons for startup launches from silicon harbour”, in *Forbes*, 4 April 2013; <http://www.forbes.com/sites/rebeccafannin/2013/04/21/pros-cons-for-startup-launches-from-silicon-harbour/> (accessed 14 May 2013).

<sup>170</sup> To find out more about the Sand Hill Road Women’s Community, see <http://www.blogger.com/edxwomen-aims-help-women-rise>.

<sup>171</sup> To find out more about TED and TEDx, see <http://www.ted.com/tedx>

<sup>172</sup> Kauffman Foundation (2004), *Gatekeepers of Venture Growth: A Diana Project Report on the Role and Participation of Women in the Venture Capital Industry*, [http://www.kauffman.org/uploadedFiles/Diana\\_2004.pdf](http://www.kauffman.org/uploadedFiles/Diana_2004.pdf) (accessed 24 May 2013).

<sup>173</sup> To find out more about Astia, see <http://www.astia.org/>.

<sup>174</sup> To find out more about the Golden Seeds, see <http://www.goldenseeds.com/>.

<sup>175</sup> To find out more about Trapezia, see [http://www.stargatecapital.co.uk/trapezia\\_1.aspx](http://www.stargatecapital.co.uk/trapezia_1.aspx).

<sup>176</sup> Dow Jones VentureSource (2012), *Women at the Wheel: Do Female Executives Drive Start-up Success?*, US; [http://dowjones.com/privatemarkets/pm\\_download.asp](http://dowjones.com/privatemarkets/pm_download.asp) (accessed 25 May 2013).

<sup>177</sup> Dow Jones VentureSource (2012), *Women at the Wheel: Do Female Executives Drive Start-up Success?*, US; [http://dowjones.com/privatemarkets/pm\\_download.asp](http://dowjones.com/privatemarkets/pm_download.asp) (accessed 25 May 2013).

<sup>178</sup> Tozzi J. (2013), “Gender gap: Astia Angel, a new funding source for women entrepreneurs”, in *Bloomberg Businessweek Small Business*, 29 January 2013; <http://www.businessweek.com/articles/2013-01-29/astia-angel-a-new-funding-source-for-women-entrepreneurs> (accessed 25 May 2013).

<sup>179</sup> To find out more about the Hong Kong Venture Capital and Private Equity Association, see <http://web.hkvc.com.hk/en/index.aspx>.



amount and women are comfortable investing small amounts and taking small amounts of money so this type of model suits them. It also does not require them to go through lots of physical self-promotion and face-to-face pitching which many women are uncomfortable doing.”

A further development in the VC/PE market is the global surge in Corporate Venture fundraising (CVC), whereby big corporations take stakes in new companies, perhaps looking for strategic access into new technologies. This has been gradually growing in Asia, particularly China.<sup>180</sup> Given that MNCs and large companies are generally facing increasing pressure to increase diversity, they may be increasingly receptive to investing in women-owned businesses. Certainly the corporate focus on gender cannot be a deterrent in this regard.

### LIZETTE SMOOK

#### Innovasians (Innovation + Asian)

<http://www.innovasians.com/index.php>

Lizette looked for VC funding for her eco-design, manufacturing and consulting business when she was about 3 years into it and wanted to expand her distribution channels beyond Asia. She explained how she met with a well-known VC in Hong Kong: “He took my business plan, flipped it over and looked only at the figures. He... said, ‘For this return, you should be ashamed of yourself. Go back to the corporate world and find yourself a job. You’re wasting my time.’” She found another way to expand overseas; she won ten British Airways business class tickets to any destination and built her relationships that way. The following year Innovasians showed a profit and two years later, in 2012, had revenues of over US\$10 million.

Going out on her own was a big step as she had worked for years in the corporate sector in large apparel companies. She credits her MBA at Henley Business School in the UK as being the catalyst: “It was vital in terms of confidence building...I thought I couldn’t do finance and I thought I couldn’t sell, but now I am told I could sell ice to an Eskimo. It completely changed my way of thinking.” Lizette had grown tired of corporate life but starting up in 2008 turned out to be terrible timing as the financial crisis struck soon after and clients who had indicated they would support her backed away. However, she managed to secure a key client, the Shangri-La Hotel Group, just before the crisis struck, and that enabled her to weather the storm. She now has 11 staff members and ships her products as far afield as Mexico, Africa and the US. All growth has been organic given her funding roadblocks.

From the early days when “people assumed [she] was Greenpeace sitting on a barge in the middle of Victoria Harbour waving a green flag”, to today when technology in textiles is constantly changing, it has been extremely hard work. She is a self-confessed workaholic, fuelled by passion for all things green, and she moved into a flat above the office to save on travel time. She is deeply ambitious and summarised: “I want every continent in the world to know what I am doing.” And her mantra is “never give up, even when the chips are down”. She believes that “legacies are never easy so never quit, there is always another way”. She has been lonely at times, but she has a mentor who she meets every six weeks or so for 2-3 hours and describes him as “a gem” in helping her through the difficult times.

She recognises that her passion, commitment and hard work can be quite “overwhelming” for employees at times. It has not been easy finding employees who “have a passion for green and who want to learn more than just the regular merchandising role in a big company”. But recently she was lucky to have her operations director come direct to her. This has been a crucial hire for enabling her to scale up: “My business is about making a big impact on a huge scale and if I carry on the way I have been I will never be able to do that. I feel ready to let go now, separate the brand from the individual so that I can just focus on new technology, new product and public speaking.”

<sup>180</sup> Ernst & Young (2013), *Asia-Pacific Private Equity Outlook*, EYCM Limited.

As with many women interviewed for this report, delegating has been challenging but she now recognises it as a critical component of scaling up. She is trying to separate herself and the brand, believing that is how impact and scale are achieved. She sums it up as follows: “It’s not Steve Jobs who is great, it’s Apple. It’s not Jack Welch who is great, it’s General Electric.” She recognises the value of social media, believing “it is the future”, but feels she cannot invest too much on her website or put too much information and products on there because of copycat issues. She resolutely writes articles for magazines, saying they generate about 80 per cent of the attention she gets. She writes a blog but confesses to much “rehashing and regurgitating” because of time constraints. She summarised: “I feel I do a lot with social media but I can’t say it is an integral part of the business that has given me revenue of X”.

Her profile has benefited enormously from winning awards such as the Enterprising Woman of the Year Award 2012 from a global network and the Hong Kong Caring Company Award in March 2013. Being part of a global network has also shown her that women all over the world have similar experiences, “especially when it comes to dealing with chauvinism”. She is the Vice President of The Entrepreneurs Club which in 2013 is undergoing a restructuring to “step out of the start-up zone and into the scaling up and sustainability zone,” much like her business. She feels that the entrepreneurs’ networks in Hong Kong are stuck in the start-up zone and are very fragmented. Now that she is trying to scale up, she finds support lacking.

She also feels that women helping women is a positive formula, recalling the success of the Women Business Owners Club in the late 1990s and early 2000s, before it accepted men and lost its way. She explains some of the frustrations she has encountered by being a woman. When she founded the South African Chamber of Commerce in Hong Kong, it was originally going to be called the South African Women’s Chamber of Commerce but they had to delete the ‘Women’ to get recognition. She also explained: “In Asia, Korea, Japan for example, being a woman...you can see the reluctance to shake your hand. You are following protocol, you are enjoying dinner but you can feel the resistance. You have done nothing wrong, but you can’t do any better because you are a woman. It will probably never go away.” But she has pushed on through all of these challenges, found alternatives when necessary (including her creative approach to financing expansion with airline tickets), and her business is now going from strength to strength.

### 3.4 Government financing schemes

#### Government involvement in VC

The government’s attempt to intervene in the venture capital market via its Applied Research Fund, a publicly financed but privately run venture capital fund predominantly for high technology companies which was in operation from 1998-2005, is a poor precedent in this area.<sup>181</sup> The combination of public money and private management did not work, with government officials complaining that the market took up the best deals and the venture capitalists complaining that the government tied their hands and did not understand how venture capital worked nor the necessary length of investment horizon required.<sup>182</sup> There remained a grudge between the VC industry and the government for some time.<sup>183</sup>

Despite this, the 2009 GEM report recommended that “the financial community with coordination from the government should build capacity to provide debt and equity financing channels to early stage growth companies”. The recommendation was accompanied by an explanation that it was the responsibility of the financial industry to change the way it approached the financing of new and growing enterprises, and that

<sup>181</sup> To find out more about the Applied Research Fund, see <http://www.itc.gov.hk/en/funding/arf.htm>.

<sup>182</sup> CUHK Centre for Entrepreneurship (2007), *Innovation Policy and High Growth Startups*, Hong Kong; <http://entrepreneurship.baf.cuhk.edu.hk/sites/default/files/project/hong-kong-entrepreneurship-and-government-policy/innovationpolicyandhighgrowthstartups.pdf> (accessed 17 April 2013).

<sup>183</sup> Au K. and White S. (2009), *Hong Kong’s Venture Capital System and the Commercialisation of New Technology*, Chinese University of Hong Kong; <http://entrepreneurship.baf.cuhk.edu.hk/sites/default/files/project/informal-investment/auwhitevcinhongkongmarch2009final.pdf> (accessed 5 May 2013).



scope exists for industry and government co-operation without endangering Hong Kong's reputation as a financial centre.<sup>184</sup>

A very small scheme offering pre-VC funding has been more successful. The Small Entrepreneur Research Assistance Programme (SERAP) in 2000 under the Innovation and Technology Fund (ITF) promotes technological entrepreneurship in companies of less than 20 employees and provides pre-venture capital stage financing (a loan only payable if revenue is generated or follow-on funding secured).<sup>185,186</sup> A research study on the programme published in 2005 found it to be a "good model", playing the role of angel investor with minimum government intervention.<sup>187</sup> It is small, with a total of 367 projects approved and HK\$416 million in funds disbursed as at the end of March 2013. Some of its start-ups went on to receive other VC funding.<sup>188</sup>

#### Government incubation loans and support

The Entrepreneurship Centre at the Cyberport was started in 2005, also under the ITF, and then supported by the Cyberport's own funding in 2012.<sup>189</sup> It nurtures ICT entrepreneurs and start-ups by offering financial assistance,<sup>190</sup> office space, advanced ICT facilities and resources, business support, graduate interns, and training for a period of up to two years. At the time of writing it had admitted a total of 156 companies as incubatees with 85 having successfully graduated.

The HKSTPC nurtures early stage science and technology companies with technology-driven infrastructure and wide ranging support.<sup>191</sup> Vicky Wu of ZAOZAO explained that applying to HKSTPC was an intensive process, but joining the Incu-App programme has promised to provide ZAOZAO with up to HK\$300,000 payable on a 50 per cent reimbursement scheme over 18 months. The programme also provides Vicky with office space, business support, a postal address, access to professional expertise, training, mentoring and PR opportunities. It enhances ZAOZAO's reputation, as there is status associated with being taken on by HKSTPC. Erica Ma of CoCoon talked about Vicky as 'graduating' from the co-working space CoCoon to HKSTPC.

These government schemes provide debt finance as the anchor of their package, but also provide a range of other critical services designed to increase the likelihood of payback and success. HKSTPC, for example, in an effort to enable businesses to scale up to the next level and in recognition of the difficulty of raising capital, offers free investment-matching services with the Hong Kong Business Angel Network (HKBAN) and other venture capital companies. Experts interviewed in 2009 agreed that the number of science parks and incubators in Hong Kong were adequate and that they provided effective support for new and growing firms.<sup>192</sup> However, critics say that bureaucrats should not be trying to create high tech communities and that some companies in these parks are taking advantage of government subsidies to perform routine office tasks.<sup>193</sup>

<sup>184</sup> Global Entrepreneurship Monitor (2009), *Global Entrepreneurship Monitor Hong Kong & Shenzhen 2009*; <http://www.gemconsortium.org/docs/download/713> (accessed 26 April 2013).

<sup>185</sup> To find out more about the Small Entrepreneur Research Assistance Programme, see [http://www.success.tid.gov.hk/english/lin\\_sup\\_org/gov\\_dep/service\\_detail\\_6427.html](http://www.success.tid.gov.hk/english/lin_sup_org/gov_dep/service_detail_6427.html).

<sup>186</sup> To find out more about the Innovation and Technology Fund, see <http://www.itf.gov.hk/1-eng/WhatsNew.asp?textmode=0>.

<sup>187</sup> CUHK Centre for Entrepreneurship (2007), *Innovation Policy and High Growth Startups*, Hong Kong; <http://entrepreneurship.baf.cuhk.edu.hk/sites/default/files/project/hong-kong-entrepreneurship-and-government-policy/innovationpolicyandhighgrowthstartups.pdf> (accessed 17 April 2013).

<sup>188</sup> Au K. and White S. (2009), *Hong Kong's Venture Capital System and the Commercialisation of New Technology*, Chinese University of Hong Kong; <http://entrepreneurship.baf.cuhk.edu.hk/sites/default/files/project/informal-investment/auwhitevcinhongkongmarch2009final.pdf> (accessed 5 May 2013).

<sup>189</sup> The Cyberport is a creative digital community initiated by the government which nurtures start-ups with a particular focus on driving collaboration and accelerating adoption of ICT through partnerships. It has five centres, one of which is The Entrepreneurship Centre. To find out more about the Cyberport, see <http://www.cyberport.hk/en>.

<sup>190</sup> A HK\$100,000 grant from the Cyberport Creative Micro Fund for a concept test or prototype development and start-up funding of up to HK\$530,000.

<sup>191</sup> The Hong Kong Science and Technology Parks include the Hong Kong Science and Technology Park at Tolo Harbour, the Innocentre in Kowloon Tong and the industrial estates at Tai Po, Tseung Kwan O and Yuen Long. To find out more about the Hong Kong Science and Technology Parks, see <http://www.hkstp.org/en-US/Homepage.aspx>.

<sup>192</sup> Global Entrepreneurship Monitor (2009), *Global Entrepreneurship Monitor Hong Kong & Shenzhen 2009*; <http://www.gemconsortium.org/docs/download/713> (accessed 26 April 2013).

<sup>193</sup> Vines S. (2013), "Keep your global rankings – HK will keep the business", in *South China Morning Post*, 11 September 2013.

Youth Business Hong Kong (YBHK) has supported 212 young people to start 132 new businesses since it was launched as a joint venture between The Hong Kong Federation of Youth Groups and UK-based The Prince's Youth Business International (YBI) in 2005. It provides financial assistance in the form of interest-free loans and business advice and support, including an extensive mentoring programme, to people aged between 18 and 35 years. The application process is intensive, with scrutiny by a secretariat and a special vetting panel. The core support is a maximum HK\$100,000 2-year interest-free loan with a 6-month payback holiday.<sup>194</sup>

#### Gender imbalance

There is a lack of gender-disaggregated data available on the incubation schemes, and requests for such data were declined or ignored. However, basic analysis and interpretation of some information available on the incubator websites gave a picture of the gender imbalance. Only around 20 per cent of the 100+ companies listed as incubatees on the HKSTPC website in April 2013 had people who were clearly women (judging from their names) as their contact person (usually the business owner). The Chinese University of Hong Kong's Centre for Entrepreneurship, which has advised around 50 incubatees from the HKSTPC, confirmed that amongst those 50, only a few were women; and of those women, only one was a single woman on her own, all of the others were in joint male/female founder partnerships. Similarly, of the approximately 75 current incubatees on the Cyberport website in April 2013, just over 20 per cent have women as their contact persons.

Innocentre, which forms part of the HKSTPC and has a Design Incubation Programme with the Hong Kong Design Centre, fares better, as does the YBHK scheme, run by The Hong Kong Federation of Youth Groups. Innocentre notably has just over 40 per cent of its 38 current incubatees listed with women as the contact person. Within that incubatee directory, the sub-categories 'fashion' and 'media and communications' had the majority of their listings as women. Of the 212 young people who have received a YBHK award, 137 are young men and 75, or 35 per cent, are young women.<sup>195</sup>

#### CHARLENE KOTWALL

##### The Mustard Seed Workshop

[www.themustardseedworkshop.com](http://www.themustardseedworkshop.com)

Charlene started her social enterprise, The Mustard Seed Workshop, on her apartment balcony with HK\$50,000 of savings from her previous jobs, before benefiting from a YBHK interest-free loan and all of the support that came with it. She is a young, optimistic, former private banker and real estate investment trust analyst who was driven by her Christian faith to establish her business in 2011. The Mustard Seed Workshop designs, sources and distributes high-end, beautifully made products such as jewellery, notebooks, cards, soaps, candles, food hampers and coffee from impoverished communities, for instance: rural poor farmers in China; individuals living with HIV/AIDs in Uganda; and former sex-trafficked women and prostitutes in India, working with over 10 different countries around the world. Since the YBHK scheme, she has secured a handful of corporate clients and operates from an office in Sheung Wan with a small core team who provide a wide range of necessary skills such as legal, business strategy, IT, design and general administration.

Her initial inspiration came from a visit to Qinghai in China when she decided to help a missionary and his wife find global distribution networks to sell their yak's cheese and sausage (expensive foods) to help fund their orphanages. She was humbled by their work – the husband was a Harvard Law Graduate and was running a home protecting children who would otherwise be sold as slaves. It made her think that there was no need to stop at yak's cheese and she realised that there was a gap in the market for quality, high-end socially responsible products that are beautifully packaged and professionally produced, sold and distributed.

<sup>194</sup> To find out more about Youth Business Hong Kong, see [http://ybhk.hkfyg.org.hk/pdf/ybhk\\_leaflet2013\\_01.pdf](http://ybhk.hkfyg.org.hk/pdf/ybhk_leaflet2013_01.pdf).

<sup>195</sup> To find out more about The Prince's Trust Young Business International, see <http://awards.youthbusiness.org/>.

She is not short of ambition. She said: “My dream is to build a globally recognised brand which sells mass luxury handmade products that are socially responsible and ethical. My key question is how do we get as big as, like, LV and Chanel but with one millionth of their budget?” But she emphasises that her goal is not to go global in order to make a fortune (as she said: “If I wanted to buy a yacht, I would not be here”) but in order to raise awareness about and further develop opportunities for social enterprise.

She did not have grand ambitions until she got her first corporate client, the spa of a 5-star hotel. That was when she realised she could “go big”. Securing a spot in inflight sales on a major airline was also a huge step forward. She tells a hilarious story of boldly accosting the chief executive of the airline in a shopping mall and giving him two soap samples that she was planning to take to her sick uncle in hospital. As she said: “If you don’t have money, and you don’t have an agent and you don’t have anything basically, you just have to be gutsy, there is no other way.” Since then, several major hotels have started to sell her products. She passionately wants corporates to know that “social projects are not shoddy and social products are not low quality” and also corporates offer volume and “free marketing”.

The business model has three strands: online retail purchasing, corporate gifts, and wedding gifts. Charlene aims to add a corporate social responsibility consultancy and matching service in the near future and explained: “We want to show people it is worth doing CSR and for the right reasons.” She also believes that it is important when providing CSR advice to be able to follow through and provide the products. As she said: “If you give someone a frying pan, give them the recipe.” She has already built up a stable of local charitable organisations that she works with and whom she believes corporates can support and work with.

She works hard, but tries not to work weekends. Her biggest challenge at the outset was the concern that her friends and family showed towards her going out on her own. She found it hard to explain what she was doing in a way that they could understand. They also did not comprehend how she could be so busy and working so hard. Charlene explained: “They thought I was doing charity work. They would say, ‘Wow you are so busy and you are just doing charity work. You are busier than people who are working.’ They did not get that I was working and it was really frustrating.” At first they would have been happier if Charlene had stayed in her secure corporate job but now that they have seen the expansion of the business and the client base Charlene is serving, they are more comfortable with her new venture and they understand it better.

Other challenges include the monthly cash flow stresses, finding good people (particularly given she straddles the social sector and the corporate sector), and dealing with what she calls “the different ends of the spectrum”. Some of her suppliers operate in cities which only have electricity for a few hours a day which means irregular response times to emails and difficulties meeting deadlines. As Charlene put it: “When we move one step, they have to move 200 steps. It is so difficult for them to get anything up and going in their countries”. Many of her partners are also run by ministries, which means that they do not understand the urgency of her questions or requests and this can be tough to communicate to corporates who expect that everyone now responds to an email within 24 hours.

She has used her gender to her advantage. She works with several spas and hotels which have many women working in them, she makes jewellery which women like and therefore women tend to understand her business better than men. She also believes what she does requires many soft skills, such as time and patience, and she is able to capitalise on them in her role. Yet, her male-dominated banker training means she is used to “being tough and speaking up” (cold calling potential clients for two hours every night also provided excellent training for selling her product today). She is an eternal optimist who seizes every opportunity she can, from the YBHK Scheme that got her going, to awards she has now applied for in Europe and the US to help open up those markets for her. As she said, her dream is to build a global brand and she is taking every scheme and every bit of help she can to get there.

### Government-backed credit

Since the financial crisis of 2008 and the subsequent credit tightening around the world, the Hong Kong government has launched a range of multilevel funding schemes to support SMEs that were significantly hit.<sup>196,197</sup> The SME Loan Guarantee Scheme (SLGS), launched in 2001 and overseen by the TID, helps SMEs to secure loans from participating lending institutions for buying business equipment and meeting working capital needs, with the overall aim of increasing productivity and competitiveness.<sup>198</sup> The Special Loan Guarantee Scheme (SpGS) was set up at the end of 2008 to tide enterprises over through liquidity problems and meet general business needs. The government has sustained it and considers it very successful since in partnership with 40 lending institutions it has helped more than 20,000 enterprises through cash flow problems and therefore preserved more than 340,000 jobs.<sup>199</sup> More recently, the Hong Kong Mortgage Corporation Ltd (HKMC) launched the SME Guarantee Financing Scheme (SGFS), “a more intricate but flexible mode of public-private partnership”.<sup>200,201,202</sup>

However, these schemes tend to be more geared towards companies at the medium end of the SME spectrum. One SME banker said: “These schemes are more catered towards the established medium-sized enterprises. Strong financials are required and some small companies are not even using accounting software, just an excel spreadsheet. Also some prefer not to book a profit for the first few years for tax reasons. If we want these schemes to support start-ups, we have to manage the criterion differently. The government is not looking at the employment opportunities these start-ups can offer, it is just looking at the risk and in the government lending schemes we cannot loan to companies losing money. We need to look at it from a broader perspective.”

In 2012, the Hong Kong Mortgage Corporation Ltd (HKMC) launched the Microfinance Scheme (MFS) in collaboration with banks and non-governmental organisations to provide microloans with repayment holidays, mentorship, and training to those who have difficulties in accessing traditional bank credit to grow their business.<sup>203</sup> Peter Pang, Deputy Chief Executive of the Hong Kong Monetary Authority and non-executive director of the HKMC was quoted at the time as saying: “There are many in Hong Kong who aspire to set up their own businesses or enhance their skills... While the start-up funding needed may not necessarily be substantial, many often find it difficult to borrow from the traditional financing channels to realise their development potential.”<sup>204</sup> However, there has been criticism that the MFS is not scalable and does not fulfil the needs of the start-up community since loans are small at up to HK\$300,000. The MFS, as at the end of April 2013, had received 106 applications and had approved 67 cases for a total loan amount of HK\$18.55 million.<sup>205,206</sup>

<sup>196</sup> Economic Analysis and Business Facilitation Unit, Financial Secretary’s Office, government of the HKSAR (2009), *First Quarter Economic Report*, HKSAR; <http://www.statistics.gov.hk/pub/B6XX00012009QQ15E0100.pdf> (accessed 20th March 2013).

<sup>197</sup> The aim of the government schemes is that the government guarantee enables the SME to get a comparatively more competitive rate from the banks. The government relies entirely on the participating lending institution’s risk assessment and loan management systems.

<sup>198</sup> To find out more about the SME Loan Guarantee Scheme, see [http://www.smefund.tid.gov.hk/english/sgs/sgs\\_objective.htm](http://www.smefund.tid.gov.hk/english/sgs/sgs_objective.htm).

<sup>199</sup> Speech by Director General Trade and Industry at 2012 APEC SME Summit, 21 February 2012; [http://www.tid.gov.hk/english/aboutus/presspeech/speeches/2012/speech\\_20120221.html](http://www.tid.gov.hk/english/aboutus/presspeech/speeches/2012/speech_20120221.html) (accessed 28 April 2013).

<sup>200</sup> Speech by Director General Trade and Industry at 2012 APEC SME Summit, 21 February 2012; [http://www.tid.gov.hk/english/aboutus/presspeech/speeches/2012/speech\\_20120221.html](http://www.tid.gov.hk/english/aboutus/presspeech/speeches/2012/speech_20120221.html) (accessed 28 April 2013).

<sup>201</sup> To find out more about the SME Guarantee Financing Scheme, see <http://www.hkmc.com.hk/eng/ops/ourbusiness/sme.html>.

<sup>202</sup> Following the Financial Secretary’s 2012-13 Budget address, the HKMC increased the guarantee coverage of the SGFS from the original 50, 60 or 70 per cent of the facility amount to 80 per cent. Then following the 2013-14 Budget Address, the application period was extended to February 2014. To find out more about the statistics related to the SME Guarantee Financing Scheme, see [http://www.hkmc.com.hk/eng/ops/publication/sfgs\\_statistics\\_eng.pdf](http://www.hkmc.com.hk/eng/ops/publication/sfgs_statistics_eng.pdf).

<sup>203</sup> Participating banks in the MFS are BOC, Bank of Communications, BEA, Citibank, Nanyang, and Wing Lung only. For more information on the Microfinance Scheme, see <http://www.hkmc.com.hk/eng/pcrm/ourbusiness/mf.html> (accessed 21 April 2013).

<sup>204</sup> Hunt K. (2012), “Hong Kong entrepreneur finds opportunity in city’s darkest moment”, in *BBC News*, 26 February 2012.

<sup>205</sup> To find out more about the statistics related to the Microfinance Scheme, see [http://www.hkmc.com.hk/eng/pcrm/ourbusiness/mf\\_key\\_stat\\_eng.pdf](http://www.hkmc.com.hk/eng/pcrm/ourbusiness/mf_key_stat_eng.pdf) (accessed 21 April 2013).

<sup>206</sup> A 2011 *Microfinance Study Group Report* conducted prior to setting up the MFS found that to date, the government and voluntary agencies had offered around 500 loans. With much caveating, the research paper estimated potential demand for microfinance in entrepreneurship to be in the range of 366 to 1,211 loans per year in the amount of HK\$55 million to HK\$182 million for an average loan size of HK\$150,000. It is accessible at [http://www.hkmc.com.hk/eng/pcrm/ourbusiness/Microfinance\\_Study\\_Group\\_Report.pdf](http://www.hkmc.com.hk/eng/pcrm/ourbusiness/Microfinance_Study_Group_Report.pdf).



### 3.5 Bank finance

#### Constraints

Research conducted in 2000 on 30 SMEs found that more than half, having started up with personal savings, still found it difficult to obtain bank financing for expansion even after being in business for many years, and ranked ‘insufficient bank finance’ as the major constraint on their operations.<sup>207</sup> The banks interviewed for that research cited the following unfavourable characteristics of the SME loan market: “relatively high delinquency rates, inadequate disclosure of financial and other information; low transparency of operations and poor accounting standards; lack of discipline in the use of credit facilities; and the low level of cost-effectiveness of such lending.”<sup>208</sup>

SME owners have said in the past that although they consider secured loans a good second source of financing after friends and family, the process of making applications, providing documentation and waiting for approval was discouraging.<sup>209</sup> Companies have to show a 3-year track record to secure a loan. In addition, the process of applying for and securing funds can take a few months and many start-ups cannot wait. Although that research was undertaken more than a decade ago, the comments by the SME banker above regarding the government-backed credit schemes confirm this is still the case, as did Suzanne Liu of S. Liu & Co., who has many small business owners as clients. She explained how she sees the situation: “My clients who have bank loans are all the ones making a lot of money and for them the banks are always knocking on their door offering them bigger and bigger overdrafts.” She expanded: “Banks and small business owners have a very good saying around the world but it is applicable to Hong Kong banks, and that is that banks only lend money to people who don’t need it.”

A further 2002 study of 25 SME owners also found that banks would not loan them the funds they needed unless they mortgaged their homes.<sup>210</sup> One woman, now running a business with revenue in the tens of millions of US\$, described the process of getting her first loan as follows: “The only way to get a loan is to give them your property, collateral, and pledge yourself, pledge a personal guarantee. That is the only way to get money, joint and several, I had to take my husband with me of course.” That may not be an issue of gender discrimination however, it could be the case that a second guarantor was required because of the risk profile of the business at the time. Bank professionals consulted for this research confirmed that the amount of a loan would be bigger if it is secured, but said that it is possible to get a portion of a loan unsecured.

In an effort to improve understanding of small business financing, SME One, a physical centre in Kowloon Tong, was set up in 2012 by the Hong Kong Productivity Council to promote all of these different government funding programmes and provide a venue for training about the different schemes.<sup>211</sup> HSBC has a dedicated Start-Up Banking Team and a Business Start-Up Service comprising e-learning modules on starting and funding a business.<sup>212</sup> Standard Chartered has its Straight2Bank Service, which is a fully integrated internet banking service designed to make banking easier for SMEs.<sup>213</sup> Standard Chartered has also teamed up with the Hong Kong Trade and Development Council to offer the Powering SMEs Development Programme, which offers training and networking.<sup>214</sup> SME owners frequently need these training and advisory services to help them produce reliable financial statements, develop business plans and select appropriate tools for financial management and financial products. For the banks, the investment in time and effort should be rewarded by customer loyalty. SMEs tend to be loyal to their main bank, unlike large firms, which may have

several banking relationships and also have access to the capital markets.<sup>215</sup> None of these schemes have been established with a gender lens however.

#### Gender limitations

Of the 20 women whose case studies are included in this research, only 2 had taken bank loans. The vast majority were fortunate enough to be able to borrow what they needed from friends and family, and did not want the stress and the pressure of owing money. One banker who processes SME loans observed: “We see only a small percentage of women SME business owners come to us for loans. We do see a lot of husband and wife teams however. Usually it is the husband who does the operations and marketing and the wife who is the CFO type doing the financial control. Although that is definitely not always the case.” However Mr Chen also pointed out that there is no gender discrimination when it comes to lending because banks have an obligation under the prudent lending regulations to treat everyone fairly and they are only looking at the risk profile – strength of financials, experience of management team – when they consider an application. It is simply his observation that few women come for loans.

Although it was not possible to find any gender-specific research on the financial risk profile of women entrepreneurs in Hong Kong compared to men, one bank provided some gender-disaggregated information regarding its SME loan programme at the time of writing in June 2013. It found that amongst its SME customer base, 16 per cent of SMEs were owned by women, and 16 per cent were jointly owned by women and men, for a total of 32 per cent. The remaining 68 per cent of SMEs were owned by men. The proportion of women SME customers is low, however the proportion of women SME customers with lending facilities with this bank is higher at 19 per cent women, 23 per cent joint and 58 per cent men. Thus SMEs partly or wholly owned by women are more likely to get loans than SMEs wholly owned by men, suggesting that female gender is not an obstacle to lending by this bank (meaning it is not a supply side problem).

However, further analysis from this bank shows that women-owned SMEs borrow smaller amounts than men-owned or jointly-owned SMEs. Of the total facility granted by this bank to its SME customers, only 6 per cent is granted to the women-owned SMEs that make up 19 per cent of the total customer base. Notably the proportion of the facility granted to jointly owned SMEs is high at 45 per cent, and men-owned SMEs have 49 per cent of the loan facility compared to 58 per cent of the customer base. The bank also noted in its analysis that the majority of the women-owned SMEs are in retail sales while men-owned SMEs are skewed to construction, manufacturing and wholesale/trade, and the differences in these industries is a contributor to the facility sizes.

### 3.6 Targeted financing schemes for women

No loan programmes dedicated to women entrepreneurs could be found in Hong Kong at the time of writing. In 2002, the Hong Kong Women Professionals and Entrepreneurs Association (HKWPEA) started a targeted Business Start-up Assistance Scheme.

#### *Example of Targeted Women’s Financing Scheme*

#### **Hong Kong Women Professionals and Entrepreneurs Association (HKWPEA) Business Start-up Assistance Scheme**

In 2002, the HKWPEA launched a Business Start-up Assistance Scheme in which HK\$100,000 loans and mentors were awarded to women who had lost jobs or suffered income reduction and had viable business plans to start their own businesses. It had high response rates and most women proposed businesses in the areas of retail, personal services, food, wholesale business and education-related services.<sup>216</sup>

<sup>207</sup> Chua B. L. and Steilen C. (2001), *Success Factors of SMEs in Hong Kong: A 10-Step Entrepreneurship Model*, Hong Kong Trade and Development Council.

<sup>208</sup> Chua B. L. and Steilen C. (2001), *Success Factors of SMEs in Hong Kong: A 10-Step Entrepreneurship Model*, Hong Kong Trade and Development Council.

<sup>209</sup> Hong Kong Monetary Authority (2002), *Survey of the Financing Situation of Small and Medium-Sized Enterprises*; <http://www.hkma.gov.hk/eng/key-information/press-releases/2000/20000623-3.shtm> (accessed 1 May 2013).

<sup>210</sup> Hong Kong Monetary Authority (2002), *Survey of the Financing Situation of Small and Medium-Sized Enterprises*; <http://www.hkma.gov.hk/eng/key-information/press-releases/2000/20000623-3.shtm> (accessed 1 May 2013).

<sup>211</sup> To find out more about SME One, see <http://www.smeone.org/index.php?lang=en>.

<sup>212</sup> To find out more on HSBC’s Business Start-up Services, see <https://www.commercial.hsbc.com.hk/1/2/commercial/advice-centre/starting-business/startup>.

<sup>213</sup> To find out more about Standard Chartered’s Straight@Bank, see <https://s2b.standardchartered.com/ssoapp/login.jsp>.

<sup>214</sup> To find out more about the Powering SME Development Programme, see <http://www.standardchartered.com.hk/sme-banking/events/local-event-1/en/>.

<sup>215</sup> Caverly J. (2010), *SMEs’ Changing Role*, Standard Chartered Bank, Toronto; [http://www.standardchartered.com/sme-banking/en/SMEs'\\_changing\\_role\\_30\\_09\\_10\\_05\\_29.pdf](http://www.standardchartered.com/sme-banking/en/SMEs'_changing_role_30_09_10_05_29.pdf) (accessed 29 March 2013).

<sup>216</sup> Chua B. L. (2002), *Entrepreneurship in Hong Kong: Revitalising Entrepreneurship*.



In 2004, the HKWPEA reported that of the three women who received support from the start-up scheme in 2002, one who had set up a medicine shop was doing well and had repaid the full loan, whilst the other two had dropped out “due to failure in solving various business difficulties”.<sup>217</sup> In 2004 the scheme moved from Phase I for individual applicants, to Phase II for women starting co-operative businesses and in the 2004 President’s Report for the HKWPEA, two Phase II applications had been selected. In 2004, the Scheme was honoured by the Women’s Commission as one of the role models of ‘Good Practices on Empowerment of Women in Hong Kong’.<sup>218</sup>

In 2007, the HKWPEA President’s Report stated: “Given the improved economic situation in Hong Kong it was decided to seek new initiatives to help women instead of starting Phase III of the Business Start-up Assistance Scheme.”<sup>219</sup> The focus after this shifted to social enterprises and conducting workshops to foster understanding, and there is no further mention in HKWPEA newsletters and reports of the Business Start-up Assistance Scheme.

There are dedicated women’s business financing initiatives in other parts of the world and there are global networks and initiatives from which Hong Kong could benefit, such as the Global Banking Alliance for Women (GBA). At the time of writing, the only bank active in Hong Kong that was registered as a member of the GBA was Standard Chartered Bank.

*Example of a banking network for women and financial institutions running financial programmes for women*

#### **Global Banking Alliance for Women**

[www.gbaforwomen.com](http://www.gbaforwomen.com)

The Global Banking Alliance (GBA) was established with the aim of becoming the leading consortium of financial institutions and other organisations interested in building women’s wealth worldwide, focusing particularly on the needs of women entrepreneurs running SMEs. It aims to provide women entrepreneurs with capital, access to markets, education and training.

The GBA strives to do this by educating banks on how to develop their women’s market programmes, connecting banks and other organisations with the aim of improving women’s markets, and conducting advocacy on behalf of women regarding their important role in economic activity. The GBA believes that banks that have a well-executed women’s market division can generate significant profit whilst also enhancing customer goodwill by operating in a socially responsible way.

It is structured as a global membership organisation with a secretariat based in New York and its core activities involve connecting banks with best practices in women’s markets to banks who aspire to such practice and connecting like-minded organisations via the web, through meetings, through study tour exchange visits and at its large scale annual international summit. It also offers practical education and advice to members on how to build their women’s market programmes as well as conducting research and advocacy on their behalf for an enabling regulatory environment and for greater public awareness in the role that women play in economic activity and in job creation and stability.

<sup>217</sup> Cheng E. (2005), *Hong Kong Women Professionals & Entrepreneurs Association President’s Report for 2004-2005*, HKWPEA Hong Kong; <http://www.hkwpea.org/pdf/annual-2006.pdf> (accessed 1 May 2013).

<sup>218</sup> Cheng E. (2005), *Hong Kong Women Professionals & Entrepreneurs Association President’s Report for 2003-2004*, HKWPEA; <http://www.hkwpea.org/pdf/PresidentReport.pdf> (accessed 1 May 2013).

<sup>219</sup> Mak C. (2007), *Hong Kong Women Professionals & Entrepreneurs Association President’s Report for 2006-2007*, HKWPEA Hong Kong; <http://www.hkwpea.org/pdf/annual-2007.pdf> (accessed 1 May 2013).

#### **Examples of Some GBA Members’ Dedicated Financing Solutions for Women**

The GBA has 33 member institutions operating in 135 countries around the world. These are predominantly banks but also foundations and other organisations that are dedicated to supporting women in business. It is sponsored by The Multilateral Investment Fund and The International Finance Corporation.

At the time of writing, of the predominant banks in Hong Kong, only Standard Chartered Bank was listed as a member of the Global Banking Alliance. Standard Chartered has developed a number of gender-focused initiatives around the world such as a Diva account and credit card, Orjon business instalment loan for female entrepreneurs, all-women branches and private banking centres specifically for women. It has also facilitated networking opportunities for female customers, including the 2009 Global Banking Alliance international summit and the Standard Chartered Women in Business Summit, and training in financial literacy for 5,000 women in Asia which included the opening of the Standard Chartered Women in Business Resource Centre launched in eight different languages.

China’s Bank of Deyang is also a member. It has been recognised by the Chinese Banking Authority as being the ‘Most Innovative Financial Institution of the Year’ in the past, one such innovation being the establishment of a Financial Service Centre for Women in Deyang City. This is a pilot branch which provides services tailored to women entrepreneurs with the goal of supporting women’s personal and business development by providing a full spectrum of services.

Westpac Pacific Banking is responsible for Westpac Banking Corporation of Australia’s operations in seven Pacific countries and is a member of the GBA. It has established several initiatives to address gender issues in the Pacific countries, acknowledging that women in the Pacific do not always share the same opportunities as women in other parts of the world. Westpac Pacific Banking runs:

- Westpac Women in Business Awards in Papua New Guinea
- Other women in business awards in the Cook Islands and Samoa
- Westpac PNG Business Women’s Network providing education and networking events
- Westpac Fiji market days for women entrepreneurs selling handicrafts
- Westpac Women’s Education Grants to around 40 women in the seven Pacific countries
- An extensive financial education programme through a funding partnership with the Pacific Financial Inclusion Programme which has minimum targets for female participation

#### **ELIZABETH THOMSON**

##### **ICS Trust, acquired by Orangefield Group in 2012 to become Orangefield ICS**

<http://www.orangefieldics.com/>

Elizabeth grew her trust, trade and tax services company organically from just her on her dining room table to 50 people in a large office in Central over the course of 30+ years. She explains that she could have scaled up quicker if she had been prepared to take more risks, but she could not bear to borrow money to do it. She said: “The biggest risk would have been over-expanding and spending money I didn’t have and I couldn’t do that. I am not someone who could go to the bank and get a big loan and live with that, plus I had no assets to borrow against.” She never had a grand plan. She explained: “I just did what I did and it started growing”. ICS Trust gained its worldwide reputation as a result of steady, organic growth fuelled by extremely hard work and high standards of professionalism. In 2012, ICS Trust was bought by global giant Orangefield, a service provider and fund administrator.

Elizabeth was something of a novelty when she started up her business as a young expatriate in her flat in Braemar Hill in 1980. She did so out of necessity. The young Canadian lawyer had been working for a small private bank in Hong Kong which went bankrupt overnight and as one of the remaining signatories on all of

the clients' accounts, and notably the only woman, she felt morally obliged to stay and complete the process of signing their accounts back to them so that they could claim on the bankruptcy. However, in order to do so, she had to earn a living, so she started offering secretarial services to clients starting businesses in China and using Hong Kong as the gateway.

It took her a long time to realise what she was doing could actually be a business. She explained: "It was quite difficult to make that mental leap to thinking of myself as an entrepreneur. I stayed working in my apartment for a long time with my telex machine ticking away. I never thought of myself as starting up a business, I was just driven by getting enough money every month to pay the rent and feed myself." It was only when a colleague asked if they could put a desk in the bedroom after about two and a half years, because there was not enough space for one anywhere else, that she thought perhaps it was time to get a "real office".

Despite good legal credentials, she had no business training at all, which was why she started the often-praised Women Business Owners Club discussed in Section 5, and she did not have any mentors, saying, "Who would have been my mentor?" She feels she would have benefited from a global advisory board given how international the business is. But nothing could have prepared her for the first time she got "ripped off". It happened twice with employees setting up parallel companies and moving the business into them, betraying her and her clients. The second time she engaged in a huge legal battle on a matter of "pride and principle" and succeeded. She said: "I always say, you haven't been in business in Hong Kong until this has happened to you. It's a very Hong Kong thing. It's a very opportunistic culture. I am much more streetwise now than I was then, and certainly very much more intolerant."

Elizabeth is aware that her company was "responsible for making a lot of people successful early, in the 1980s and 1990s, as their gateway to China." She explained: "I have a hunter mentality. Someone said to me the other day, there are hunters and there are farmers and I am clearly not a farmer. So I am out there with my bow and arrow hunting for business and I think it is an old-fashioned female type thing of trying to help people. She has been recognised for her work, receiving several accolades including an AmCham and South China Morning Post 'Woman of Influence' Award in 2008. She describes awards as "a bit like co-branding". She explains how they boosted her confidence: "I think awards are 'good for the soul' because in many ways being an entrepreneur is a very 'lonely journey' and when you are working, working, working it's tough."

She admits to being a workaholic and one of the reasons for selling was to put an end to that. Her husband joined the business in 1990 and she says that they "have lived and breathed work for many years" and it is time for that to change. But now that she is an employee having been bought by Orangefield in 2012, she has to learn to stand back after 32 years of running the business herself. She describes it as "something of a shock". She says that the motivation was never really money, other than having enough to live at the beginning, but it was revenues because they are a measure of the business success and she was 100 per cent driven by doing her best. If it had been money, she would have taken more risks and scaled up more quickly.

## SECTION 4: CAPACITY DEVELOPMENT

### 4.1 Scaling up

Growth expectations for women entrepreneurs tend to be lower than for men in all countries, regardless of stage of development.<sup>220</sup> Some women simply do not want to scale up, they want to keep their business at a size that is manageable. Academic research published in 2003 profiled a woman who said that her deliberate strategy was to keep her business small so that she could continue to work on her own and avoid the stress of managing an employee.<sup>221</sup> Other reasons proposed in past research have included fear that men may take over if the business grows or that a size increase brings higher risks that they do not want to take.<sup>222</sup>

For those women who do want to scale up, it requires a new set of skills and produces a new set of challenges to starting up. A 2012 survey of women entrepreneurs by Hong Kong women's network Heels & Deals found that the 2 topics out of 20 choices that respondents most wanted to see covered at its future events were 'growth strategies' and 'business planning'.<sup>223</sup> There are several critical components to scaling up, not just capacity development. The four key barriers to scaling up that emerged in this research are (i) access to capital, (ii) finding, managing and retaining talent, (iii) use of technology, and (iv) lack of confidence and/or modest ambition.

The first was covered in the previous section, the last will be covered in the next section, and the middle two are covered in this section. It is important to note at this stage that the two barriers covered in this section are not necessarily gender specific and the women who were interviewed did not suggest that they were. The biggest gender-specific barrier is the lack of confidence covered in the next section. But it is notable that again and again, the women interviewed for this research said that finding, managing and keeping talent was their greatest challenge. Often getting clients, or learning the manufacturing process or explaining a service was the biggest challenge at the outset, but on an ongoing basis, it was, without fail, the human resources issue that posed the most significant challenges.

This is consistent with other countries around the world. Studies show that whilst a well-motivated, highly skilled workforce is the key to success of small firms, finding and retaining skilled staff is a major and growing problem for SMEs across the globe.<sup>224</sup> As knowledge-based growth depends predominantly on the quantity and quality of human resources, human talent is rapidly considered the main factor affecting SMEs' competitiveness.<sup>225</sup> But there is a shortage of human talent as labour markets deteriorate, unemployment rises and populations age across the globe. Adrienne Ma of Shouke.com talked about "the brain drain of the entire world" as a problem for hiring.

How technology was being used was more of a grey area, difficult to understand. None of the women articulated that they felt constrained by technology, but it was unclear whether they realised what they were missing. Without training and without expertise in the company, it can be difficult to know how to fully integrate technology into a business model for maximum advantage. Research that has identified lack of employees with internet capability as a barrier to SMEs adopting internet strategies suggests that there is a lack of technology expertise across the SME sector.<sup>226</sup>

<sup>220</sup> Global Entrepreneurship Monitor (2011), *GEM 2010 Women's Report*; <http://www.gemconsortium.org/docs/768/gem-2010-womens-report> (accessed 25 April 2013).

<sup>221</sup> Ng E. and Ng C. (2003), "Women micro entrepreneurs in Hong Kong: Balancing the personal with the business", in Butler J. (vol. ed.), *Research in Entrepreneurship and Management, Vol. 3: New Perspectives on Women Entrepreneurs* (pp. 121-150), Greenwich, CT: Information Age Publishing.

<sup>222</sup> Tinker I. (1990), "The making of a field", in Tinker I. (ed.), *Persistent Inequalities: Women and World Development*, Oxford: Oxford University Press.

<sup>223</sup> To find out more about Heels & Deals, see <http://www.heelsanddeals.org/> (accessed 5 March 2013).

<sup>224</sup> Cunningham L. (2010), "Managing human resources in SMEs in a transition economy: Evidence from China", in *International Journal of Human Resource Management* 21(12): 2120-2141.

<sup>225</sup> Cunningham L. (2012), *SMEs in Selected Countries in East Asia*, Cass Business School, City University, London; <http://www.cassknowledge.com/sites/default/files/article-attachments/SME-in-Asia-Cass-Knowledge.pdf> (accessed 28 April 2013).

<sup>226</sup> The Boston Consulting Group (2011), *The Connected Harbour: How the Internet is Transforming Hong Kong's Economy*, Hong Kong; <http://connectedharbour.hk/> (accessed 6 April 2013).



## 4.2 Human resources

### Finding, managing and retaining talent

The actual process of finding employees and weeding through the resources available is the first hurdle. Erica Ma of CoCoon said: “Finding talent is tough. You can post on jobs.db, you get lots of resumes, but how do you select who is good? You have to talk to a lot of people and ask new questions. You have to find a method to be shrewd about who you end up signing contracts with.” This she feels would be equally challenging in any other country. Previous research which looked at two women managers in detail found that one of them “taps into a wide social and professional network to find competent staff members and said: ‘Recruiting is [something happening] every day, making friends and seeing the right people...I look ahead and know that in six months’ time, the product team needs someone like her.’”<sup>227</sup> Lizette Smook of Innovasians said she had learned to place advertisements only on eco-sites, where passion for all things environmental is a given. But for many, no such industry platform exists.

In an effort to create a pool of resources for start-ups, Erica Ma’s CoCoon, one of Hong Kong’s large co-working spaces, physically located in Tin Hau but also building a start-up community of entrepreneurs, funders and other experts, has its own web space for posting freelance projects called CoCoon Market.<sup>228</sup> It is open to CoCoon members and aims to become the go-to place for people looking to work in start-ups. CoCoon Market is also designed to connect entrepreneurs with established businesses looking for freelance support in web or mobile development, graphic design, social media marketing and more. Such freelance projects can help provide a reliable cash flow for entrepreneurs to pursue their start-ups. The long-term aim is to build a community of like-minded people to collaborate and create new ventures. But hiring into small companies will always be challenging since it often feels like a more complicated decision than hiring into a big company as when someone new comes in, it changes the whole dynamic of the company. Previous research has commented that in small businesses, the emphasis on positive interaction of people working together, resulting in better co-operation, seems to be crucial for success.<sup>229</sup>

Even if the process of finding employees is improved, cost will always be an issue; start-ups simply cannot pay the salaries that bigger companies can offer. Consequently, much of the best talent simply does not want to work for a start-up. As Vicky Wu of ZAOZAO opined: “It’s very hard to find good people because they are either employed at an investment bank, making a lot of money and getting benefits and healthcare, or they are not willing to work for equity because cash is king in Asia – at least in these parts!” Some of the women interviewed for this research spoke about learning the hard way by trying to cut corners on costs. Payal Shah of I’Dezen summarised her experience: “When I first started I went for the cheapest staff possible, undergraduates with no experience, and it was horrible, my inventory was all over the place.” Now, she said: “I don’t mind paying the right amount if they are extremely professional at what they do.”

Suzanne Liu of S. Liu & Co. said she pays over the market to keep her staff and she knows some of her SME clients do so too. She said: “For a small business you have to, why do they want to work for you when they can work for a prestigious firm if it is the same pay. This happens to my clients too.” It obviously works as half of the staff have been there for over five years and one of the senior staff has been with her for 14 years. As she recognises: “It is rare for a small business to have staff stay for a long time.” Suzanne, interviewed in March just after Chinese New Year in February, also shed light on the 13th month problem: “Last month was bonus month, so this month is the month that everyone resigns. All business owners have to go through this month of recruitment. It is the same every year. You have to hire in March because if you wait until April all the best talent has gone.”

<sup>227</sup> Ng C. and Ng E. (2009), “The changing face of women managers in Hong Kong”, in Rowley C. and Yukongdi V. (eds.), *The Changing Face of Women Managers in Asia*, pp. 43-68, Abingdon: Routledge.

<sup>228</sup> To find out more about CoCoon Market, see <http://market.hkCoCoon.org/>.

<sup>229</sup> Ng C. and Ng E. (2007), “Entrepreneurship and leadership: Case studies of female micro-business owners in Hong Kong”, in *Asian Journal of Women’s Studies*, 13(1), 52-73.

One of the ways to keep senior staff is to give away equity. But Lindsey Hermes of Unison Creative echoed the thoughts of many an entrepreneur when she said: “I can’t attract senior people to work here. But I won’t give any shares away yet. I did the blood sweat and tears, this is my business, if they are not sticking around long term, no way are they getting some of my business.” It is a compromise, as sometimes equity can encourage loyalty, but Lindsey has been burned by high turnover. Joanna Hotung of KG Group also does not want partners and does not want to give away equity, so she has solved this by offering profit shares, which has been a successful methodology. Five years is the shortest tenure amongst her 5 Directors and one of them has been with her since inception in 1996.

But for more junior staff it can be difficult since it is not uncommon today for young people to change jobs every year. In an extensive interview with the *South China Morning Post*, Angela Lam of recruitment specialist Robert Walters pointed out that there are big differences between the 1960s and 1970s generation who are mostly doing the hiring and the 1980s and 1990s generation they are hiring. The latter are the ‘me generation’ used to getting things their own way. They are also vocal and direct and accustomed to articulating exactly what they want.<sup>230</sup>

A body of research evolved in the 1990s, which showed that entrepreneurs who are willing to share power in terms of collective decision-making, who spend time and effort improving employees’ skills and who allow flexible working practices are those who are more inclined to recognise the importance of their employees.<sup>231</sup> Previous research on women managers identified one woman who was “scrupulously attentive to the personal or familial problems of staff. She sees the employee not only as a worker, but as a whole person”. The research summarises that the women profiled in the report “have demonstrated the ability to provide what was needed for their companies: work-life balance, a sense of ownership, fair remuneration, training and development opportunities and sustainable career prospects.”<sup>232</sup> However, whilst this style may help to retain staff, a high degree of person-to-person care given by a woman business owner makes it harder for her to delegate work.<sup>233</sup>

Managing employees and balancing priorities are difficult skills to learn. Many entrepreneurs have never managed people before and have never had any training in managing human resources although most felt that learning on the job was the best way. Entrepreneurs also find it difficult to delegate, preferring to hold onto control of their ‘baby’ as much as they can. Lizette Smook of Innovasians, who started her scaling-up process a couple of years ago explained: “Part of the process to achieving scaling up has been the recent hiring of a merchandising manager and an operations director. This is a big step. You delegate gradually. I have worked a very long day for a very long time. For me to get on a plane next week, get stuck in, have good meetings and not have to receive umpteen calls is brilliant. It totally changes the way I can run my business.”

But others find it more difficult, either because their management style becomes time consuming, such as with the high degree of person-to-person care previously mentioned, or because entrepreneurs tend to be high achievers and it can be a struggle for employees to match their standards. Elizabeth Thomson of Orangefield ICS said her biggest challenge has always been: “Finding the right people to do the job, to replicate me in terms of dedication and professionalism. I have extremely high standards both for myself and other people and I still find it astonishing that people do not do things to my standards.”

Whilst these women interviewees did not opine on whether they felt this was a bigger problem for women than men, Claire Fenner, founder of women entrepreneurs network Heels & Deals, commented that she believes that women tend to be more passionate about their business and are often more emotionally involved than men. Some also have an impossible tendency to perfection and chronic fear of failure. All of these sentiments

<sup>230</sup> Ap T. (2013), “Whys and wherefores of generation Y”, in *South China Morning Post*, 22 June 2013.

<sup>231</sup> Ng C. and Ng E. (2007), “Entrepreneurship and leadership: Case studies of female micro-business owners in Hong Kong”, in *Asian Journal of Women’s Studies*, 13(1), 52-73.

<sup>232</sup> Ng C. and Ng E. (2009), “The changing face of women managers in Hong Kong”, in Rowley C. and Yukongdi V. (eds.), *The Changing Face of Women Managers in Asia*, pp. 43-68, Abingdon: Routledge.

<sup>233</sup> Ng C. and Ng E. (2007), “Entrepreneurship and leadership: Case studies of female micro-business owners in Hong Kong”, in *Asian Journal of Women’s Studies*, 13(1), 52-73.



mean that they try to hire what Claire calls “mini-me” people, meaning those who are equally passionate, driven and strive for perfection, which is a challenge. Claire believes that a man would be more transactional, deciding whether the potential hire had the skills and ability to do the job and then comfortably delegating to that person.

## JENNIFER CHEUNG

### Sift Desserts

<http://www.siftdesserts.com/web/home.html>

Jennifer started Sift as a sit-down dessert bar in Soho in 2007 at the age of 26 and has found “the people aspect” her biggest challenge. She said: “Managing people is one of the greatest educations anyone can get. It is not easy motivating and inspiring people every day, most of whom come from a completely different cultural, financial and educational background to me”. Also her age meant that managing older people, especially men, was tough. She explained: “The fact that I was female, I was so young, there were times I could have handled the situation better.” Now as the business has got bigger, it is not just her relationships with people, but “the problems they all have with each other”. She summarised: “The people thing, it just never goes away”.

She has also had to learn fast because she has scaled up quickly. In 2007 she was the only game in town and serving plated desserts such as pavlova and sticky toffee pudding was a novelty outside of the big hotel bars. What started out as a small venture, driven by her desire to do something she loved every day, instead of earning a lot of money in banking doing something she did not value at all, grew rapidly into a viable business. Within 6 months Jennifer had traction and her ambition kicked in. Six and a half years later she is running a US\$1.5 million business with three stores in addition to the Soho dessert bar. She is very proud of this achievement, particularly given how many “naysayers” there were when she set out. She does not for one moment find it easy however: “I have failed many, many times over the last few years. It is a part of the process. You can’t be successful every day. You have to pick yourself up and think about what you can improve upon next time.”

She learnt the hard way about investing in management systems as she scaled up. Staff not only stole her recipes and sold them, but they stole her ingredients. This forced her to invest HK\$120,000 on a POS (point of sale) management system which is now rolled out across all the shops. It is linked to the inventory system and tracks how many grams of every ingredient have been purchased against how many cakes have been sold. Jennifer explained: “I did not have a clue about this type of thing when we started. I thought we could go on an honour code but we couldn’t.” She has also just had to invest in her website again, a substantial HK\$200,000 investment to enable her to track orders and customers. She is a big social media user, seeing Facebook as more important than Twitter: “It is an amazing platform because it is so easy for us to broadcast a message and customers to feed back to us.”

As well as web-based expansion, she has plans for a new shop in Island East in late 2013, more shops in Hong Kong and then perhaps around the region. She said: “I don’t want to stand still, I am always thinking about the next step, about moving forward as opposed to just being stationary.” Getting good venues can be difficult. She said she only got the cup-cake bar in Prince’s Building because she already had a brand due to her three other venues (Soho, Ap Lei Chau in Aberdeen and Queen’s Road East in Wan Chai). She explained: “Hong Kong is all about the big brands, the big conglomerates that take over the cityscape, so to find a voice required huge persistence, going at it every day again and again and again. But you cannot just give up. When you have invested so much time and money in something, you have to figure it out.”

The cup-cake was the pivotal point in developing her brand and finding her niche. She describes cup-cakes as “a quintessentially American, old-fashioned product which we have made as gourmet as we can”. She explained her strategy: “What sets us apart is that we are a modern patisserie and we focus on being very gourmet, but we always emphasise that we are approachable. There are high-end bakeries in Hong Kong, but to many people they are intimidating. We have real gourmands who come in and purchase our product, but we have little kids who come in and buy a cup-cake. I always wanted it to be that way.”

She said she has “never had a problem making decisions” which has helped with her business expansion. She does recognise however that it has had an enormous impact on her quality of life. She works seven days a week and dreams about work almost every night. Although she is quite relaxed at home, at work she sets herself a higher and higher bar whereby everything “has to be perfect”. She credits her parents “constant love and support” coupled with her tough Chinese education as equipping her with the resilience and the skills required to get Sift where it is today. But she had no business mentor. She speaks to her friends in industry, but ultimately she says it is always a different problem: “No class can prepare you for it, you basically have to learn as you go.” And now she is also going to have to learn how to delegate since she had a baby in 2013. She has hired a manager and a head chef in anticipation, and is hoping that her experience in building her team so far is going to help her to manage them effectively.

Naturally, outsourcing can solve some of the management problems as well as keeping costs down but it can only be done to a limited degree and is not the answer to all of the management problems. Rachel Chan of Innofoco runs her company entirely with consultants on a partnership basis. It is what she calls her “21st century business model”, which means she avoids all of the management problems and keeps her costs low. But of course, whilst this is possible for a consultancy business, it is not possible in many other sectors. The vast majority of people need more job security than this too. Most of Rachel’s consultants are experienced, some of the best in their field, and have multiple other jobs and projects on at the same time.

Training can be another way to keep employees motivated. A 2012 survey of young people in Hong Kong found that the top priority when choosing between prospective employers was ‘development and training’, followed by ‘promotional prospects’.<sup>234</sup> Neither of these is in abundance at start-ups but Suzanne Liu of S. Liu & Co. sends all her staff on training courses regularly. She says they are always keen to go and this is the kind of professional development that they would get in a big company. But she was the only interviewee who mentioned this as a focus for her management technique. Payal Shah of l’Dezen explained that she runs a very flat structure and “everyone has a voice”, something which she thinks makes for a positive working environment and she hopes will encourage her colleagues to stay with her. Previous research into women managers quoted one woman CEO as saying about a male employee: “I don’t hire staff. I hire team members. So, he’s on equal ground with me, unless there is massive disagreement. I work with him; he doesn’t work for me.”<sup>235</sup>

## 4.3 Technology

### Hardware and software

For all women interviewed in this research, regardless of their sector or stage, reliable, comprehensive ICT infrastructure is a prerequisite to running their business. Some had started out with faxes, telexes and landlines as their main mode of communication and had evolved over time with technology, now dependent on computers, the internet, email, mobile phones and Skype. None of the women raised ICT as a challenge for them or their business management, although one commented on the expense of continually upgrading hardware. Some of the larger businesses had internal IT support teams and their own servers, but most outsourced their support. But questions and answers tended to be quite general on the topic of technology and it was not possible to determine in any systematic way whether the women who were interviewed were fully integrating technology into their business model for maximum advantage.

Those in the professional service and advisory industries tended to have customised software for managing their client databases, and those in retail, education, and food and beverage tended to have software, sometimes customised, to manage their inventory accurately. Sometimes these were significant investments. Joanna

<sup>234</sup> Morgan E. (2012), “Choosing jobs: the factors”, in *Youth Hong Kong* Volume 4, No. 2, The Hong Kong Federation of Youth Groups; <http://youthhongkong.hkfyg.org.hk/journal.php?jid=15> (accessed 28 March 2013).

<sup>235</sup> Ng C. and Ng E. (2009), “The changing face of women managers in Hong Kong”, in Rowley C. and Yukongdi V. (eds.), *The Changing Face of Women Managers in Asia*, pp. 43-68, Abingdon: Routledge.

Hotung of KG Group invested HK\$800,000 into building Kids Gallery's own customer management database when she was six years into the business. Even though it was a huge amount of money, Joanna says it did not seem like such a big decision at the time as it was clear the rapid growth of the business in the first six years meant that they were struggling to do the billing and teaching records properly.

Payal Shah of l'Dezen, aware of how important her diamond inventory was, said: "The first thing I did was buy a software I could amend to a place where I have a contract with a software guy and he changes things according to my requirements. I can record inventory properly when it goes to the factory, do sales, quotations, profit and loss, my accounts... everything goes into this inventory package and it generates all my documents, even my price tags. Your numbers are everything. This software base is how my numbers are where they are today." Others learned the hard way: Jennifer Cheung of Sift said it was not until staff had stolen ingredients from her that she invested a significant sum in a Point of Sale (POS) management system which is now rolled out across all four of her shops.

Those in the professional services generally did not feel technology played a major role for them and felt its limitations regarding client contact. Suzanne Liu of S. Liu & Co. said: "Technology plays a minor role for me. We have to have meetings to get things done. The personal interaction is very important. But we do use Skype a lot... I don't think email is very productive. We can email back and forth and spend an hour of time, but if we speak on the phone or Skype, we can do it in 10 minutes as I am very good at drilling so I can do it quickly and also we can resolve other things." Of course a Skype call would not be possible without a computer, software and internet connection, and these types of businesses are entirely dependent on client and data management systems too. But compared to those running retail businesses and selling products online, their needs and use of technology are not as widespread.

### Flexibility

Lack of flexibility is one of the critical problems with female employment in Hong Kong. Wu Mei Lin of the HKWAA explained that creating flexible working hours is one of the key motivators for her business co-operatives that have been established to address some of the issues women face in the workplace. She said: "We think the working system must suit the workers, not the workers suit the working system." For example at HKWAA's canteen in Hong Kong Polytechnic University, the working hours consist of several shifts within the 8am to 6pm canteen opening hours, all worked around the times the women can come and work amongst their other commitments.

One of the major benefits for women of adopting technology at the heart of business is the flexibility it creates. A survey on work-life balance in Hong Kong found that almost half of the respondents used mobile technology and devices for work outside the office.<sup>236</sup> This is particularly important for women who have household and care responsibilities and need to be at home at the beginning and end of the day. Managing a business online means it can be managed from anywhere at any time and enables flexibility. Rachel Chan, who runs her consultants network in a very flexible manner, says: "I often work when other people don't work and then I don't work when other people do work." She believes it suits her and her productivity better.

But many interviewees also bemoaned the fact that the flexibility provided by the internet also creates boundary management issues for them. Lindsey Hermes of Unison Creative says that the combination of working at home at the beginning and technology meant that she allowed it to rule her life. The aforementioned survey on work-life balance found that only 15.4 per cent of respondents thought that technology had a positive impact on their overall work-life balance.<sup>237</sup>

<sup>236</sup> Community Business (2012), *The State of Work-Life Balance in Hong Kong Survey*, Hong Kong; [http://www.communitybusiness.org/images/cb/publications/2012/WLB\\_CB\\_report\\_2012\\_EN.pdf](http://www.communitybusiness.org/images/cb/publications/2012/WLB_CB_report_2012_EN.pdf) (accessed 2 June 2013).

<sup>237</sup> Community Business (2012), *The State of Work-Life Balance in Hong Kong Survey*, Hong Kong; [http://www.communitybusiness.org/images/cb/publications/2012/WLB\\_CB\\_report\\_2012\\_EN.pdf](http://www.communitybusiness.org/images/cb/publications/2012/WLB_CB_report_2012_EN.pdf) (accessed 2 June 2013).

### ERICA MA

#### CoCoon

<http://www.hkCoCoon.org/en/index.aspx>

Erica manages CoCoon, a co-working space founded by her father and brother, with maximum resourcefulness. Her role as Community Advisor is entirely one of managing and marketing and she has very limited budget so she has to be creative. She said: "Running this start-up has a lot to do with being resourceful. If you ask enough questions and you research enough, you will find solutions that don't require that much money." She uses mostly free office management tools, particularly Google's, and ensures that they allow cross-usage and cross training so that all staff can use them and there is no need to build tools from scratch. She pays the premium for an upgraded service when appropriate, but in reality only spends around US\$100 per month on office management tools. The way she thinks about it is: "How can I use the fewest resources to deliver the highest transparency and the best communication for the whole team?"

She benefited from being tech savvy before she started this role as she used to work for Macys.com in San Francisco, merchandising men's and children's clothing and learning about web analytics (using data to drive conversion), followed by eBay where she did search engine marketing. This experience taught her to leverage technology and the internet to the maximum for effective management. Like most interviewees, she has no budget for marketing, so Facebook and Twitter are important. She opined: "They are perhaps even more important than the website since a lot of people come through because they saw CoCoon on their friends' Facebook page". Given she has another enterprise, Three Musketeers, which has created a product that enables Twitter users to retweet interesting offers, she is well acquainted with the power of social media.

She started Three Musketeers with her brother and husband. Her brother is also an entrepreneur who understands the reach of the internet, having taken the family's Lee Heng diamond business online. Entrepreneurship runs deep in their family. CoCoon is their way of giving back to Hong Kong by offering deeply discounted office space (HK\$2,000 per month) and by trying to build a start-up community of entrepreneurs, innovators, designers and investors in Hong Kong. The larger vision is one of diversifying and increasing jobs in Hong Kong beyond consulting and banking and real estate.

The membership target is 300 entrepreneurs, all of whom have to put in an application and be vetted. Erica explained: "If those 300 entrepreneurs get their ventures off the ground and hire 3 people each, that's 900 diversified jobs." The biggest risk for CoCoon, as Erica explains it, is somewhat out of their control: "What if we cannot deliver successful cases?" But CoCoon is not directly advising its members which Erica explained as follows: "[We] believe entrepreneurs need to stand up on their own." Instead CoCoon helps them by giving them access to the entrepreneur community and by offering a mentorship programme called Connect the Dots with a network of around 30 local and successful entrepreneurs in residence and by increasing their publicity on the blog, Inside CoCoon, and at monthly Pitch Nights.

For Erica personally, the biggest challenge with CoCoon is learning to grow the very diverse community. It is all about communication and she explained: "It's often about zero dollar communication, sitting here and talking to people, listening, staying focused on the positives and getting to the root of issues so that they don't creep back up". She gets stressed when she hits corners and she cannot see a way out, but said very simply: "I have learned that there is always another way, you just have to be patient, wait it out and I find a good night's sleep helps." She frequently talks to her father, who she describes as "a very wise entrepreneur", and her brother about how to run CoCoon and says that her mother and grandmother teach her "how to have work-life balance, how to be disciplined, how to get things done".

In 2013 she had her first baby so having work-life balance is a primary consideration. She has a third venture on the go, Buttermilk Designs, a new type of jewellery box more like "a miniature organisational system for women's little things". The longer-term goal is "to create a little product design firm where [she] can create things with a small team of 8-10 people." But at the moment she has her hands full. She admitted: "One of



my biggest challenges in terms of being an entrepreneur is juggling all the interesting things I want to do, making money, hiring good people to consistently deliver the best product.” But she knows she has to focus to get things done, summarising: “I am just trying to be good at the things I do and not add too many things on because then I won’t do them well.” Running CoCoon as efficiently as possible using technology at the core of the management structures and systems is one of the way of doing just that.

### The internet

There are two types of businesses when it comes to use of the internet: one that is developing new e-commerce platforms, meaning that it uses the internet to create an innovative business model; and one that is using the internet to enhance marketing and distribution of its traditional business. The former group, by nature of its business model, is using the internet to its full potential, but there is a big question mark over how the latter is using it.

### E-commerce platforms

Research shows that roughly HK\$16 billion of Hong Kong’s HK\$96 billion internet economy is made up of consumer e-commerce.<sup>238</sup> Hong Kong has been slow to adopt internet shopping compared to other leading internet economies because of the convenience and popularity of traditional shopping in the city. However, it is forecast to increase dramatically for two reasons. First, due to the rapid growth of Hong Kong’s mobile netizens: high forecast growth in spending on mobile devices and mobile internet access points to an opportunity in developing bespoke mobile apps to attract new customers, provide better service and reward loyalty to existing customers.<sup>239</sup>

Second, the increasing popularity of niche products and increased savings from online group purchasing.<sup>240</sup> Women entrepreneurs have a unique opportunity here since women understand women, and women are a significant target market for e-commerce in Hong Kong. Although many shops are open late into the evening in Hong Kong, women are increasing as a proportion of the workforce and have to rush home to attend to household and care duties. Consequently the late evening or early morning is the only time they have for shopping, forcing them online. Research published in 2013 showed that Hong Kong women shopped online more often than men.<sup>241</sup> In addition, 52 per cent of internet users in Hong Kong are women.<sup>242</sup> This is the reverse of most OECD countries, where men are more likely than women to use the internet.<sup>243</sup>

The internet therefore presents a significant market opportunity for the tech-savvy woman. Natalie Massenet, founder of renowned online fashion retailer, Net-A-Porter, was often quoted when she started her business as saying she knew her site had to be designed by women since women were the customers. But it takes nerve, investment and the highest level of internet competence. Adrienne Ma of Shouke had “no idea” if it would work since there was no e-commerce market for luxury goods at that time; Vicky Wu’s ZAOZAO requires highly sophisticated technology skills and know-how, as well as marketing savvy for niche products and target markets. Crossing borders requires an understanding of differences between markets and cultures. Adrienne Ma explained how Shouke had to have different websites for both Hong Kong and China because of the differences in the two markets. But Charlene Kotwall of The Mustard Seed Workshop, who crosses many borders for her business, managed to get a basic e-commerce website successfully up and running for HK\$5,000, and is slowly expanding it as the business develops.

<sup>238</sup> The Boston Consulting Group (2011), *The Connected Harbour: How the Internet is Transforming Hong Kong’s Economy*, Hong Kong; <http://connectedharbour.hk/> (accessed 6 April 2013).

<sup>239</sup> The Boston Consulting Group (2011), *The Connected Harbour: How the Internet is Transforming Hong Kong’s Economy*, Hong Kong; <http://connectedharbour.hk/> (accessed 6 April 2013).

<sup>240</sup> The Boston Consulting Group (2011), *The Connected Harbour: How the Internet is Transforming Hong Kong’s Economy*, Hong Kong; <http://connectedharbour.hk/> (accessed 6 April 2013).

<sup>241</sup> yStats.com (2013), *Tiger Countries B2C Commerce Report 2013*; <http://ystats.com/en/reports/preview.php?reportId=1016> (accessed 19 April 2013).

<sup>242</sup> Starcom MediaVest Group (2011), *The Global Media Intelligence Report*, eMarketer; <http://www.campaignbriefasia.com/2012/10/10/eMarketer%20Global%20Media%20Intelligence%20Report%20Exec%20Summary.pdf> (accessed 10 April 2013).

<sup>243</sup> OECD (2011), *The Future of the Internet Economy, A Statistical Profile*; <http://www.oecd.org/sti/ieconomy/48255770.pdf> (accessed 19 April 2013).

Other sector-specific opportunities for women may also emerge. Notably, the care sector has a very high proportion of women working in it and recently non-profit social welfare organisations in Hong Kong have been taking steps to increase efficiency through the internet. For example, Easy Home Services, a programme run by the Senior Citizen Home Safety Association, offers cleaning, grocery shopping, and elderly care services via the internet. It is time efficient with only 6 full-time staff processing 4,000 requests per month. Furnished with appropriate IT and coding skills, the internet presents tremendous scope for new business opportunities for women in sectors which they have traditionally chosen to work in as well as in other industries.

### VICKY WU ZAOZAO

<https://www.shopzaozao.com/home>

ZAOZAO seizes on two new e-commerce trends. First, it sells niche products, in the form of previously unheard-of Asian designers’ clothes/accessories. Second, it taps into increased group purchasing by adopting a crowd-funding model via the website. To be able to develop such businesses requires highly sophisticated technology skills and know-how, as well as marketing savvy for niche products and target markets. Because they did not want to overextend financially, Vicky Wu and her partner Ling Cai did the wireframes and content themselves, and then went for “the cheapest quote possible” for the initial backbone of the website. But Vicky lamented: “We got what we paid for and ended up redoing a lot of it ourselves.” They have subsequently added bells and whistles and upgrades on an ongoing basis.

They founded ZAOZAO, whose Chinese characters can mean ‘early’ and ‘make’ and most importantly, ‘discover’, in 2012 and describe it as a “social pre-tail” platform, a new e-commerce model that incorporates social media and pre-e-commerce e-tail. The way it works is that each product is posted with a funding target determined by the number of pieces the designer wants to sell. The target is 29 days and all of the orders have to be placed for it to succeed. By May 2013, 90 products had been posted and 36 funded.

It has been a steep learning curve, and they have had to make constant adjustments along the way, but fortunately Vicky and Ling have complimentary skills for their partnership, which Vicky calls a “marriage”. Vicky has a background in finance at Goldman Sachs (her neuroscience degree is not being used) and Ling has a fashion background, including a stint at Gucci. Their experience told them to invest heavily in detailed legalese for the site, which Vicky says was “worth every penny”. They had an early investor to help them with these costs but they have also been willing to make personal sacrifices and Vicky recounted with humour how she eats congee and leftovers every day.

They started out in Erica Ma’s CoCoon co-working space, which Vicky describes as “a great space physically” and as having “a built-in social environment which is nice, especially when it’s just the two of us most of the time”. They then successfully applied to and joined the Hong Kong Science and Technology Parks’ Incu-App incubation programme which gave them HK\$300,000 payable on a 50 per cent reimbursement scheme over 18 months as well as office space, a mailing address, and access to a network of professionals. Approximately a year after starting up they were then accepted by Commerceworks, an incubator programme for start-ups at the intersection of design, retail and technology based in New York, and at the time of writing were located there for 3-4 months to try to take their e-commerce model to the next stage.

But Vicky says they could not have started ZAOZAO anywhere other than Hong Kong, which is something of a fashion capital in Asia. Born to Taiwanese parents who had emigrated to Urbana-Champaign in Illinois and then New York, she feels a natural pull to Asia and now considers Hong Kong home. She explained that being a big fish in a small pond is not necessarily ideal but has benefits: “If I were in it just for the money I would have started in Silicon Valley where it makes more sense. But we have other reasons for doing it, we want to be a forerunner, set a precedent and ultimately we want this to be an Asian initiative.”



She also explained that they have very good connections in Hong Kong: “Our personal networks have been so important, from the people Ling knows in fashion, to her schools in Hong Kong, to my friends from Harvard, Goldman or my former hedge fund clients. Everyone knows someone who can be helpful.” Her networks also got her a valuable mentor as part of The Women’s Foundation mentoring programme who gave her critical advice and confidence in the early days.

Other challenges along the way were the attitudes of professionals. Vicky explained: “When we were shopping around at the beginning for lawyers and such, they were not willing to take us on. We told them, we will pay you and we want you to draft documents, but they seemed to think we were joking and couldn’t be serious that we were starting a company.” She summarised: “The hardest thing when first starting out was getting taken seriously. This was most likely related to our age and the fact that we were these Asian girls trying to start a business in an environment not particularly suitable to tech start-ups. It’s better now, but back then, CoCoon didn’t exist, there was barely one co-working space. Now the resources are actually all there, you just have to figure it out and pull it all together for yourself. Nobody is there to guide you through it.”

There are also benefits to being two women starting a fashion business. They do not have to try hard to attract PR: “It’s the novelty of seeing two girls in Asia quitting jobs that other girls would die for, in favour of a zero-pay, big-risk start-up.” A story by *Business Insider* in 2012 was a major step forward and turned them global. They were unsure at first whether to make the brand about them or whether to try to step away from it, but they have now accepted that they have to be part of it to give it the best chance of success. Vicky explained that when they post a photo of themselves on the blog, the website hits spike. She is a regular social media user (Twitter, Facebook and a blog) and is very familiar with the tricks of delayed posting, but even so admitted: “It’s tedious keeping up with it but we have to do it”. Reality TV is a new element which Vicky added to the PR and marketing of ZAOZAO in June/July 2013. Having turned down one show because it seemed as if it would be more about their personal lives than the start-up experience, Vicky recently agreed to do another one in Zhejiang, China which she believes will be good promotion for the brand.

A couple of years ago she had been threatening her worried parents that she was planning to go to Taiwan to become a rap star, so reality TV is mild by comparison. Although she says her parents were worried at first when she quit her job, they have got used to the idea and a tech start-up is preferable to rap. She is incredibly driven by her passion for the idea and a desire to help young designers. She explained: “In 10 years both the internet and Asia will be in a different place and might not be the right formula for this idea. I did not grow up dreaming of becoming an entrepreneur, I am just seizing the moment now and doing what feels right.”

## ADRIENNE MA

**Shouke (purchased by Net-a-Porter of the Richemont Group in 2011), now Amma Holdings**

<http://www.theoutnet.cn/>, <http://www.net-a-porter.com/apac/home.nap>

Shouke was an e-platform for selling off-season designer clothing at discounts during timed events, known as flash sales. It was a business that was launched in 2009 and bought in 2011 by Net-a-Porter, the online luxury fashion retailer of the Richemont Group. Adrienne says she had no idea what she was getting into and whether it would be a success. The e-commerce culture in Hong Kong was nascent at that time, luxury e-commerce in China was becoming rapidly more competitive, and selling designer brands at a discount requires discreet PR only. It was the idea that was the motivation and the chance to do something new. She explained: “The reason I did Shouke was because it was a very important, new facet of the retail world. It’s e-commerce. I come from traditional retail and I would love to learn about things that I don’t know because I am nosy.” She also wanted to try something new, to grow her own wings, as she put it.

What she means by this is that she wanted to know if she could do something different from the bricks and mortar luxury retail she had been doing at family firm Joyce for 20 years and then through her own firm Amma Holdings (Amma being a derivative of her name). She said of Joyce: “I wanted to know what would happen to me if I don’t have the Joyce halo over my head. Now I have come to realise that the Joyce halo will never leave my head, it is still over my head, and it is a blessing to me all these years.” She was credited with turning Joyce around after the 1998 financial crisis, although she is adamant that she does not “feel successful”. She then had one failed venture of her own, Y’s Mandarina Duck a joint venture travel gear retailer with Yohji Yamamoto, which foundered when business travel dried up after the 2008 financial crisis, and one successful one, being the exclusive franchise partner for Moncler in Hong Kong which they bought back.

Her nosiness meant that when she met ex-partner Paul Teague who told her of his e-commerce idea to sell discounted designer fashion in Hong Kong and China, although initially skeptical and desperate to go on holiday, she leapt in. Adrienne was on the brand side, Paul was “the calculator and manager” and after a while, through a mutual friend they brought on Richard Chen as a third partner because he was the technology brain and one of the founders of *elong.com*, a luxury travel site in China which was bought by Expedia, and he had lived through the development of luxury e-commerce in China. Personal networks are key in Adrienne’s life since she was introduced to Net-a-Porter through a mutual friend. Her father came in as an investor and she describes him as her banker and the pillar of her family whilst her mother is “a terrific role model and mentor”, and “a visionary” when it comes to fashion.

Part of Shouke’s success must be credited to the very successful partnership structure. Adrienne is insistent that there was no competition amongst them because they all have very individual skills and they respected each other’s different contributions. She said: “You should know what your core competencies are. You want to enter into an industry or venture that calls on your competencies. If they do not fill the entire pot, then you should call on partnerships to fill it up.” No doubt Richemont spotted this when they asked them to become the new senior management team for Net-a-Porter in Asia.

Adrienne also explains that none of them were “spotlight seekers” so she was “shoved out there” as the face of the business, but she says there was “never any gender play in the whole thing”. She expanded: “I don’t feel much gender oppression in my line of work and I don’t have to try harder. The fashion world is quite androgynous because we are more creative. There is big money now investing in the luxury retail world, but it is still related to creativity, image and brand aesthetics, unlike in a very cutthroat banking industry where people really do step on each other to get up the one ladder.” But Adrienne has also grown up in fashion and with a woman always at the helm (her mother), so her perceptions are born of quite unique personal experience.

As well as complementary skills, commitment to seeing it through and to hard work are also key. She emphasises that “staff are totally crucial to this too” and by the time Shouke was sold there were 15 excellent employees who had worked incredibly hard to get it off the ground. But she acknowledges that hiring good people is increasingly difficult, because of “the brain drain of the entire world”. She also feels that young people today have less commitment to hard work and a greater sense of entitlement.

Now Adrienne has moved on and is a consultant for Net-a-Porter but is starting her own ventures again. As she put it: “When Net-a-Porter acquired us, the only requirement I had was that I keep my own company because I came out of Joyce to build my own company, I didn’t come out to take a full-time job. So I feel there is still more I want to do and also my company is not yet where I want it to be.” A true serial entrepreneur, she already has projects lined up, one being a retail showroom for luxury vintage products “because nobody has done it”. She is determined to make good her commitment to have more time for herself and have more time to spend in the community supporting others.

### Traditional businesses using the internet to enhance marketing and distribution

Despite the business opportunities afforded by the internet, and despite Hong Kong's rapid adoption of the internet, only 50 per cent of Hong Kong companies have websites. This has much to do with the fact that the vast majority of Hong Kong companies are SMEs who have not invested in their internet presence.<sup>244</sup> Nonetheless, companies that have embraced the internet are shown to have higher growth.<sup>245</sup> They also experience cost savings and productivity gains.<sup>246</sup> All of the women interviewed for this research, except one, had websites with varying levels of sophistication.

Although SMEs generally lag multinational corporations in internet adoption, it varies by sector.<sup>247</sup> Research has shown that internet adoption is high in the import/export and trade sector, but not so high in the wholesale and retail sectors.<sup>248</sup> The only concern expressed about use of the internet by women operating traditional retail models interviewed for this report was copying of products, which is a widely recognised problem across Hong Kong and Mainland China. Women interviewed for this research who were running professional services companies were generally less convinced as to the benefits of the internet for marketing because they do not get clients through their websites. For them, traditional methods still apply, with most clients coming through word of mouth. However, in some cases, even if clients do not come through the website, they are important for sending the right message. Laura Cozijnsen of Lighthouse Consultant says she invested in their website as their primary marketing tool.

Specific to Hong Kong, selling online helps to avoid the punitive rent required by Hong Kong's landlords. Property consultancy CBRE puts Hong Kong above New York and London for prime retail space rental charges.<sup>249</sup> The 2009 GEM report said that SME experts interviewed for the research proposed rent subsidies to new businesses. However the authors of the report opposed cash subsidies to new businesses to offset rent because such a programme would be difficult to administer and open to abuse.<sup>250</sup> InvestHK points out that rent differs markedly by block, so setting up 3 blocks away from a preferred location can reduce costs. But often it is still too much of a financial hurdle to take a retail site, and this is why Johanna Ho, the fashion designer, is almost entirely focused on developing her e-shop, only setting up a physical shop because she was offered a rent-free contract. Payal Shah of l'Dezen would love to have a shop some day, but cannot risk paying the rent at the moment and relies on the internet to complement the jewellery trade shows.

Nonetheless, some women feel it is necessary to take the hit and pay the rent. Academic research published on women entrepreneurs in 2009 cited one woman business owner who runs a software provider as saying she took an office in the heart of Hong Kong's financial district because: "...if you can afford to be in a premium location, it means you are not scrambling for money. The client has to make sure that you're financially viable, because once they give you a job and you are not financially stable, they are going to be inconvenienced... Presentation is important for the person and the company".<sup>251</sup> Commercial property agents Cushman and Wakefield published research in 2013, which showed that the cost of A-grade office space in Hong Kong, despite declining by 24.6 per cent in 2012, is still second in the world only to London's West End.<sup>252</sup>

<sup>244</sup> The Boston Consulting Group (2011), *The Connected Harbour: How the Internet is Transforming Hong Kong's Economy*, Hong Kong; <http://connectedharbour.hk/> (accessed 6 April 2013).

<sup>245</sup> The Boston Consulting Group (2011), *The Connected Harbour: How the Internet is Transforming Hong Kong's Economy*, Hong Kong; <http://connectedharbour.hk/> (accessed 6 April 2013).

<sup>246</sup> CUHK Centre for Entrepreneurship (2007), *Innovation Policy and High Growth Startups*, Hong Kong; <http://entrepreneurship.baf.cuhk.edu.hk/sites/default/files/project/hong-kong-entrepreneurship-and-government-policy/innovationpolicyandhighgrowthstartups.pdf> (accessed 17 April 2013).

<sup>247</sup> The Boston Consulting Group (2011), *The Connected Harbour: How the Internet is Transforming Hong Kong's Economy*, Hong Kong; <http://connectedharbour.hk/> (accessed 6 April 2013).

<sup>248</sup> CUHK Centre for Entrepreneurship (2007), *Innovation Policy and High Growth Startups*, Hong Kong; <http://entrepreneurship.baf.cuhk.edu.hk/sites/default/files/project/hong-kong-entrepreneurship-and-government-policy/innovationpolicyandhighgrowthstartups.pdf> (accessed 17 April 2013).

<sup>249</sup> Leung P. (2013), "HK leaves New York in shade for shop rents", in *South China Morning Post*, 8 February 2013.

<sup>250</sup> Global Entrepreneurship Monitor (2009), *Global Entrepreneurship Monitor Hong Kong & Shenzhen 2009*; <http://www.gemconsortium.org/docs/download/713> (accessed 26 April 2013).

<sup>251</sup> Ng C. and Ng E. (2009), "The changing face of women managers in Hong Kong", in Rowley C. and Yukongdi V. (eds.), *The Changing Face of Women Managers in Asia*, pp. 43-68, Abingdon: Routledge.

<sup>252</sup> Li S. (2013), "London overtakes Hong Kong in office rental league", in *South China Morning Post*, 21 February 2013.

### JOHANNA HO

<http://www.johannaho.com/>

Johanna has her own fashion label, which she sells online. When she started it up in 2010 she had decided to focus online because "it is possible to do that with low overheads". That said, she was subsequently offered a 3-year rent free deal on a shop, so she took that on although she does not see that as the future for her business. It does not generate as much revenue as she would like as it is in a difficult location – the heart of Nathan Road, but downstairs in a basement where people do not shop, they eat. As she says: "Yes I have three years rent free, but what after that, do I want shops and rent again? Rent in Hong Kong is what kills businesses."

Focusing on the e-shop means that Johanna uses social media to the full effect. She blogs almost every day and is an avid Instagram user, recognising that if she brings her audience into her life, she has more chance of selling her lifestyle and her brand. She is very focused on constant maintenance of the website. The upgrades and technical side of the website are outsourced to a contractor in Stockholm and her husband (her Business Operations Manager) manages the content from Hong Kong. She says it was a huge time investment to get it going: "It took a year to get the website up and running... It was like Father Christmas coming when we got our first order."

She has her reasons for trying to keep her costs low and focus on her web presence instead of accumulating rent and other overheads. After she graduated from Central Saint Martins with undergraduate and masters degrees and was fortunate to be hailed as one of the top new talents of the year by the then *London Times* fashion editor, she started out on her own. Through hard work and sheer nerve (cold calling Barneys and turning up with a collection at London Fashion Week), one successful bridal dress became a fully fledged fashion business in a matter of a few years. It was not easy. She had to position herself carefully, because people would not pay up for China-made or Hong Kong-made goods, so she was marketed as "Hong Kong born, British raised, a British designer" which gave her a huge identity crisis. But business flourished until she made what she calls "the classic young entrepreneur mistake" in 2004.

She summarised: "I expanded too quickly. I thought I was raking it in, took on more people, moved to a bigger place and it just took one season of my biggest Japanese client to cut their order in half and I was bleeding. My cash flow just plummeted. And it's difficult, you have to buy fabric, pay production, everything up front." Her mother was very supportive, having always invested financially in the business to get it going, but ultimately she had to go to the bank, an experience she would rather forget. She explains: "I went to a certain very well-known bank and the first thing the bank manager said to me was: I had a good look at your case, the first thing you should know is that we don't actually lend money to people who need it." But through the incredible effort of her mentor, Marjorie Yang of Esquel Enterprises, who acted as her guarantor, she got a loan and a serious adviser.

Just at crunch time, she got an offer to go to Japan where one of the largest textile companies hired her, opened 10 Johanna Ho shops for her, and as she said "I could be Chinese again instead of pretending to be a British designer". It was a dream come true for a while, but then the Japanese economy hit a downturn and her backer wanted to change her style to a younger, more cutesy audience and the arrangement ended in "amicable divorce". So when she returned to Hong Kong and started Johanna Ho again here, she had already been burned and wanted to be more conservative, hence the focus on the e-shop and a desire to keep costs down.

She finds her sense of priority and perspective is different this time too, something to do with having two children. First, her goal now is "to be happy". She expands: "It sounds frou-frou but that is it really. I just keep telling people, if you make a lot of money, so what, it cannot buy you happiness or health. I am just trying to balance between being a mother and a working woman." Second, she thinks about their future and it has made her source differently as well as try to reuse and recycle more in her business. For example she uses yak wool, which she buys from a group of minority women in the Himalayas so as to support them in their efforts



to earn a living. Most of all, she says: “I just want to figure out how to give back to society through my work. My kids, my family, they are my motivation. I am not trying to be superwoman and save the world, I cannot do that, but I do think if I can do baby steps, I will.”

Johanna’s is a roller-coaster story, with an overriding theme – persistence. Her strength may also come from being what she calls the “black sheep” of her family. Her mother is the Dean of DGS, her father is a surgeon, her uncle was the first Chinese to study medicine in Cambridge University and her aunt was the first Chairwoman of the Law Society in Hong Kong. As she put it: “And here I am making dresses.” She was not cut out for the Hong Kong education system and went to boarding school in the UK at 14 years old, which she says was “like a breath of fresh air” and gave her the space she needed to develop herself and her creative talent. She also used to play tennis at national level and credits that with helping her to be disciplined and understand that: “Sometimes you have to fight and go through pain to enjoy the real happiness. If everything was so easy for you and handed to you, you will never cherish it so much.”

She has been quoted in the past as saying: “Don’t ever give up when the going gets tough. Life is about making a lot of mistakes but still getting back on your feet.” She has practiced what she preaches and through sheer brute force, and with much talent, she has reinvented her fashion label several times. She has certainly persisted and now has 9-10 people working for her again. She is trying to keep it small and manageable, but that said, her workshop is bursting at the seams, so expansion seems inevitable. She says: “We are growing gradually, trying to do it organically, focusing on the e-commerce model.”

## Social media

An essentially online business strategy involves extensive use of the internet for marketing and advertising. Many interviewees said they did not have any budget for marketing or advertising, so their websites and, in some cases, use of social media, were their main form of marketing. Bonita Cheung said of her fashion business: “I cannot afford an intensive advertising campaign. Most of the local designers prefer to do PR than advertising because it is more effective in image building. To build the level of image I need, to get the type of clients I want, I would need to do a lot of advertising.”

The benefit of social media is that it enables targeted marketing to specific age groups or consumers with certain interests. This is most valuable to retail/lifestyle e-commerce sites. Hong Kong has 50 per cent Facebook penetration and research shows that 85 per cent of Hong Kongers actively participate in social media forums.<sup>253</sup> Recent research shows that 55 per cent of ‘high-Web’ SME respondents have a social networking page or run a blog.<sup>254,255</sup> Notably, a 2012 survey of women entrepreneurs by Hong Kong women’s network Heels & Deals found that 53 per cent of respondents, the largest proportion, voted ‘Facebook for business’ as the digital marketing topic they wanted covered at a future event.<sup>256</sup> Erica Ma of CoCoon felt that Facebook was more important than a website, saying: “A social platform is much more important than a static one”.

The women entrepreneurs interviewed for this research project largely use Facebook, LinkedIn and Twitter, some to market/target customers, some to build their brand, others more loosely. Claire Fenner of Heels & Deals said that she feels women are comfortable using Facebook but get immediately nervous about LinkedIn because it is a purely business network and they are not as comfortable with it as they are a social network for personal use.

<sup>253</sup> Experian Hitwise Hong Kong (2010).

<sup>254</sup> The Boston Consulting Group (2011), *The Connected Harbour: How the Internet is Transforming Hong Kong’s Economy*, Hong Kong; <http://connectedharbour.hk/> (accessed 6 April 2013).

<sup>255</sup> BCG/Google defines ‘high-Web’ as marketing or selling goods and services online, ‘low-Web’ as having a website or social networking site and ‘no-Web’ as having no online presence.

<sup>256</sup> A survey conducted in 2012 by Heels & Deals on its members’ needs and priorities. This survey is not publicly available. To find out more about Heels & Deals, see <http://www.heelsanddeals.org/> (accessed 5 March 2013).

Those actively using social media were either those developing e-commerce businesses or those who were integrating the internet into their business in order to significantly scale up, such as Jennifer Cheung of Sift who uses Twitter, writes a blog, and is moving towards an online ordering system. Some women spoke of how time-consuming it was. Vicky Wu of ZAOZAO talked of her almost daily Twitter activity as “tedious” because it is time consuming, but is “absolutely necessary”. Johanna Ho, the fashion designer, runs an almost daily blog, but says it is “part of selling the lifestyle, if I let them into my life, they are more likely to buy my products”. Claire Fenner of Heels & Deals commented that time is certainly an issue with regard to social media. Most women entrepreneurs are extremely time-poor and struggle to prioritise learning how to use new software and applications.

Both of the women who worked in some form of digital design and whose business is to consult on PR and branding said that they had decided not to embark fully on social media because they do not feel they can prioritise the resources to do it properly, but then they are not using the internet to sell their product, they always have to pitch face-to-face to win business. Laura Cozijnsen of Lighthouse Consultant explained that despite social media being a low-cost and high-engagement medium, she has opted not to use it for her company since her business is of a business-to-business nature. However, Laura said that when they do a product launch for clients, they often use social media as part of a campaign, and they do so very carefully and in a very hands-on way. For the Asia Society Hong Kong’s new building opening in 2012, they generated 7,000 Facebook ‘likes’ just by launching a campaign.

## PAYAL SHAH

L’Dezen

<http://www.ldezen.com/>

At 22 years old, Payal is the youngest of the women interviewed for this report and one of the most tech savvy. She is a designer, manufacturer and distributor of unique, handmade jewellery using slice diamonds and rose cuts. She uses her website and social media as her key marketing channels to complement her presence at jewellery shows. Hong Kong’s punitive rents make a shop impossible at the moment and she leverages the power of the web. She is also designing a productivity app, which she calls “a meeting room away from the meeting room” that makes planning and presenting easy.

She started her business at the age of 20 at the end of 2011 and already has grand ambitions. L’Dezen is cleverly named, literally meaning ‘the design’ in French-Croatian, so that she can expand it into a lifestyle brand that includes other products too, the next idea being more affordable jewellery targeted at young people. She puts enormous effort into her brand and is clear that it will always be ‘l’Dezen by Payal Shah’ since she believes that the most successful brands are the ones where the person and the brand are intertwined. She uses Tory Burch as an example and explained: “I don’t want to own all her products, but I want to be her. I want to have her life and her mind-set. Look at Marissa Meyer of Google, Sheryl Sandberg of Facebook. All these companies are now impacted by the personal lives of these women.”

Social media is her tool for promoting her brand. She says she is constantly photographing products in different ways, trying out new slogans, tweaking her website, using Twitter and Facebook, and has changed her online approach many, many times over the 18 months of her business life. She is adamant that she has become very efficient at it and it does not take a lot of time. One of the drivers for using social media is that it is free. Like so many entrepreneurs, she did not want to spend money on advertising and marketing in the traditional sense.

For the same reasons, she has applied for awards to raise the profile of her brand and was even crowned Miss Hong Kong Jewellery 2011 First Runner Up (the only non-model in the pageant, but also the only one with experience of the jewellery industry). Many more people in the industry now recognise her and her strong performance has given her added professional credibility. Other money-saving methods have included using her strong personal networks to find photographers and models.

She has spent money on software to ensure her inventory (of diamonds) is accurate, and on staff, because she learnt the hard way by hiring cheap and getting poor quality at the beginning. She also got herself a good accountant early, recognising that she found her start-up accounts quite terrifying. Her employees are all Chinese because, in her words, “they are the sharpest and the most motivated people when the business is so much to do with inventory. They are great with numbers...quick at learning, multilingual.” She has a clear perspective on this and said: “I am able to communicate effectively with English-speaking clients, but communicating in Chinese is more complex and I need Chinese people to do that even though I can speak a bit of Cantonese and Mandarin myself.”

Payal has a knack for turning weaknesses into strengths. She is never afraid to try anything, saying: “Trial and error is the best way to learn. Once I know I don’t want to make a mistake again I have the fear of making that mistake again and that is good. Saying that you should always try something once is true.” Her design talent (honed during her architectural interior design training in London), business acumen, hard work (32 jewellery shows in 18 months) and strong family backing have all got her and I’Dezen to where they are today, but above all, she is an optimist. She explained: “The biggest challenge when I started was my age. I had to have a very mature way of coming across so that people would take me seriously...Now I use that as my USP. I say, look, the product is great, it has lots of potential and I am so young I am going to be around for a long time so you may as well invest in me now.”

She also has the benefit of being able to relate to women, understanding that it is women who make the purchasing decisions: “Even when a man and woman approach my stand at a jewellery show, ultimately the jewellery is for her, so I focus one hundred per cent on her and getting through to her.” However, she emphasises that she keeps suppliers and business contacts at a professional arm’s length, never being overfriendly and never allowing anyone to try to take advantage of her on a deal. She has high professional standards and is thoughtful about her staff. She repeats several times that she is indebted to them, runs a horizontal hierarchy with everyone having full, frank and open communication. She tries to be respectful at all times, going to her mother for advice on how to handle older staff, especially when it comes to things like salary and bonus discussions.

Her parents play a significant role in her business. Although her parents give her a free rein, they are also invaluable in terms of support. She said: “My mother is my backbone. She taught me a firm grasp of numbers and tight business management skills.” Her father is a diamond trader and an investor in the business. She recalls going to his office every day as a child and attending jewellery fairs since she was a young teenager. She credits her parents with giving her confidence and for investing in her at the right time and explained: “When people are young and have ideas they don’t have the right backup, but because I had the right backup I am young and I can build up my ideas.” This brings with it a huge duty and she states very clearly: “I am my parents’ daughter. I feel that very deeply.”

### Capability

Research has identified lack of employees with internet capability as a barrier to SMEs adopting internet strategies.<sup>257</sup> This was not something that was mentioned by the women interviewed for this research, but they may not be aware of the IT potential they are missing out on if they are not trained themselves. Government programmes for SMEs have included an IT training programme to enhance ICT adoption and build IT capabilities. SUCCESS has held seminars on web marketing (i.e. The Keys to Successful Web Marketing in 2011). However, there is no public data available on attendance by gender or assessment of their effectiveness and impact.

<sup>257</sup> The Boston Consulting Group (2011), *The Connected Harbour: How the Internet is Transforming Hong Kong’s Economy*, Hong Kong; <http://connectedharbour.hk/> (accessed 6 April 2013).

The government offers digital inclusion programmes as part of its Digital 21 Strategy, a blueprint for the development of ICT in Hong Kong that aims to build a digitally inclusive, knowledge-based society. Some of the Digital 21 programmes are targeted at women, specifically groups of low-income women and elderly women, but they are not linked to entrepreneurship or business start-ups. By opening up the world for these women through the internet, something most of the interviewees for this report achieved by being educated or travelling overseas, there is the opportunity to open them up to the world of entrepreneurship. However, the issue with such training programmes is that low-income women struggle to find the time to attend the training or to sustain their skills. Mei Lin Wu of the Hong Kong Women Workers’ Association said that her organisation trains women in ICT, but after they have been trained they go home where they get busy and either they do not have a computer or they do but their children constantly occupy it.

Away from government, there are new and creative training initiatives starting in Hong Kong. One such initiative, which has come over from the US, is the General Assembly. It is an organisation that runs education programmes designed to teach practical skills that empower individuals to transition from thinkers to creators. It focuses on hands-on, project-based training in the realms of technology, business, and design, with the aim of fostering entrepreneurial thinking in all environments. The ethos is about helping people go from talking about their ideas to making them a reality. It frequently holds its events in Hong Kong’s new co-working spaces like The Hive and CoCoon, keen to both tap into and to help nurture the start-up community in Hong Kong.<sup>258</sup>

Hong Kong’s co-working spaces such as The Hive, The Good Lab, and HK Commons, all hold adult educational events on topics related to start-ups and frequently on technology. One expert commented that these co-working spaces (of which there were 10 at the end of 2013) and organisations offering start-up training might be what is required to develop a sustainable entrepreneurship culture in Hong Kong. Previously it was difficult for entrepreneurship to ride the economic cycles, as there was no such physical infrastructure in place to provide budding entrepreneurs with a continuous, affordable space to work and with a focus for building a community of experts and practitioners around entrepreneurship. It is not clear however, how these initiatives cater for women’s needs. In the UK, a membership organisation called B.Hive has co-working spaces that cater for women in 3 cities. It calls itself a “business club where like-minded women can come together in a feminine space to network and share their stories”. As well as offering workspace and meeting rooms, it offers networking opportunities and events.<sup>259</sup>

At a more sophisticated level of technology, when it comes to coding, a conference in 2013 on the advantages and disadvantages of starting up in Hong Kong found that lack of software coding talent was a disadvantage for the territory.<sup>260</sup> Vicky Wu of ZAOZAO has struggled to find the talent she needs in Hong Kong to develop the coding and more complex elements of her website. She has had to rely on graduates on Mainland China, “21 year old child geniuses” as she calls them, to provide her with the expertise she needs. In 2006, research by CUHK pointed out that Hong Kong’s lack of engineers and scientists was hindering innovation and commercialisation of new technologies. CUHK proposed that the government should develop more proactive and strategic ways to attract R&D talents from overseas and the Mainland, instead of passively waiting for the inflow.<sup>261</sup>

A recent conference on Hong Kong’s start-up community found that one of the advantages of starting up in Hong Kong was the “abundance of CTO talent and expertise drawn from locally based big banks and financial houses”.<sup>262</sup> However, one professional interviewed for relevant expertise on entrepreneurship said

<sup>258</sup> To find out more about General Assembly, see <https://generalassembly.ly/>.

<sup>259</sup> To find out more about B.Hive, see <http://www.bhiveclub.com/index.php>.

<sup>260</sup> Fannin R. (2013), “Pros & cons for startup launches from silicon harbour”, in *Forbes*, 4 April 2013; <http://www.forbes.com/sites/rebeccafannin/2013/04/21/pros-cons-for-startup-launches-from-silicon-harbour/> (accessed 14 May 2013).

<sup>261</sup> CUHK Centre for Entrepreneurship (2006), *Innovation Policy and High Growth Start-ups*, Hong Kong; <http://www.cuhk.edu.hk/cpr/pressrelease/060525e.htm> (accessed 16 April 2013).

<sup>262</sup> Fannin R. (2013), “Pros & cons for startup launches from silicon harbour”, in *Forbes*, 4 April 2013; <http://www.forbes.com/sites/rebeccafannin/2013/04/21/pros-cons-for-startup-launches-from-silicon-harbour/> (accessed 14 May 2013).



that the CTOs of the big companies tend to move around the world with Hong Kong just one stop in the global marketplace for such people, and below that top level, it is difficult to find CTO talent in Hong Kong. Previous research has commented that computer professionals are highly mobile personnel and need to be suitably remunerated.<sup>263</sup>

Coding is still a man's world. A woman who is involved with a range of different start-ups said she felt uncomfortable in IT meetings which were "always full of men" and had to work hard to "keep [her] common sense afloat" and not to feel daunted if she did not understand all the details. Two other women who have started up companies in the technology space commented that at the coding meetings they have attended they feel intimidated and they are always the only women. Lindsey Hermes of Unison Creative, who regularly runs coding meetings as part of her design service does not feel intimidated since coding is her core expertise, but she recognises that she is a rare breed (although is pleased to acknowledge that there are gradually more women who can code) and she feels that at times "people look at a woman in digital and they perhaps find it more difficult to trust a woman than a man because there are so few women".

Although the proportion of young women studying engineering and technology in Hong Kong's universities has increased substantially over the last 15 years, from 14 per cent of all students studying the subject in 1996/7 to 33 per cent of students in 2011/12,<sup>264</sup> there are still many more men than women working in the ICT sector in Hong Kong. Although the absolute number of women has increased from 14,700 women in the 'communication' sector in Hong Kong in 1996 to 35,000 women in 'information and communications' (industrial classifications changed over the time period) in 2011, the proportion of the total has declined from 33 per cent in 1996 to 31 per cent. In 1996 there were 29,400 men and by 2011 there were 80,800 men.<sup>265</sup> A 2013 survey by the Economic Intelligence Unit of 57 companies in Hong Kong showed that 88 per cent of the Information Technology (IT) directors are male, and women represent fewer than 10 per cent of IT staff at more than half the companies.<sup>266</sup> Initiatives such as the US charity Girls Who Code, may be required in Hong Kong to equip young women with the technology skills required to keep Hong Kong competitive in this area.

#### *Example of NGO Initiative to Encourage Coding Amongst Girls and Women*

##### **Girls Who Code**

[www.girlswhocode.com](http://www.girlswhocode.com)

US-registered charity Girls Who Code works to educate, inspire and equip young women with the skills and resources required to pursue academic and career opportunities in computing fields. It aims to provide a computer science education to 1 million young women by 2020. It has launched five pilot programmes in the US and is supported by foundations and corporates. The ethos was summed up by Margit Wennmachers, a partner at venture capital firm Andreessen Horowitz in Silicon Valley: "You either tell the computer what to do and you've got lots of great career options. Or the computer tells you what to do and you end up working in a shoe store."<sup>267</sup>

<sup>263</sup> Ng C. and Ng E. (2009), "The changing face of women managers in Hong Kong", in Rowley C. and Yukongdi V. (eds.), *The Changing Face of Women Managers in Asia*, pp. 43-68, Abingdon: Routledge.

<sup>264</sup> University Grants Committee (2012), *Statistics*; <http://cdf.ugc.edu.hk/cdf/statIndex.do?language=EN> (accessed 22 May 2013).

<sup>265</sup> Census and Statistics Department of the HKSAR Government (2012), *Women and Men in Hong Kong, Key Statistics*, HKSAR; <http://www.statistics.gov.hk/pub/B11303032012AN12B0100.pdf> (accessed 23 May 2012).

<sup>266</sup> Thompson S-M. and Moore L. (2013), "Hong Kong must help more women study science and maths", in *South China Morning Post*, 22 November 2013; <http://www.scmp.com/comment/insight-opinion/article/1362038/hong-kong-must-help-more-women-study-science-and-maths> (accessed 28 November 2013).

<sup>267</sup> Cain Miller C. (2013), "Opening a gateway for girls to enter the computer field" in *DealBook*, 2 April 2013; <http://dealbook.nytimes.com/2013/04/02/opening-a-gateway-for-girls-to-enter-the-computer-field/> (accessed 3 May 2013).

#### **4.4 Role of the private sector**

The private sector in Hong Kong has not been particularly visible in its support of women entrepreneurs, so the launch in 2013 by Google of its Women Entrepreneurs Online programme, part of its global Women on the Web programme, was a positive step. The programme aims to help women to learn about using technology in a non-threatening environment with and from other women. One independent female IT consultant at the launch event explained that 70 per cent of her clients are women who feel comfortable with her because she does not use what she called "tech-speak jargon". She says women hire her because they want a woman who gives them confidence and speaks their language to help them with something they find challenging. Google subsequently launched a mentorship programme for young entrepreneurs in Hong Kong jointly with the Chinese University of Hong Kong which was a further positive development in terms of a private sector company leveraging its relevant expertise to support entrepreneurs.<sup>268</sup>

#### *Example of Private Sector Training in Technology*

##### **Google's Women Entrepreneurs Online**

<http://www.google.com/entrepreneurs/initiatives/weow.html>

Google has a global programme dedicated to female entrepreneurs. It aims to enable them to connect and grow their online presence. On the programme, women learn to build their online presence, connect with their customers, track and optimise their efforts, and connect with other entrepreneurs in their communities. It has been rolled out widely in Europe and Russia. In Asia it has been launched in India, Singapore and Hong Kong. The benefit for Google is the potential for them to use Google's online products to launch and scale their businesses.

In Hong Kong it has been launched as a one-year programme in collaboration with The Entrepreneurs Club.<sup>269</sup> The launch was conducted at CoCoon in April 2013 with seminars on developing websites, marketing, and legalese. The next event, a networking event, was held in July 2013, and was a forum for teaching attendees how to use Google+ (described by Google as "the more grown up version of Facebook").

Whilst training in specialised areas is one way the private sector can support women entrepreneurs, much more can be done to build capacity and help women grow their businesses. MNCs and particularly US companies have long had supply chain diversity policies in place, including programmes which ensure that a certain proportion of their suppliers are minority-owned businesses. Research has shown that by effectively implementing such programmes, corporates can create more opportunities for women-owned enterprises.<sup>270</sup> Companies who have embraced supplier diversity argue that as well as offering business growth opportunities for minority-owned businesses, driving social and economic benefits in targeted communities and improving their corporate image, there is a strong business case for it. They say that supplier diversity programmes help manufacturers to connect with a major component of their customer base, access new business opportunities and create a more agile supply chain.<sup>271</sup> Research in the US has shown that companies recognise effective supply chain management as a viable source of growth and competitive advantages in terms of cutting costs and increasing customer value.<sup>272</sup>

<sup>268</sup> Chen G. (2013), "Google's Eric Schmidt launches programme to help young Hong Kong entrepreneurs", in *South China Morning Post*, 4 November 2013; <http://www.scmp.com/business/companies/article/1347202/googles-eric-schmidt-launches-programme-help-young-hong-kong> (accessed 10 November 2013).

<sup>269</sup> To find out more about The Entrepreneurs Club, see <http://www.entrepreneurs.com.hk/index.php>.

<sup>270</sup> Wu J. (2008), *The Impact of Corporate Supplier Diversity Programmes on Corporate Purchasers' Decision-Making Regarding Women-Owned Enterprises: An Empirical Test Using the Theory of Planned Behaviour*, Dissertation submitted to the faculty of the Virginia Polytechnic Institute and State University; <http://scholar.lib.vt.edu/theses/available/etd-04102008-093538/unrestricted/4-30-08.pdf> (accessed 7 November 2013).

<sup>271</sup> Katz J. (2013), "The business case for supply chain diversity", in *IndustryWeek*, 12 November 2011; <http://www.industryweek.com/leadership/business-case-supply-chain-diversity> (accessed 4 November 2013).

<sup>272</sup> McGinnis M. and Vallopra R. (1999), "Purchasing and Supplier Involvement in Process of Improvement: A Source of Competitive Advantage", in *The Journal of Supply Chain Management*;

There are many examples of US companies that have embraced supply chain diversity, of which technology companies IBM and Cisco Systems (Cisco) are two. Both have global policies in place which are intended to expand opportunities for businesses owned and operated by minorities, women, lesbian and gay, veterans and service disabled veterans, and disabled persons. As well as having a positive social and economic impact, both companies are clear as to the business advantages of embracing supply chain diversity. IBM explains as follows: ‘Building and maintaining a community of diverse suppliers increases IBM’s opportunity to hear new ideas, apply different approaches, and gain access to additional solutions that respond to customer needs. Such collaboration helps IBM deliver innovation, quality products, and world-class service to a growing global marketplace.’<sup>273</sup> It is also believed to be one of the only companies that has a person wholly dedicated to its supplier diversity programme, the ‘Global Supplier Diversity programme director’, rather than a member of the procurement team or the corporate social responsibility team who is also partially responsible for supplier diversity, which is the more usual resource commitment.

Cisco has an internal ‘Global Supplier Diversity Spend Commitment’ of awarding 10 per cent of its supplier expenditure to businesses owned by minorities. Cisco states that a diverse, multicultural supply chain is a source of innovation and is good for business in the following ways:

*Regional diversity* – provides access to global skills and markets and provides business resilience in the event of disruption in one or more markets.

*Cultural diversity* – offers different viewpoints and styles of interacting, helping to develop market products that fit the needs of different communities around the world.

*Social diversity* – promotes inclusiveness that benefits communities and local economies.

Overall, Cisco believes that supplier diversity enhances competitive advantage and positions the company effectively to meet the needs of customers.

However, market research has also found that although supplier diversity programs are popular amongst global companies and survive recessions, some companies are more focused on meeting their government contract requirements or getting recognition from customers than on evaluating the actual difference made to the bottom line. Only around 10 per cent of the companies surveyed were assessing the impact of their supplier diversity effort on revenue or market share.<sup>274</sup> Nonetheless, the number and size of supplier diversity programmes are increasing and a market research survey published in 2012 showed that 72 per cent of the organisations surveyed expected their supplier diversity programme spend to increase by 2014.<sup>275</sup> This increase is forecast at a time when embracing diversity is increasingly important and expected in the private sector. Researchers have noted the importance of corporate culture for implementing supplier diversity programmes.<sup>276</sup>

#### *Example of a Corporate Supply Chain Diversity Programme*

##### **Walmart’s Global Women’s Economic Empowerment Initiative**

<http://corporate.walmart.com/global-responsibility/womens-economic-empowerment/>

Walmart, the global retailer, has a corporate culture with diversity at its core. Since its beginnings in 1962 Walmart has embraced the concept that it can only help its customers, partners and associates if it understands them and that means respecting differences. Walmart states that this is embedded in its culture and its operations from recruiting employees, to penetrating the communities in which it operates through its partnerships with associates, to procuring from a diverse range of suppliers.

In 2011, Walmart launched a major initiative which has the stated intention of using the retailer’s ‘global size and scale to help empower women across its supply chain.’<sup>277</sup> The aim is to empower women in line with the UN Millennium Development Goals by building capacity for women business owners.<sup>278</sup> Walmart worked for over a year with leaders from government, NGOs, philanthropic groups and academia to put the initiative together. Partners include CARE, a leading NGO in fighting poverty and empowering women, non-profit Vital Voices which works with women leaders, CountMeIn for Women’s Economic Independence, a non-profit supporting women entrepreneurs, WBENC and WEConnect International.

It has five stated objectives that it aims to achieve by the end of 2016, which was five years from the commencement of the initiative, which have the overarching aim of changing the lives of countless women around the world. In Walmart’s own order, they are:

1. **Increase sourcing from women-owned businesses**, with a commitment to source US\$20 billion from women-owned businesses in the US and to double the volume of sourcing from women suppliers internationally.
2. **Empower women on farms and in factories through training, market access and career opportunities**, with a target of helping 60,000 women in this way.
3. **Empower women through job training and education**, with a target of helping 200,000 women internationally and 200,000 low-income women in the US in this way.
4. **Increase gender diversity among major suppliers**, by working with professional service firms and merchandise suppliers with over US\$1 billion in sales to increase women and minority representation on Walmart accounts.
5. **Make significant philanthropic giving toward women’s economic empowerment**, including more than US\$100 million in grants from the Walmart Foundation and the international business.

In addition, Walmart has country-specific goals where it operates, for example in China, India and Brazil.

Walmart has also taken the initiative online and has a dedicated page on [www.walmart.com](http://www.walmart.com) on which it encourages shoppers to ‘Shop this Store for Good’ by buying ‘distinctive products from women-owned businesses in the US and around the world.’ Products include jewelry from Guatemala, coffee from Central and South America and dresses from Kenya, for example.

<http://www.walmart.com/cp/Empowering-Women-Together/1094926?povid=P1171-C1119.2885+1117.2882-L4>

Whilst a corporate culture that embraces diversity and social responsibility is one important element for facilitating supply chain diversity, so is ease of access to minority suppliers. They can be difficult to find. In the US, there are organisations such as the National Minority Supplier Development Council which was initiated in 1972 ‘to provide increased procurement and business opportunities for minority businesses of all sizes.’<sup>279</sup> Its core mission is to advance business opportunities for certified Asian, Black, Hispanic and Native American business enterprises and to connect them to corporate members. It has 3,500 members and its network of regional councils matches more than 16,000 minority-owned businesses with member corporations.

Research has shown that use of its database, as well as that of the Women’s Business Enterprise National Council (WBENC), is the most popular method by companies in the US of identifying and qualifying diverse suppliers.<sup>280</sup> The non-profit WBENC was founded in 1997 and connects women-owned businesses with

<sup>273</sup> To find out more about IBM’s supplier diversity programme, visit <http://www-03.ibm.com/procurement/proweb.nsf/ContentDocsbyTitle/United+States~Supplier+Diversity> (accessed 26 November 2013).

<sup>274</sup> The Hackett Group (2010), ‘Most supplier diversity programmes simply fail to deliver’, Press Release, 14 May 2010; [http://www.thehackettgroup.com/about/alerts/alerts\\_2010/alert\\_05142010.jsp](http://www.thehackettgroup.com/about/alerts/alerts_2010/alert_05142010.jsp) (accessed 6 November 2013)

<sup>275</sup> Kiosk N. (2012), ‘The drive to increased supplier diversity’, in *Supply&Demand-Chain Executive*, 26 June 2012; <http://www.sdcexec.com/article/10734402/supplier-diversity-spend-to-rise-in-next-two-years-according-to-ism-supplier-diversity-program-study> (accessed 6 November 2013)

<sup>276</sup> CAPS Research (1999), *Gaining Competitive Advantages Through a Supplier Diversity Programme*, Arizona, US

<sup>277</sup> Walmart (2011), ‘Walmart launches global women’s economic empowerment initiative’, Press Release, 14 September 2012, <http://news.walmart.com/news-archive/2011/09/14/walmart-launches-global-womens-economic-empowerment-initiative> (accessed 26 November 2013)

<sup>278</sup> To find out more about the UN Millennium Development Goals, visit <http://www.unmillenniumproject.org> (accessed 25 November 2013).

<sup>279</sup> To find out more about the National Minority Supplier Development Council, visit <http://www.nmsdc.org/nmsdc>.

<sup>280</sup> Sharma R. and Witt R. (2008), ‘Driving value through supplier diversity’, in *Contract Management*, November 2008; <http://www.censeoconsulting.com/media/pnc/1/media.11.pdf> (accessed 5 November 2013)



corporations as well as acting as a voice conducting advocacy on behalf of women-owned businesses in the US. It is also a certifier of businesses owned, controlled and operated by women in the US.<sup>281</sup> A similar international organisation is WEConnect International which represents women-owned businesses in over 70 countries, connecting them with global companies and certifying them as legitimate women-owned businesses (meaning at least 51 per cent owned, managed and controlled by one or more women).

Certification plays a significant role in the development of supply chain diversity. Sophie Guerin, Deputy Director of WEConnect International in China, explained that many of WEConnect's members in China are global companies who are well educated with regard to supply chain diversity, having embraced it in other parts of the world, and are aware that in order to measure their policies and programmes and demonstrate their effect, they must procure from certified minority-owned suppliers. By way of example, she explained that Walmart's commitment to doubling its spend with women owned businesses has had a noticeable impact on the number of women-owned businesses in China coming forward for certification by WEConnect. They need to be certified for Walmart to be able to measure whether it is reaching its stated goal. She also said: 'There are many businesses from Hong Kong coming forward for certification, although these tend to be larger businesses, in some cases not SMEs.' Once certified, the women-owned business is listed on the WEConnect International database which makes it accessible to the large corporate members, thereby providing significant growth and expansion opportunities.

#### *Example of an NGO Working to Connect Women-owned Businesses with Multinational Corporations*

##### **WEConnect International**

<http://weconnectinternational.org>

WEConnect International ('WEConnect') is a global non-profit organisation that aims to increase opportunities for women's business enterprises (WBEs) to succeed in global value chains. It connects predominantly women-owned businesses (those at least 51 per cent owned, managed and controlled by women) with corporations and public sector organisations looking for diverse and innovative suppliers. It builds strong networks for women by linking them with procurement officers at corporations in order to enhance bidding capacity and to create the opportunity of business to business contracting. It does this via direct introductions, networking events and workshops.

WEConnect's mission is to empower women business owners to succeed in global markets by ensuring that their enterprises are given fair and equal access to corporate and public sector procurement opportunities locally, nationally and internationally; and by facilitating understanding amongst European companies and government agencies regarding the benefits that the diversity, innovation and added-value of sourcing from women-owned businesses can bring.

WBEs need to complete a certification process with WEConnect to verify that they meet the necessary criteria to be considered a minority supplier. The registration process consists of an application and a site visit by WEConnect or a WEConnect partner (auditing firm SGS in Hong Kong) and payment of a fee. WEConnect uses the process to educate WBEs on maximising opportunities in the global value chain. For corporations, WEConnect believes that diversity in supplier base helps them to reflect their markets, increase shareholder value and enhance competitive advantage. The WEConnect corporate network represents over US\$700 billion in annual purchasing power and includes members that it describes as 'true pioneers in global supplier development and inclusion' such as Cisco Systems, Ernst & Young, Goldman Sachs, Marriott International, Pfizer and many others.

<sup>281</sup> To find out more about the Women's Business Enterprise National Council, visit <http://www.wbenc.org>

Elizabeth A. Vazquez, President, Chief Executive Officer and Co-Founder of WEConnect was quoted in 2012 on the importance of companies using women-owned businesses as suppliers as follows: "CEOs and company leaders need to understand that this isn't just about reaching their target spend or their goal for inclusive sourcing—this is about impacting communities...It's so much bigger than the policy of supplier diversity inclusion. It's about wealth and job creation and creating the strong consumer base that we all need to have a sustainable and successful economically integrated world community. And it's the impact that it has on the world that will make it a better place for everyone."<sup>282</sup>

WEConnect is a global organisation, continually expanding as supply chain diversity grows in popularity and importance, and the focus on women-owned businesses grows. In October 2013, an announcement was made at the annual meeting of the Clinton Initiative that WEConnect International and NGO Vital Voices were committed to spend US\$1.5 billion on a commitment to action called 'Advancing Women-Owned Businesses in New Markets'.

Increased disclosure by publicly listed companies on supply chains and policies to embrace minority businesses could also lead to significant opportunities for women-owned businesses in Hong Kong. It is currently unclear how companies in Hong Kong, both Hong Kong companies and global companies with Hong Kong operations, are pursuing supplier diversity goals in the management of their supply chains. Jeremy Prepscius, Vice President, Asia Pacific, for BSR said: 'At this time, business in Hong Kong for the most part is not engaged in the topic of supplier diversity from the perspective of enabling small disadvantaged businesses. Addressing this gap however, would require education, engagement, and leadership, the development of a certification process, and purchasing integration.'

Part of the reason the picture in Hong Kong is unclear is that it was only in 2013 that supply chain management was included in the Environmental, Social and Governance (ESG) Reporting Guide, Appendix 27, of the Hong Kong Listing Rules. Section C of Appendix 27 encourages issuers to disclose policies on managing environmental and social risks of the supply chain, give number of suppliers by geographical region and provide a description of practices relating to engaging suppliers including the number of suppliers where the practices are being implemented, how they are implemented and monitored.<sup>283</sup> However, disclosure is voluntary and there is no specific mention of disclosure regarding minority-owned, small or disadvantaged businesses, so any indication of policies and practices in that regard may be difficult to assess for some time yet. The Global Reporting Initiative, the benchmark for voluntary sustainability reporting, has guidelines for Standard Disclosures and Guidance on Procurement Practices which propose a description of policies and practices used to promote economic inclusion when selecting suppliers and identifies that forms of economic inclusion may include 'suppliers owned by women, suppliers owned or staffed by members of vulnerable, marginalised or underrepresented groups, small and medium sized suppliers'.<sup>284</sup> This type of reporting would give a clearer picture of how companies in Hong Kong embrace supplier diversity.

Enabling small, minority-owned or disadvantaged businesses to have access to these MNC supply chains, as well as to government supply chains, is important for many economic and social reasons. Jerem Prepscius summarised: 'Building an inclusive economy is important to the stability, inclusiveness and wealth of an economy. Enabling a broad and diverse talent pool to participate at all levels of an economy helps to leverage the skills and talents of the populace, enables innovation and entrepreneurship and allows the business sector to reflect the populace. Consequently, enabling small disadvantaged business access to governmental and business supply chains help achieve these goals.'

<sup>282</sup> Kiosk N. (2012), "The drive to increased supplier diversity", in *Supply&Demand-Chain Executive*, 26 June 2012; <http://www.sdexec.com/article/10734402/supplier-diversity-spend-to-rise-in-next-two-years-according-to-ism-supplier-diversity-program-study> (accessed 6 November 2013)

<sup>283</sup> For Appendix 27 Section C of The Hong Kong Listing Rules, visit [https://www.hkex.com.hk/eng/rulesreg/listrules/mbrules/documents/appendix\\_27.pdf](https://www.hkex.com.hk/eng/rulesreg/listrules/mbrules/documents/appendix_27.pdf) (accessed 26 November 2013).

<sup>284</sup> Global Reporting Initiative (2013), *G4 Sustainability Reporting Guidelines: Implementation Manual*, Amsterdam; <https://g4.globalreporting.org/specific-standard-disclosures/economic/procurement-practices/Pages/default.aspx> (accessed 14 November 2013).

## SECTION 5: SOCIAL AND CULTURAL VALUES

### 5.1 Attitudes

#### Lack of confidence

“Compared to men, women are equally likely to see entrepreneurship as attractive, yet they lack positive attitudes about their own personal capacities or inclinations for starting businesses...” This was one of the key conclusions of an extensive study by GEM comprising interviews with 90,000 women around the world, 14,000 of whom were entrepreneurs.<sup>285</sup> Previous research on women microentrepreneurs in Hong Kong has found that rather than applying only conventional conceptions of business success such as company size, sales volume and net profit, intangibles such as independence, self-esteem and family well-being are equally important considerations.<sup>286</sup>

Whilst some of the women interviewed for this report came across as highly confident in their ability and in their chances of success, others portrayed a deep lack of confidence. Most felt nervous about starting out. Suzanne Liu of S. Liu & Co. speaks for many when she said: “I started with a 100 square foot room without a window. That was my confidence level then. It was zero. I thought nobody would come to see me because I am a woman and I was too scared.” But she took her office and always paid herself first as that discipline forced her to keep going even when it was hard work. Others repeatedly talked about having no money, doing everything on a budget and trying to minimise costs as much as possible. It was not possible to ascertain whether it was because they did not want the pressure, did not have the confidence or simply could not find the funds.

Lack of confidence can mean that some women work exceptionally hard to prove that they are capable and even worthy of their job. Elizabeth Thomson of Orangefield ICS said: “Hard work and professionalism can carry you through. The one thing I see in a lot of women is over-responsibility. I can point out women who do a lot more work than men but they aren’t very smart at letting people know about it. The men are in the bar and the women are working till 11pm every night but they get the chop because they aren’t smart at playing with the boys and they don’t do the politics. Men, in many ways, are less hard-working than women but more strategic and see the bigger picture.”

Previous research on entrepreneurial women lawyers, labelled ‘economic elites’, found that they tended to “compensate for their natural deficiency in client networking [by working] extra hard to satisfy their customers”.<sup>287</sup> Certainly women have a reputation for being diligent and having good attention to detail, which can often be born of a lack of confidence. Some of the women interviewed talked about their attention to detail as a great female strength, which they believed gave them a competitive edge. This was particularly the case for those in professional and financial services.

#### Fear of failure

The GEM work which shows that fewer women than men believe they have the capabilities for entrepreneurship and that more are dissuaded from starting up by fear of failure shows that this is even more the case in developed, innovation-driven economies than other less developed economies.<sup>288</sup> Fear of failure was a topic that came up repeatedly in interviews for this research, and often looped back into a discussion about Hong Kong’s education system. Rachel Chan of Innofoco put it simply: “The problem with Hong Kong is we condemn failure. How can you have a vibrant entrepreneurship scheme if people see those who fail as losers?”

Erica Ma of CoCoon, who went to secondary school overseas, an experience she says “opened [her] world” has a rational approach to failure: “My family background has enabled me not to be afraid of failure because I have always been encouraged to do things differently. My idea of failure is you are doing it the wrong way; do it another way. When I observe successful people I think they must have made as many mistakes as other people, just faster.” Erica’s comment chimes with part of the conclusion of the 2009 GEM report on Hong Kong: “Prospective entrepreneurs should throw away the safety net and take responsibility for their own success or failure...”<sup>289</sup> One expert interviewed for this research commented that women generally are not willing risk takers and this influences their decisions regarding their career. Many prefer to have a stable, high-paid job in the government, a bank or an accountancy firm.

#### Role of failure in success

Recent research in the UK showed that women entrepreneurs were less likely than men to agree that past failure in entrepreneurial endeavours increased the chance of new business success, and concluded that this meant that if women perceived less value in failure, then they are less likely to draw lessons from it.<sup>290</sup> However, other research has shown that entrepreneurs who have failed once before have a higher chance of success than those embarking on their first entrepreneurial exercise.<sup>291</sup>

Although few of the women interviewed for this research had experienced business failure, those that had, found that past failures had contributed to current successes. Claire Fenner, who runs Heels & Deals and who chose to close down her first venture in Dubai, said that the experience of setting up a business and closing it down gave her good visibility for making Heels & Deals what it is today. She is a firm believer that “you can find the positives in everything and one thing always leads to another”. Laura Cozijnsen of Lighthouse Consultant said that the collapse of her first venture spurred her on to her second venture because she could not countenance that she could not make it. Her experience with her first venture taught her everything she has needed to know for making Lighthouse Consultant what it is today, making her careful with finances and conscientious about expansion.

Rachel Chan of Innofoco and Make a Difference/MaD learnt from a difficult experience with a partner that it is important to have “a really like-minded partner” as well as a clear and watertight partnership agreement. She said: “Very often we enter into a partnership on the spur of passion but to maintain a sustainable partnership, passion is not good enough. In Asian culture, we are not good at tackling partnership differences up front and leave a lot to mutual respect and trust. Whilst this approach has its merits, it does not mean there is no need for a formal partnership agreement.” Rachel lost her partnership battle but believes that it gave her the impetus to start another project and this time she was more careful with the partners involved, so she learned from her negative experience and similar to Laura, it gave her the push to start again and to be more careful the second time around.

One interviewee recounted how failure in her personal life with her relationship meant she re-evaluated her priorities and that re-evaluation led to quitting her demanding job and starting her own venture so as to enable her to have flexibility and quality of life, even though it meant a significant cut in salary. Failure of all sorts informs future choices and should not be something to be afraid of. Rachel Chan of Innofoco explained how important failure could be in establishing credibility as a risk taker but also as someone who had had the opportunity to learn from mistakes. She recounted how she had once been advised by Professor Tina Seelig, who teaches entrepreneurship and innovation at Stanford University in the US, to “remember to put down what you have failed at when you write your CV, don’t tell me all your achievements, because if you haven’t failed then either you are not honest or you are so damn useless that you haven’t the courage to try anything.”

<sup>285</sup> Kelley D. J. et al. (2010), *2010 Women’s Report*, Global Entrepreneurship Monitor, US; <http://www.gemconsortium.org/docs/download/768> (accessed 15 April 2013).

<sup>286</sup> Ng E. and Ng C. (2003), “Women micro entrepreneurs in Hong Kong: Balancing the personal with the business”, in Butler J. (vol. ed.), *Research in Entrepreneurship and Management, Vol. 3: New Perspectives on Women Entrepreneurs* (pp. 121-150), Greenwich, CT: Information Age Publishing.

<sup>287</sup> Lee E. (2003), “Individualism and patriarchy: The identity of entrepreneurial women lawyers in Hong Kong”, in *Gender and Change in Hong Kong: Globalisation, Postcolonialism and Chinese Patriarchy*, Vancouver: UBC Press.

<sup>288</sup> Global Entrepreneurship Monitor (2011), *GEM 2010 Women’s Report*; <http://www.gemconsortium.org/docs/768/gem-2010-womens-report> (accessed 25 April 2013).

<sup>289</sup> Global Entrepreneurship Monitor (2009), *Global Entrepreneurship Monitor Hong Kong & Shenzhen 2009*; <http://www.gemconsortium.org/docs/download/713> (accessed 26 April 2013).

<sup>290</sup> Barclays Wealth and Investment Management (2013), *Unlocking the Female Economy: The Path to Entrepreneurial Success*, London; <http://www.barclayswealth.com/Images/unlocking-fem-economy.pdf> (accessed 5 May 2013).

<sup>291</sup> Gompers P. et al. (2010), “Performance in entrepreneurship and venture capital”, in *Journal of Financial Economics*, Volume 96: 1, Elsevier.



**LAURA COZIJNSEN**  
**Lighthouse Consultant Ltd**  
<http://www.lighthouse.hk/>

Laura, a Dutch-Chinese born and raised in Hong Kong who speaks fluent English, Cantonese and Mandarin, has her own marketing consultancy business. She describes it as a campaign agency, on a case basis deploying media relations, public engagement, event or advertising on projects. She started it in 2006 in her late twenties, having learnt the ropes of business the hard way. Her first business venture, an adult learning studio (aromatherapy, bakery, hair styling) which she had to close down after two years, cleared her savings and left her with HK\$147.78 in the bank. She says in retrospect this was the best two years of her life teaching her everything she has needed to know today.

The failure of that first enterprise propelled her to make Lighthouse a success: “I went from a Director-level person where everyone thought, Laura you rose so fast...and then I started my own thing and I failed. At that point I managed to secure a consultancy project with a listed company that pays well and I was ready to come back for round two.” When asked why she tried again she is very clear: “I could not believe I couldn’t make it...Looking back, I was unable to accept the fact that I failed.” She is also an eternal optimist, as well as a confident, professional Master of Ceremonies. Her experience with her first venture also made her very careful. She said: “The first two years were really about surviving, I had to watch the numbers very carefully.” She is still very conscientious with expansion. She has established a cost-free affiliate arrangement with similar-sized consultancies overseas so that she does not have to take on headcount in other markets.

Like other interviewees, finding talent has been difficult. She says her hiring decision is always 90 per cent based on attitude, not necessarily experience and performance to date because she believes cultural fit is a top priority, and appropriate deployment of an individual’s skill-set enables employees to thrive. She needs people who “have a set of standards to the quality of their work, that’s important”. She wants “to be able to make a positive influence on people” and to do that she is dependent on a high quality team, which is why she manages them so carefully and tries her hardest to make Lighthouse a thoroughly positive place to work. She sees communication and teamwork as the winning factor and strictly adheres to an open door policy. She regularly takes her team out for dinner and takes them all on a trip overseas every year. Her approach seems to work because her turnover is low, only one or two people a year.

She admits, however, that delegation was an issue at first, calling herself a workaholic and explaining that she did not take much time off, “if any”, at the beginning. However, she believes that she is now beginning to appreciate the state of equilibrium. She still works extremely hard and loves her approach, believing it is the “right way” to do communications. She explains that at the beginning it was hard to focus, to find a business model that worked: “The challenge is to find a good fit in terms of projects that enable us to really do what we are most capable of.” She has not been able to identify a benchmark for her business as yet. But she has certainly made it work, with fifteen employees, a portfolio of impressive clients ranging from the Hong Kong Science and Technology Parks Corporation to the Ronald McDonald House Charities, and her new office in Tsim Sha Tsui a far cry from the 80 square feet she started out with in Mongkok.

Starting at a young age has been a barrier to developing her business, particularly with clients from Mainland China questioning her credentials. She recounts one story, when she was speaking at a conference in China back in 2006, and the organisers were visibly stressed by her age. She felt compelled to change their minds and delivered what she described as a high-power presentation. She was invited back the next year so she is pretty sure she did something right. She credits mentorship by her former boss at STAR Group, where she rose to be Director of a regional team by the age of 26. Laura said: “She taught me a lot about the media industry but also concepts about management like not judging people by their age, gender; reacting to issues immediately; the art of communication. I could go on. She has been very important to me.”

Her mother, whom she grew up with after her parents divorced when she was one year old, has also had a significant impact on her work ethos today. She said: “Mother is a righteous person, and believes success is achieved through perfection, she would say ‘you either do something well or not at all’”. Laura dedicates her attitude to life and work to her upbringing: “As a child, I understood that one has to work hard for what you want, I started giving private tuitions since Form 3 and took on part-time jobs every summer. I put myself through university. If I did not have to work hard to get to where I am, I would be a very different person.”

### Training

Further education or training is one of the ways to get over the lack of confidence in ability. Lizette Smook of Innovasians said her MBA at Henley Business School in the UK gave her the confidence to leave her corporate job and set up on her own and is adamant that she probably would not have done it without the MBA. Joanna Hotung of KG Group had a “proper business plan” for her business because she had done it as part of her MBA. However, some women feel that learning on the job is the best way. Suzanne Liu of S. Liu & Co., who has many entrepreneurs as clients and asks them for advice, said: “Learning from the clients is more important than the books. Better to look at people in the battlefield and see what they do. It is more relevant.” But the reality is that no amount of training can totally prepare you and in the end, there is a huge learning curve on the job.

In Hong Kong, as covered in Section 2, government entities offer a range of training programmes to SME business owners for starting up and scaling up, but none of them are targeted specifically at women. In other countries around the region, governments recognise that women may have different needs to men and offer targeted training programmes. Women business owners are more risk averse and do not borrow as much or as often as men, as covered in Section 3. Sometimes they do not want to grow their business to maximum capacity because they have a different set of priorities and values from male business owners, and programmes should be designed to support them that accept their values.<sup>292</sup>

Given that women also lack confidence, they may find it more comfortable to participate in women-only classes. Google offers technology training for women only, as highlighted in the previous section, but other than that, no business-relevant training exclusively for women could be found in Hong Kong. MNCs and private sector companies have pools of extraordinary skills and talent that could be imparted to support women entrepreneurs in Hong Kong. Goldman Sachs has supported 10,000 women to start up their own businesses in 43 locations around the world by partnering with organisations that can provide the women with business and management education, access to mentors and networks, and links to capital.<sup>293</sup> Such approaches could be adopted in Hong Kong to provide training and support to women entrepreneurs, and ultimately expanded networks and increased business facilitation. Private sector companies would be making both social and economic contributions to the territory in which many of them have made their mark in the region.

### Limiting education system

A 2002 research report commented that the GEM country experts at that time were concerned that “the Hong Kong education system had not prepared its youth for a knowledge-based economy”.<sup>294</sup> A team at CUHK researching high growth entrepreneurship came to the conclusion in 2006 that Hong Kong’s education system does not train young people to spot and take advantage of entrepreneurial opportunities. Research published in 2007 concluded that the long-standing examination-oriented education system of Hong Kong stultifies creativity, curiosity and independent thinking which are essential for innovation and entrepreneurship.<sup>295</sup>

<sup>292</sup> Tinker I. (1990), “The making of a field”, in Tinker I. (ed.), *Persistent Inequalities: Women and World Development*, Oxford: Oxford University Press.

<sup>293</sup> To find out more about *Goldman Sachs 10,000 Women* initiative, see <http://www.goldmansachs.com/citizenship/10000women/index.html>.

<sup>294</sup> Chua B. L. (2002), *Entrepreneurship in Hong Kong: Revitalising Entrepreneurship*.

<sup>295</sup> Chua B. L. et al. (2007), *Innovation Policy and High Growth Startups*, Chinese University of Hong Kong; <http://entrepreneurship.baf.cuhk.edu.hk/sites/default/files/project/hong-kong-entrepreneurship-and-government-policy/innovationpolicyandhighgrowthstartups.pdf> (accessed 16 April 2013).

Whilst the reform of the university system from 3 to 4 years “is a positive step” because it will allow time for students to gain a more rounded education, it will “takes years for the results to be apparent”.<sup>296</sup> The introduction of liberal studies was also intended to stimulate creativity. But queries have been raised over how sciences are taught given the growing proportion of women studying engineering and technology in Hong Kong’s universities but the low proportion of women working in technology companies and start-ups, as explained in Section 4.

Research published in 2005 explained how the World Bank gave Hong Kong very low rankings on variables relating to education and human resources in its Knowledge Index and Knowledge Economy Index. The research opined that the indices reflect an education system that is weak in developing a population sufficiently educated to create, share and use knowledge.<sup>297</sup> In 2009, the GEM report on Hong Kong found that the Hong Kong education system still “does NOT: teach enough about how the economy works, provide adequate attention to entrepreneurship and new firm creation, encourage creativity, self-sufficiency, and personal initiative”. However, the report also notes that these problems stem from an emphasis on rote learning “driven more by pressure from families who wish their children to obtain good placement in university entrance examinations, than any government policy”.<sup>298</sup> The report concludes that this family pressure regarding exams may wipe out the benefits of any government reforms.

Johanna Ho, the fashion designer, who is also a mother of young children, said of the school system here: “Isn’t school meant to be a marathon, not a sprint? I see my little ones just go, go, go all the time. Homework. Tests. And if they don’t perform in the top 5 they get bullied by their classmates who call them stupid. How are they going to last to university? How are they ever going to learn to think for themselves? And then I think about my company and I wonder why I can’t find any creative young people to employ.” Laura Cozijnsen of Lighthouse Consultant said: “When was the last time a school kid or student was encouraged to be creative? When was the last time a child was asked, what do you actually feel about things? What do you really want to become? Do you want to be happy, make a difference, do what you are good at and give back to society so that society could be better off because everyone is doing what they are good at, or do you want to be moulded into a banker, accountant?”

Jennifer Cheung of Sift felt her combination of Eastern and Western upbringing and education was invaluable in getting her where she is today. She explained: “I had the best of both worlds. My parents’ value system is very Chinese but the way they nurture their child is very Western. In the same way I have been very blessed in my educational background. I am a strong supporter of academic rigour and the Chinese learning system. Things you want to do well in do not come easy in life. Many a time, when you are younger, in the West the education system is too easy, even when you don’t really try, people tell you that you are doing a great job. Its good to have a balance of both worlds because the other extreme of the Asian system is that it can put you down so you have no confidence because you have to be the best at everything... The benefit of studying in the US is being taught to think creatively beyond what you are made to memorise.”

### Overseas experience

All of the women interviewed for this research had high levels of education, including post-secondary attainment. Many had studied overseas. Those who had not, underwent extensive professional training overseas. Even a quest to find an interviewee who had not been educated overseas resulted in finding Chau Ming Leung of Art for All who said her travel overseas was “life changing” and “opened [her] eyes”. There is no doubt that extending experience beyond Hong Kong’s borders is a critical component of developing confidence and growing as a person.

<sup>296</sup> Chua B. L. et al. (2007), *Innovation Policy and High Growth Startups*, Chinese University of Hong Kong; <http://entrepreneurship.baf.cuhk.edu.hk/sites/default/files/project/hong-kong-entrepreneurship-and-government-policy/innovationpolicyandhighgrowthstartups.pdf> (accessed 16 April 2013).

<sup>297</sup> Enright M. et al. (2005), *Hong Kong’s Competitiveness: A Multidimensional Approach. Phase 1: International Views of Hong Kong’s Competitiveness*, Hong Kong: Bauhinia Foundation Research Centre and Enright, Scott & Associates Limited.

<sup>298</sup> Global Entrepreneurship Monitor (2009), *Global Entrepreneurship Monitor Hong Kong & Shenzhen 2009*; <http://www.gemconsortium.org/docs/download/713> (accessed 26 April 2013).

Ella Cheong said of her training as a lawyer in London: “It was the first time I had ever lived abroad so it opened me up as a person to all the marvels of other countries and to be away from home the first time, to be independent, so it was part of the development process”. Erica Ma of CoCoon, who did her undergraduate and master’s degrees at Stanford and then worked in San Francisco, said: “That experience opened my world, I have been inspired by what I have been exposed to”.

### LEUNG CHAU MING

**Art for All (formerly Artforma)**

[facebook.com/artforall.hk](https://www.facebook.com/artforall.hk)

Chau Ming was wearing a T-shirt bearing the words “Imagination is more important than knowledge” when she was interviewed for this report. This summarises her ethos in life. She runs holistic art and development classes for children out of a small studio in Mongkok and goes to great lengths to explain that she does not put together portfolios for children to help them get into good schools, she enables them to develop their artistic talent in their own way, allowing them to fail in some assignments and grow their own style in others. She explained that she used to think it was the education system’s fault that so many young people in Hong Kong lack creativity and are unable to think for themselves, but after she went abroad for a year when she was 25 years old and she was able to make comparisons with Hong Kong, she realised that there are many other factors to take into consideration, including parents and a child’s individual will to find his/her own path.

Her motivation for the business is therefore to positively influence children’s lives and help them to grow holistically, although she recognises that there is only so much she can do. She says that the parents of the children who come to her classes are open minded, understand the goal of Chau Ming’s programmes, and buy into the ethos. Chau Ming said: “Sometimes it can be hard at the beginning, especially when I let their child fail for the first time, but usually they understand in the end”. She originally set it up in 2008 with 2 other partners, but in spring 2013, through circumstance, become the sole owner and manager of the business and set it up under a new company. It is small, with around 50-60 students age 2 to 12 years (and some adults) enrolled in the school at any one time.

Becoming the sole owner of the business has put her in a position whereby even though she wants to remain low profile, she has to be the front person for her organisation. It does not come naturally to her. As she said: “Most of my friends say I am doing something wrong because I don’t want to be high profile. I know I need to promote my business but it is my personality, I don’t like it. I think because what I do is education, not entertainment.” This is quite typical of many women, who have modest ambitions. Chau Ming points out however, that being a woman in the education industry is helpful because children’s development and education generally is seen as suitable for women. She has always found this, with her former employer, throughout her training courses and her BA (Hons) in Art and Design in Education.

As well as being motivated to nurture children, there are personal aims involved in this venture, although not commercial. She said: “My motivation is not financial, it is to teach a humanistic education and have flexibility.” (Humanistic education is an educational philosophy that believes human beings are, by nature, self-developing creatures). She also aims, in the near future, to accept some disadvantaged students on half-price tuition fees so that she can support children from all social backgrounds. She hopes that through these types of shared experiences, children from all parts of society will learn how to reach a level of mutual respect in their community. She learnt of this type of approach from Finland’s education system.

She is lucky enough to have a kind landlady and a good deal on her property. She says she earns enough, as she does not have any long-term financial obligations since her parents, unusually for their generation, did not buy property and she and her father live a simple life. She explained quite happily: “Sometimes I don’t have enough money to buy lunch. I don’t buy designer things or luxury items.”



The desire for flexibility is born of past experience. Chau-Ming's former career was as a designer. She worked very hard, did an evening class at Hong Kong Polytechnic University and did not have time for her family. She also had health problems. Now her business is meant to provide her with time for herself and her family. She wants to stick to her ethos and be in control of her life. Now that she is running the business on her own, she has considered doing an MBA or business class but has decided not to because she does not want to overstretch herself again, saying: "I have to choose. Life is like that."

Fortunately she has good friends who help her and act as mentors. She has one friend who has her own company and whose husband owns his own company and she goes to the studio once a week to help, but Chau Ming also calls her whenever she needs to. Another friend works in human resources in a big company and also helps out a lot. Chau Ming said: "I don't know what I would do without them." Nonetheless, her biggest risk is "not enough manpower". She has an administrator who does the accounts, although she is about to switch to a more formal accountant and is trying to be more efficient with technology. She has an intern who helps with class preparation and she has 3 teachers. She says it has been hard to find good teachers but now the 3 she has are "perfect".

Even for such an idealistic business as this, Chau Ming has not escaped "people problems". Fortunately, however, she has enough reliable people involved that they have all managed to keep the business going and have now restructured so that it is Chau Ming's sole business. She is nervous about this, but feels "ready to take on the new experience" and says the parents are "incredibly supportive". She also says: "Because I encourage my students to explore and try new things, I must also be a role model and do it myself".

#### Cultural barriers and family responsibilities

It is not just women's own attitudes, their self-imposed limitations on risk taking, which stop them embarking on an entrepreneurial journey. Sometimes external attitudes act as barriers despite the fact that Hong Kong is well known for being a society that is supportive of individual success. Some women fall prey to cultural pressures and social stereotyping. Jennifer Cheung of Sift said she grew up thinking she would "go to a good college and get a good job". Rachel Chan of Innofoco said: "So, I quit my [government] job six months after returning to Hong Kong from London and everyone thought either I must have married someone really rich or got a windfall because it was the best kind of job you can get with a good pension and good fringe benefits."

One young woman interviewed for this research said her biggest challenge was her mother. She said: "It still saddens me that it's been seven years and if I told my Mum I was stopping this business and going back to corporate life she would be happier because corporate life is stable, safer, you don't have to worry that much or work that hard. But I have always been a person who worked late so to that extent I think it wouldn't make that much difference. Time-wise it's probably the same and money-wise this is better."

Another young interviewee said that her biggest challenge to setting up was "cultural baggage, cultural baggage, cultural baggage". Her parents were opposed to her leaving her stable job in the private sector. She said: "My parents were not thrilled at all to put it lightly. There were a lot of heated discussions, arguments. They only perceive corporate roles with an established entity to be a real job. Setting up on your own is not considered a real job... We have a stigma for taking risks, stepping out of the box." Laura Cozijnsen of Lighthouse Consultant said: "We need a whole re-education so that parents do not think being an entrepreneur is a bad thing."

Lawrence Morgan, one of the partners of incubator Nest, has been quoted as saying that the biggest problem for start-ups is parental approval. He explained that start-ups are seen as a gamble, so Asian families prefer

their offspring to enter safe professions such as law or banking, where a high wage is eventually guaranteed.<sup>299</sup> Erica Ma, who develops CoCoon's entrepreneurship community, says: "I have heard that a lot of the time parents give their children pressure saying, why do you want to start up? How are you going to make money? That's not a real job and so on".

But other young women had very supportive parents. Payal Shah of I'Dezen extolled: "It is not every day that you see Indian parents give their children what my parents gave me and I want them to be happy with me and for me. If they were horrid to me, maybe I would think differently, but I want them to be happy with me because...my mother is my backbone and...my father is super supportive." However, her response to the question about what her biggest risk might be was as follows: "There will be a time when I want to have an Indian family, I am very religious and I like to be my parents daughter, I feel a huge sense of duty."

The attitude of partners and spouses was addressed when relevant and appropriate in the interviews for this research. Around half of the women interviewed said they had partners and the majority of those said that their personal and professional life would be very difficult without their support. Research on women managers in the past has shown that they prefer and rely on immediate family members for support.<sup>300</sup> A couple of the women said their partners were supportive at the outset, but when businesses scaled up and they became busy, it caused strain at home. For one this was a minor strain such as her partner begging her to shut down her laptop in the evenings. But for another, the strain of her success and her partner's feelings of inadequacy were the cause of their divorce, and another said that her workaholic tendency in her previous job for a big firm caused the breakdown of her engagement.

Research findings on a small group of women and men entrepreneurs in Hong Kong back in 1997 suggested that the role of these women as entrepreneurs had a greater effect on their domestic role than their male counterparts and that those female entrepreneurs who were married had difficulties maintaining their marriage and those female entrepreneurs who were single were having problems finding a partner.<sup>301</sup> Other research has found that whilst devoting much time to their businesses, some women entrepreneurs remain solely responsible for the domestic duties in their household, and continue to feel a strong sense of obligation to their family. The same research concluded that it was possible that family was being sacrificed for business ownership by women in Hong Kong – analysis of census data showed that young female entrepreneurs are more likely than their male counterparts to be unmarried and living alone.<sup>302</sup> Joanna Hotung of KG Group said: "I had absolutely no idea what I was getting myself into. What was difficult was the intensity of it all. The reality is that running your own business is 24/7 and I had two children and a husband."

Extensive research published in 2006 which reviewed 370 articles on women entrepreneurs found that the relationship between women's professional and personal lives is critical and surmised that "women view their business as an interconnected system of relationships instead of a separate economic unit in a social world".<sup>303</sup> What this means is that "women integrate their business into life, rather than life into business".<sup>304</sup> Case study research on three women microbusiness owners in Hong Kong in 2007 found that they "were looking to fit work into other aspects of their lives, rather than fitting other aspects of their lives into their work. To them, having their own business and being one's own boss was the best way to realise this wish".<sup>305</sup>

<sup>299</sup> Whitehead K. (2013), "Incubator company Nest gives budding entrepreneurs their big chance", in *South China Morning Post*, 17 May 2013.

<sup>300</sup> Ng C. and Chakrabarty A. S. (2005), "Women managers in Hong Kong: Personal and political agendas", in *Asia Business Review*, 11, 163-78.

<sup>301</sup> Ho P. (1997), *The Making of Female Entrepreneurs in Hong Kong*, Hong Kong: University of Hong Kong, unpublished Ph.D. dissertation.

<sup>302</sup> Ng E. and Ng C. (2003), "Women micro entrepreneurs in Hong Kong: Balancing the personal with the business", in Butler J. (vol. ed.), *Research in Entrepreneurship and Management, Vol. 3: New Perspectives on Women Entrepreneurs* (pp. 121-150), Greenwich, CT: Information Age Publishing.

<sup>303</sup> Brush C. et al. (2006), *Women and Entrepreneurship: Contemporary Classics*, Cheltenham: Edward Elgar Publishing Limited.

<sup>304</sup> Ng C. and Ng E. (2007), "Entrepreneurship and leadership: Case studies of female micro-business owners in Hong Kong", in *Asian Journal of Women's Studies*, 13(1), 52-73.

<sup>305</sup> Ng C. and Ng E. (2007), "Entrepreneurship and leadership: Case studies of female micro-business owners in Hong Kong", in *Asian Journal of Women's Studies*, 13(1), 52-73.

The preface to a study on women entrepreneurs in Hong Kong published in 2002 summarised: “Men do it mainly as a business strategy to tap opportunities. Women, on the other hand, do it essentially as a life strategy to fulfil family obligations. Female entrepreneurs make their debut in Hong Kong basically as dutiful daughters and supportive wives”.<sup>306</sup> This is a view held from a decade ago but was still the case for some women today. Bonita Cheung, the fashion designer, explained: “My daughter was starting to grow and I wanted more time with her instead of a 9-5, 9-6, or rather 9-8 job in Hong Kong.” Chau Ming Leung of Art For All said: “I do not earn much money, but I do not just do it for the money, I do it this way because I have enough time to take care of my father and I want to have more time for myself.”

#### Using gender to advantage

Many of the women interviewed described themselves as highly optimistic and even those who did not actively use the word frequently came across that way. Some of them had been careful to put themselves into positions where they could use their gender to their advantage. Suzanne Liu of S. Liu & Co. said that she feels being a woman has helped her in her role as accountant because: “Many accountants are men who are often very quiet and conservative and give a closed answer to a question, but when a client asks me a question I give a full and open answer more than they expect. Some people would rather have a woman looking after their things than a man because they think women are more detail oriented.” Ella Cheong also feels that women are well suited to the attention to detail that is demanded of an IP lawyer. Payal Shah of *l’Dezen* explained how she works in the traditionally male jewellery industry, but that means she can stand out. She explained how she manages her role at the big jewellery trade shows: “If you turn yourself out well, you can stand out. This is a man’s industry. Everyone is in a black suit. Everyone has a black stand at the shows. I wear a smart dress. I have a grey and white stand. And I wear heels all the time.”

When it comes to management, opinion is divided on whether women and men share styles. One woman manager interviewed for academic research published in 2005 said; “I’m neither a man nor a woman in the office...I’m genderless. That’s the way to function, more balanced.” The other woman manager interviewed for the same research commented: “When men and women get to the top, actually, men and women would be very much alike in terms of traits. You are talking about a successful person rather than a man or woman...A successful woman must create her own style, but some qualities must be there: you have to be aggressive; you have to want to be at the top, and be able to lead the pack.” The same woman agreed that there is a “female advantage” however and gave the example that her clients and shareholders take to her explanations more readily than would have been the case with a male CEO.<sup>307</sup>

#### AMY YIP Rays Capital

Amy strategically positioned herself into a role in finance in Asia where she would stand out as a woman in the 1970s. Fresh out of Harvard Business School, she explained her rationale: “I felt that on Wall Street I would just be an Asian and a Harvard Business School graduate like everybody else. But I felt that in Asia I would stand out as a woman and with fluency in English and a Western education.” She joined Morgan Guarantee Trust in Hong Kong, moved from banking to the treasury department and then the dealing room, where there were few women and few people with academic backgrounds, so she continued to stand out.

She particularly recalls a situation in the first year of her career that taught her to use her strengths to her advantage: “I remember I was in Taiwan in 1979 doing correspondent banking. I was at a big conference and

a Chairman at one of the banks said: ‘And here we have Amy and good things come in small packages.’ Later somebody said to me: ‘Take advantage of being a woman so that we remember you, because all the other bankers are just men in dark suits’. I started thinking then about differentiating myself.” She has predominantly adhered to hard work, high standards and professionalism to succeed in a man’s industry. But she says she has also adopted some woman-only tricks, such as always smiling or laughing when she is asked a tricky question to give her time to think before responding – something she says a man could never do because he would not look serious enough in front of his male colleagues.

She has had a glittering 35 years in some of the most prestigious institutions in the financial sector before setting up her own hedge fund with her cousin in 2011. From Morgan Guaranty Trust, she went into fund management at N M Rothschild & Sons, but even then on the debt side, rather than the more traditional female route of equities. She then did a stint in Citibank private banking and in 1996 joined the Hong Kong Monetary Authority as Chief Investment Officer of The Exchange Fund and was in charge at the very high-profile time when the Hong Kong government intervened in the market during the financial crisis of 1998. She finished her corporate career as Chief Executive Officer of the Hong Kong DBS Bank (Hong Kong).

She counts herself as “very lucky”. She thinks her optimism and positive outlook are probably what kept her in the ruthless financial sector for so long. That and her work ethic. She says that her friends think she is a workaholic but she thinks she is “lazy, always looking for the short cuts”. This is a very unfemale trait, and again, may have contributed to her staying in the corporate sector for so long rather than burning out. Her parents were positive role models, her father worked hard as a trader and her mother worked hard in the home. This had its impact and Amy, as well as winning a scholarship, worked to put herself through Brown University, because she felt she ought to, not because her parents asked her to. She explained: “They instilled a big sense of duty in me. It was my generation. If you look at people younger than me in their 30s and 40s, their sense of entitlement is very different.”

Throughout her career, Amy recalls she always said she would retire and take stock at 60 years old. First she took six months off, helped a friend with her business, played a lot of golf, but did not enjoy it so much because “time expanded”. She explained: “I just wasn’t done yet. I had spent 35 years in the financial markets...and frankly I really didn’t know what I was going to do with all that time. Also I was 60 years old and as an eternal optimist, I figured I probably have another 20-30 years to go... a long time. I am single and my personal identity and awareness are affiliated with my profession. I feared I would age, and I would lose my identity.” Now she enjoys her golf again, saying: “Now I have work and golf is something that I really enjoy that I slot into my schedule and it becomes precious.” She always takes Saturdays and Sundays off and insisted: “Other than what is happening in the markets I drop everything. I don’t harass other people and I refuse to have people harass me.”

Her fund is established as a 50/50 partnership with her cousin. They have around US\$550 million under management/advice and 20 employees. She manages the debt portion and he manages the equity. Amy spent six months setting the business up before her cousin joined and she says the biggest challenge was “working with people”. She is candid about the fact that the level she worked at in the corporate sector meant she had become used to snapping her fingers and having things done by people who always smiled at her. But she said: “In the real world it isn’t like that. To get people to do things for me required a different approach. I had to learn to work as an equal...dealing with the contractors, getting the IT set up...It was a great learning exercise.” The other big change was the lack of scale, meaning that “everything is suddenly important, like getting the electrician in to wire the computers for example”.

Her business is completely dependent on its IT infrastructure but she is aware of the downsides, saying: “We no longer have the luxury of time to think through our responses. Everybody is under pressure to respond. We have a lot more information but a lot more work and we have far too much information to have our own views.” She admits: “If I am away from Bloomberg, I feel cut off from the rest of the world. When I watch TV

<sup>306</sup> Wong S. L. (2003), Preface to *The Making of Women Entrepreneurs in Hong Kong* by Priscilla Pue Ho Chu, City University, Hong Kong; [http://books.google.com.hk/books?id=TgYjfhcjHfkC&printsec=frontcover&source=gbs\\_ge\\_summary\\_r&cad=0#v=onepage&q&f=false](http://books.google.com.hk/books?id=TgYjfhcjHfkC&printsec=frontcover&source=gbs_ge_summary_r&cad=0#v=onepage&q&f=false) (accessed 5 April 2013).

<sup>307</sup> Ng C. and Ng E. (2009), “The changing face of women managers in Hong Kong”, in Rowley C. and Yukongdi V. (eds.), *The Changing Face of Women Managers in Asia*, pp. 43-68, Abingdon: Routledge.



at home at night I use a split screen, my TV screen and Bloomberg and the first thing I do when I wake up is Bloomberg”.

For an information addict, she is very relaxed about her goals, something she says comes with age. She explains that they are at the stage where they are trying to scale up. The goal is for the business to grow from the current US\$550 million under management to US\$1 billion, and then there is a US\$2 billion mark later on. She would like her own portfolio, the debt portion of the business, to reach US\$300 million in the next 3-5 years, which is about as big as she thinks it can be. But she says: “If I don’t reach US\$300 million, yes I might be a bit disappointed, but it’s not life threatening. I look at life very differently now from when I was in the corporate world. I am a lot more relaxed.”

### Personal satisfaction

Previous research conducted around the Asian region has found that the primary motivating factors for women business owners are job satisfaction, desire to be one’s own boss, freedom and flexibility, and independence first of all; followed by presence of opportunities and putting knowledge to use; followed by achievement, personal challenge, and desire to realise an ambition; with the need to make money coming last.<sup>308</sup> However, other research finds that women are driven to provide financially for their families and to have control over their lives.<sup>309</sup> GEM research shows that women in developed economies in 2010 cited ‘opportunity’ rather than ‘necessity’ as their primary motivation for starting up a business and opines that this trend could mean either that necessity-motivated women have stopped becoming entrepreneurs as these economies have developed, or that their motivations are shifting.<sup>310</sup>

Although some of the women interviewed for this research had started up by necessity, most of them were more driven by passion, the desire to see their idea work or the need for flexibility with their work, rather than being driven purely by making money. Previous research conducted in Hong Kong shows that for some women, business success is defined differently from men, it is not necessarily measured in terms of financial performance and growth, but it means having modest take-home pay and being able to sustain their business at a size they feel comfortable managing on their own.<sup>311</sup> Other research has shown that in Hong Kong women microbusiness owners did not start their businesses with financial returns as the prime reason, saying: “They have not become entrepreneurs to get rich”.<sup>312</sup>

Jennifer Cheung of Sift said that her year in investment banking made her realise that if she was going to spend so many hours working, she had better enjoy it. However, she would be the first to admit that even though she started out with low ambitions, just wanting to see if “[her] little project worked”, she now has a goal of many more shops in Hong Kong and possibly around the region. Other women had started something they felt passionately about and they wanted to succeed, but success meant doing their best, not necessarily making millions of dollars.

In most cases however, the level of success of their business is naturally determined by the size of revenues generated. As Joanna Hotung of KG Group said: “I love my work and can’t think of anything else I would rather do. That’s personal success, but for me that’s a huge success. I take pride from what I have created.” But she also said: “I measure myself economically, I would not do it if it was losing money because then it would not be a successful enterprise.”

<sup>308</sup> Mayasami R. and Goby V. (1999), “Female business owners in Singapore and elsewhere: A review of studies”, in *Journal of Small Business Management*, 37(20) pp. 96-105.

<sup>309</sup> Teo S. (1996), “Women entrepreneurs of Singapore”, in Low A. and Tan W. (eds.), *Singapore Business Development Series: Entrepreneurs, Entrepreneurship and Enterprising Culture*, pp.254-289, Singapore: Addison-Wesley.

<sup>310</sup> Global Entrepreneurship Monitor (2011), *GEM 2010 Women’s Report*; <http://www.gemconsortium.org/docs/768/gem-2010-womens-report> (accessed 25 April 2013).

<sup>311</sup> Ng C. and Ng E. (2007), “Entrepreneurship and leadership: Case studies of female micro-business owners in Hong Kong”, in *Asian Journal of Women’s Studies*, 13(1), 52-73.

<sup>312</sup> Ng C. and Ng E. (2007), “Entrepreneurship and leadership: Case studies of female micro-business owners in Hong Kong”, in *Asian Journal of Women’s Studies*, 13(1), 52-73.

When asked if the goal of her technology start-up was to become a billionaire by the age of 28 years old, Vicky Wu of ZAOZAO said: “That sounds nice...but if I were in it just for the money, I would probably look into starting an English teaching business in China first. The reality is I want to be in fashion and I want to be in tech. Even if this isn’t the be-all-and-end-all for my career, which is highly unlikely, it could very well serve as a stepping-stone to something else. My dream has always been to help people in need; run a charity, or non-profit organisation benefiting a cause; but in order to do those things sometimes you need other experiences leading up to them.”

Lindsey Hermes of Unison Creative echoed the words of several of the women interviewed when she said: “It’s not about the bottom line. I don’t want to have to grow 30 per cent year-on-year. I just love my independence, want to be paid appropriately and do the best job for my clients”. Research on women microentrepreneurs in Hong Kong in 2003 found that women’s satisfaction from being self-employed was not only related to financial gains, but to a large extent from a heightened sense of self-esteem.<sup>313</sup>

### Social enterprise

Recent research shows that women in Hong Kong care more about social issues such as education, crime, healthcare, overpopulation and pollution than men.<sup>314</sup> There is also a growing social enterprise community developing in Hong Kong and an increasing number of social enterprises being set up. The HKWPEA has shifted their focus from supporting women in need to supporting social enterprise, an indicator of where their members’ interests lie. Women entrepreneurs who enter this social enterprise space, which research shows they care about more than men, could benefit from the current focus on and expected future growth of this sector.

Wu Mei Lin of the Hong Kong Women Workers’ Association organises a number of co-operative businesses in catering, manufacturing, upcycling products (re-using or converting waste), and environmentally friendly cleaning, that aim not only to empower women by providing them with employment and income, but also to generate in them a sense of social responsibility and contributing to the community. She explained: “Of course all of these women need the income, but it is much more than that, they get confidence from learning new skills and from learning how to work with other people and they feel satisfied that they are contributing to their community.” Some of the women in the HKWWA’s upcycling co-operative also work with other artists to increase their income, broaden their social network, and contribute further.

The Hong Kong Social Enterprise Challenge (HKSEC), a business plan competition which offers funding, mentoring and business support to its winners, established by the Chinese University of Hong Kong’s Centre for Entrepreneurship and sponsored by the Home Affairs Bureau, has seen a growing number of entrants and an increase in levels of sophistication since it was established in 2007. Mingles Tsoi, Project Director of the HKSEC, has observed that there are some highly talented women who have been successful in the challenge, many in the upcycling space which requires design skills. Of all 104 semifinalists (24 teams of 2-5 individuals) in the competition in 2012, 44 per cent were women, and of the 20 finalists, 70 per cent were women. These are considerably higher percentages than the approximately 20 per cent of HKSTPC and Cyberport incubatees that are women, as listed on their websites at the time of writing. The HKSEC proportions of women semifinalists and finalists are more in line with the 40 per cent of incubatees that are female as listed on the Innocentre website (covered in Section 2). Mr Tsoi also commented that many of the impact investment fund managers

<sup>313</sup> Ng E. and Ng C. (2003), “Women micro entrepreneurs in Hong Kong: Balancing the personal with the business”, in Butler J. (vol. ed.), *Research in Entrepreneurship and Management, Vol. 3: New Perspectives on Women Entrepreneurs* (pp. 121-150), Greenwich, CT: Information Age Publishing. Ng E. and Ng. C. (2003), “Women micro entrepreneurs in Hong Kong: Balancing the personal with the business.” In Butler J. (Vol. Ed.), *Research in Entrepreneurship and Management, Vol. 3: New perspectives on women entrepreneurs* (pp. 121-150). Greenwich, CT: Information Age Publishing

<sup>314</sup> DeGolyer M. (2013), *The Changing Faces of Hong Kong: Women in the Community and National Context, 1994-2010*, Civic Exchange, Hong Kong; [http://www.civic-exchange.org/wp/201302gender\\_en/](http://www.civic-exchange.org/wp/201302gender_en/) (accessed 25 April 2013).

he has come into contact with are women who were former bankers and want to use their skills in a way that has a positive impact on society.

The definition of social enterprise is a much-debated topic, one that this report cannot do justice to. Rachel Chan of Innofoco said of her MaD Venture Forum: “One of the reasons I am so keen to build this MaD Venture thing is that I have a very different view about what constitutes social impact to some people. My version of social impact is very broad, I don’t care if you are serving the underprivileged or the middle class so long as you are addressing a social problem.” But she says there are plenty who disagree with her and think that an entity can only be a social enterprise if it is helping a small, marginalised group.

The reason for raising this here is that there were a number of women interviewed for this report who worked in organisations that were working towards a social purpose or impact, even if they were not technically social enterprises – Avantage Ventures, which Yvonne Li founded, is a social investment and advisory company, and Charlene Kotwall’s The Mustard Seed Workshop is sourcing gifts from marginalised communities. These two, and Rachel’s Innofoco, are the most mainstream social enterprises. In addition, Lizette Smook’s Innovasians produces eco-products and offers sustainability consultancy, Laura Cozijnsen’s Lighthouse Consultant often takes social and cultural or environmental campaigns on, Chau Ming Leung’s Art for All, is run with the ethos that educating rounded children is more important than maximising profits, and Johanna Ho tries to use sustainable fabrics and reduce waste in her fashion label. All of these women are trying to contribute to society in some way through their businesses and all of these women may benefit from the future growth expected in responsible businesses that address social issues whilst generating income.

**YVONNE LI**  
**Formerly of Avantage Ventures**  
<http://www.avantageventures.com/>

Yvonne was interviewed when she was co-founder and CEO of Avantage Ventures and consequently this case study focuses on her role there. She has subsequently left Avantage Ventures and has founded the International China Ageing Industry Association where she is pioneering developments in senior housing, community and at-home care, industry education and healthcare ICT. She is also involved in projects related to sustainable agribusiness, clean environment and disability. Her passion for these issues blossomed during her tenure at Avantage Ventures.

Avantage Ventures is a social investment and advisory company of 7 employees, which Yvonne, Hong Kong-born and Australia-educated, set up with a partner in 2008 but left during the writing of this research in 2013. Its mission is to bridge the information and funding gap between social enterprises and investors in Asia, but its business strategy changes all the time because it is operating in a new and developing area of the financial markets. For instance, before leaving, Yvonne was trying to raise a US\$80 million social venture capital fund, having had feedback from potential investors that they would like a fund of this type. As she said: “A business plan is a plan until you start going, then it is something different. When it comes to reality, you have to constantly evolve your business model according to the market needs.”

She is absolutely passionate about addressing social issues and about impact investing, saying: “I want to have an impact, to have an effect and influence on society, to rewrite the business dynamics of the finance industry. ...As an entrepreneur, you have to see the opportunity to create something new.” She is seizing the moment and explained: “I am the kind of person that if I believe in something I don’t see why I have to wait until I am comfortable to do it, because by then my passion might not be the same and frankly I am probably too old and don’t have the energy.” She became motivated whilst overseeing the refinancing of a school in rural China via the Philanthropy Committee at her former employer. She also spent her free time fundraising for several other Hong Kong charities and felt that the time spent was not commensurate to the amounts raised.

Setting up Avantage Ventures was a big idea and as with the other social entrepreneurs interviewed for this report, she said that the challenge at the beginning was telling the story, particularly given she started up just after the financial crisis in 2008, although that did encourage people to reassess their lives and become more socially conscious. Fundraising was also an issue and “always will be”. Hiring and retaining talent was as much of an issue for Yvonne as all the other women interviewed for this report.

Given the overall mission was so difficult, Yvonne needed everything else to be as easy as possible. She credits Hong Kong with being a user-friendly place to start a business. She said she did not work all the time, and living near the office was helpful, but nonetheless described work as “eating into [her] personal time”. She has one young child and said that the regional travel once or twice a month “was taxing on the family”.

She originally had the idea for the business whilst studying in Beijing but moved back to Hong Kong for family reasons. She compared the two places: “It is heaps easier here, just from a setting up point of view, the licences you get, the administrative efforts are far easier in Hong Kong. In China there is a lot of bureaucratic red tape around how you set up the business, the tax, how you hire staff. If you want to unwind you have to do it in a certain period of time. If you want to fire staff it’s difficult.”

She also feels that in China the business culture is a “super male environment” where it is still acceptable to say things like: “Come here pretty girl.” As Yvonne explained: “To us who are Western brought up, this is offensive, but to all the other women in China, even though they are doing well financially and professionally, this is the norm.” She also compared the culture in Hong Kong to Australia, where she was educated and lived from the age of 8 to her mid-20s, saying: “When I was in Australia I did not even contemplate to work there because it would be very white, Australian, middle-age dominated for the next 20 years. And I am just not interested in drinking beer or talking about cricket.”

That said, she also believes there is a glass ceiling in corporate Hong Kong, “although it is quite subjective”. She explained: “If I was willing to play golf every week, I am sure I could have made managing director too,” referring to her time in her former career. However, she thinks Hong Kong is better than most places for women in business.

She is a member of several industry-specific associations that are good for business development, but she thinks, as an entrepreneur, Hong Kong would “benefit from having a women’s peers group for sharing experiences”. She explained that she did not have official mentors when setting up, rather “friends and associates who were pseudo-mentors” and peers to provide strategic advice. She is clear that she could not have done it without her partner (she drives the operations, he is more strategic) and said: “Having partnerships adds levels of complexities, but there are also benefits. If I had done this all on my own without moral, emotional, strategic support, I seriously would not be able to do it.”

She is incredibly tough on herself and said of the finance sector: “If the industry is only able to deploy US\$100 million in [social investment in] Asia in 10 years time, then our industry has done a disservice as it is such a tiny drop in the ocean in the grand scheme of things, we will not have even moved the needle at all. Our interest is how do we move large-scale private capital?” By large scale, she has her eye on 5-10 per cent of the global financial market. She said she is always worrying about the market, how to make the business scalable, how to demonstrate that businesses can be profitable, successful, even if you take some of social and environmental factors into consideration.

As with most social entrepreneurs, it sounds like a lifetime of work ahead. When asked what her 3-5 year goals are, Yvonne said: “I would never actually say I would be satisfied with this, that or the other. Not that I am so hungry, but I can always continue to build on what I do. It is not like I am selling something and want to sell 30,000 of something or I want US\$30 million as a revenue target. If I was doing microfinance I could say, I want to help 10 million people but I cannot do that because we are multi-sector, multi-country, my mission



is so big.” Having handed over the reins of Avantage Ventures, Yvonne’s new mission is equally challenging since addressing the needs of its burgeoning aging population is one of China’s greatest social challenges today.

## 5.2 Support

### Mentors

Whilst many women said they could not run their business without support at home, both emotional support and housekeeping support, they also said that mentors were critical at work. Research conducted on women microentrepreneurs in 2003 concluded that these resilient and hard-working women could benefit from a wide variety of mentorship programmes set up by government and professional, business or trade associations.<sup>315</sup> The announcement by Google Executive Chairman Eric Schmidt in Hong Kong in November 2013 that Google will partner with the Chinese University of Hong Kong on a mentoring programme for young entrepreneurs in Hong Kong suggests that the private sector is starting to recognise the importance of such programmes.<sup>316</sup> Only one woman out of the 20 whose case studies are included in this report said they did not have a mentor of any sort when they started out. Notably they both started up quite a long time ago.

Several women talked about the loneliness associated with running their businesses, the constant questioning about whether they were making the right decisions, and said that it helped to talk things through with a mentor. Lindsey Hermes of Unison Creative said: “I miss being part of a team where there are other people I can bounce ideas off and see if we are doing the right thing for the client.” Those who did have mentors had all different types of arrangements and commitments. Lizette Smook of Innovasians said that her mentor was “vital, absolutely vital”. She meets him every 6 weeks for 2-3 hours at a time and she said he helps her to think through things and find solutions in a way that she cannot do on her own.

Some of the younger women had participated in formal mentorship programmes. Two had participated in The Women’s Foundation’s mentoring scheme; one found it very useful but the other not so useful because her mentor was often too busy to meet with her.<sup>317</sup> These schemes all depend on the quality of mentors that make themselves available and on the match between mentor and mentee. Those women who had participated in the YBHK scheme, run by The Hong Kong Federation of Youth Groups, or another government scheme, had mentors through that programme. Winsome Lok of Winsome Fashions said her YBHK mentor was invaluable: “The money is not such a big thing, but the mentor is very encouraging and after I call her I always have so many solutions”.

Charlene Kotwall of The Mustard Seed Workshop was chosen as a finalist for a British Council and NGO Community Business programme and was paired with Pepsico’s President for Asia Pacific, Ms. Umran Beba, as a mentor. Charlene had the first two sessions with her and described them as a “great learning experience”. Lindsey Hermes of Unison Creative had a mentor and life coach from overseas who she paid and scheduled Skype sessions with. She said she gave it to herself as a birthday present.

Some women had less formal mentorship arrangements with different people fulfilling different roles. Chau Ming Leung of Art for All discusses her business with many people and described those who listen as: “Many true friends who tell me things I do not want to know.” The majority of women, when asked, said they thought it would be helpful to have female mentors although some said it did not matter. Amy Yip, who had a 40-year corporate career in finance before setting up her own hedge fund, unsurprisingly said that all of her mentors were men and that it had not bothered her.

<sup>315</sup> Ng E. and Ng C. (2003), “Women micro entrepreneurs in Hong Kong: Balancing the personal with the business”, in Butler J. (vol. ed.), *Research in Entrepreneurship and Management, Vol. 3: New Perspectives on Women Entrepreneurs* (pp. 121-150), Greenwich, CT: Information Age Publishing.

<sup>316</sup> Chen G. (2013), “Google’s Eric Schmidt launches programme to help young Hong Kong entrepreneurs”, in *South China Morning Post*, 4 November 2013; <http://www.scmp.com/business/companies/article/1347202/googles-eric-schmidt-launches-programme-help-young-hong-kong> (accessed 10 November 2013).

<sup>317</sup> To find out more about The Women’s Foundation’s mentorship programme, see <http://www.thewomensfoundationhk.org/our-work.php?id=53>.

### Example of Women’s Mentoring Scheme

#### European Network of Mentors for Women Entrepreneurs

[http://ec.europa.eu/enterprise/policies/sme/promoting-entrepreneurship/women/wes-network/index\\_en.htm](http://ec.europa.eu/enterprise/policies/sme/promoting-entrepreneurship/women/wes-network/index_en.htm)

The network was inaugurated in Poland at the end of 2011. Mentors representing 17 countries were included from the outset in order to provide advice and support for female business owners. The delegates in the network represent governments and institutions with the responsibility to promote female entrepreneurship. Members provide advice, information and contacts regarding existing support measures for female entrepreneurs.

The aims of the network are to:

- Raise the visibility of existing female entrepreneurs
- Create a climate that is favourable to female entrepreneurs
- Increase the number of new women entrepreneurs
- Increase the size (scale) of existing women-run businesses

The means provided to the network to achieve these aims are:

- Recognised role as a discussion partner with the European Commission and European Parliament
- Co-operation with existing networks and organisations
- Development of standards for benchmarking, exchange of information and good practice

### Physical networks

It is widely believed that women need networks. GEM analysis shows that women entrepreneurs tend to have smaller and less diverse networks than their male counterparts and they have less personal contact with other entrepreneurs.<sup>318</sup> Research in Malaysia, Thailand and the Philippines published in 2013 supports this finding, showing that 34 per cent of women business owners reported never interacting with business associations compared to 26 per cent of men. And in all three countries in the research, women reported finding new clients to be more difficult than men.<sup>319</sup> They are also more likely to seek guidance from family, especially spouses, whereas men are more likely to seek advice from friends and other networks of business colleagues or professional advisors.<sup>320</sup>

Recent research in the UK has found that “women can often find themselves excluded from the informal networks that are an important source of advice and opportunities”.<sup>321</sup> Research in Hong Kong has shown that women are less connected than men and they rely on “informal person-to-person networks, rather than attending business owners’ association functions or socialising with clients”.<sup>322</sup> In 1989, a research project in Hong Kong found that most women operate as “independent entities”. The same research found that 90 per cent of all small and medium business owners (male and female) had not joined any voluntary or business associations.<sup>323</sup> Later research on female lawyers in Hong Kong found that gender is a key determinant of networking styles.<sup>324</sup>

<sup>318</sup> Global Entrepreneurship Monitor (2011), *GEM 2010 Women’s Report*; <http://www.gemconsortium.org/docs/768/gem-2010-womens-report> (accessed 25 April 2013).

<sup>319</sup> APEC and The Asia Foundation (2013), *Access to Trade and Growth of Women’s SMEs in the APEC Developing Economies*, APEC Singapore; [http://publications.apec.org/publication-detail.php?pub\\_id=1388](http://publications.apec.org/publication-detail.php?pub_id=1388) (accessed 20 May 2013).

<sup>320</sup> Global Entrepreneurship Monitor (2011), *GEM 2010 Women’s Report*; <http://www.gemconsortium.org/docs/768/gem-2010-womens-report> (accessed 25 April 2013).

<sup>321</sup> Barclays Wealth and Investment Management (2013), *Unlocking the Female Economy: The Path to Entrepreneurial Success*, London; <http://www.barclayswealth.com/Images/unlocking-fem-economy.pdf> (accessed 5 May 2013).

<sup>322</sup> Ng C. and Ng E. (2007), “Entrepreneurship and leadership: Case studies of female micro-business owners in Hong Kong”, in *Asian Journal of Women’s Studies*, 13(1), 52-73.

<sup>323</sup> Sit V. and Wong S. (1989), *Small and Medium Industries in an Export-oriented Economy: The Case of Hong Kong*, Hong Kong: Centre of Asian Studies, University of Hong Kong.

<sup>324</sup> Lee E. (2003), “Individualism and patriarchy: The identity of entrepreneurial women lawyers in Hong Kong”, in *Gender and Change in Hong Kong: Globalisation, Postcolonialism and Chinese Patriarchy*, Vancouver: UBC Press.

Research on women microentrepreneurs in Hong Kong published in 2003 found that the business associations in operation at that time did not recruit or attract microentrepreneurs and there was a tendency to welcome members who were recognised as ‘industrialists’ or socially recognised as important business owners with relatively large companies.<sup>325</sup> Heels & Deals is a fairly new membership association for women entrepreneurs that has expanded quickly in Hong Kong. Founder Claire Fenner is convinced that the reason it has been so successful is that it is for entrepreneurs only, not professionals generally.

#### *Example of Physical Network and Speed Networking Sessions*

##### **Heels & Deals**

[www.heelsanddeals.org](http://www.heelsanddeals.org)

Heels & Deals has a membership of approximately 200 women listed on its website, although not all in Hong Kong since the organisation was first initiated in Dubai in April 2009. The previous experience of launching in Dubai means that the Hong Kong network has expanded quite quickly since launching in here in December 2011. However, Founder Claire Fenner says there is room for many more members. She is targeting Chinese membership since membership now is predominantly non-Chinese.

Heels & Deals conducts speed networking sessions in which women have two minutes to introduce themselves and say what they do, why they are different and what they need to approximately 10-12 other women in a timed evening event. It is a formula that has had very positive feedback from Heels & Deals members. Claire describes it as “a very confidence-boosting environment” since everyone is doing the same thing and it is non-threatening. As Claire said: “It takes the fear away. It means you do not have to start with a bland comment. Women are not as confident at networking and not comfortable with self-promotion but this speed networking structure forces them to self-promote without having to blow their own trumpets.”

A survey of women entrepreneurs by Heels & Deals found that ‘networking opportunities with other organisations and business groups’ was the most popular “additional event of benefit to [them] or [their] business”. It was chosen by 76 per cent of the respondents. Tied in second place in terms of popularity, with 50 per cent of the respondents voting for each of them, were ‘mentoring programmes’ and ‘panels and/or Q&A with successful female entrepreneurs’.<sup>326</sup>

There are several other women-only networks in Hong Kong. Women in Charge has approximately 84 members, mostly in retail businesses, and like Heels & Deals, mostly non-Chinese.<sup>327</sup> It has been running in Hong Kong for about three years and has global ambitions. The Hong Kong Women Professionals and Entrepreneurs Association, which was established in 1996 and has about 150 members,<sup>328</sup> while The Hong Kong Federation of Women Entrepreneurs Committee is affiliated to the Hong Kong Federation of Women and was established in 2001.<sup>329</sup> These four organisations all provide networking opportunities for business contacts and advice. They do not offer mentorship schemes.

<sup>325</sup> Ng E. and Ng C. (2003), “Women micro entrepreneurs in Hong Kong: Balancing the personal with the business”, in Butler J. (vol. ed.), *Research in Entrepreneurship and Management, Vol. 3: New Perspectives on Women Entrepreneurs* (pp. 121-150), Greenwich, CT: Information Age Publishing.

<sup>326</sup> To find out more about Heels & Deals, see <http://www.heelsanddeals.org/> (accessed 5 March 2013).

<sup>327</sup> To find out more about *Women in Charge*, see <http://womenincharge.com/wic/>.

<sup>328</sup> To find out more about the *Hong Kong Women and Professionals and Entrepreneurs Association*, see <http://www.hkwpea.org/index.htm>.

<sup>329</sup> To find out more about the *Hong Kong Federation of Women Entrepreneurs Committee*, see [http://www.hkfw.org/eng/event\\_hkfwec.php](http://www.hkfw.org/eng/event_hkfwec.php).

#### *Example of New Network for Women Entrepreneurs in Greater China*

##### **Golden Bauhinia Women Entrepreneurs’ Association**

[www.gbwe.org](http://www.gbwe.org)

The GBWE established its Executive Committee and held its inaugural dinner in April 2013. It has been set up with the aim of uniting entrepreneurs, particularly women, in Hong Kong and Greater China, and giving them the platform for networking and sharing. Its members are expected to represent the interests and positions of women entrepreneurs in Hong Kong and Greater China as well as to provide professional development and knowledge exchange.

It will organise:

- Regular themed workshops, seminars and talks by successful leaders in business
- Visits and exchanges to other Chinese cities to enable members to explore market opportunities, create networks and establish partnerships
- Collaboration with other local governments to organise regular joint events
- Social gatherings
- Community service

One membership organisation mentioned several times in the course of the interviews was The Women Business Owners Club (WBOC), which is currently dormant. It was a women’s network established in 1990, which those who used it in the late 1990s and early 2000s credit with being extremely useful, predominantly for generating business contacts, but also for making like-minded friends. Membership was English speaking and hit about 200 women at its peak. The Chinese-speaking network at the time was the Ladies’ Subcommittee of the Chinese General Chamber of Commerce which had around 100 members and was established in 1958.<sup>330</sup>

Elizabeth Thomson of Orangefield ICS says that WBOC started because women business owners needed training. It started through an annual seminar about how to run your own business, and one year, a group of women who had attended sat in a club for hours afterwards and decided they had to do something more formal and more regular. Elizabeth explained: “We did all these seminars. I needed them so I knew lots of other people needed them too. But the men got jealous, so we accepted them and that was its downfall. It lost focus. I don’t care what anyone says. I think women need their own networks. When the women were together they would talk about their business problems and someone else would say, ‘Well I had that problem and this is how I solved it’, but as soon as the men came in, it was as if they stopped opening their souls and talking about their business problems.” Although some women who mentioned their involvement with WBOC agreed that it fell apart when men joined, others did not cite the involvement of men as a factor in the dissolving of the network.

A recent report published in the UK concluded that “networks are a vital source of advice and support... Female-only networks provide a valuable platform to share ideas, experiences and information in a supportive environment, but women should be conscious of their limitations because any network comprised of a single gender is by definition limited in terms of the knowledge, advice or opportunities it presents.”<sup>331</sup> The research concluded that ideally women would find time to participate in both women-only and mixed gender networks.<sup>332</sup>

<sup>330</sup> Ng E. and Ng C. (2003), “Women micro entrepreneurs in Hong Kong: Balancing the personal with the business”, in Butler J. (vol. ed.), *Research in Entrepreneurship and Management, Vol. 3: New Perspectives on Women Entrepreneurs* (pp. 121-150), Greenwich, CT: Information Age Publishing.

<sup>331</sup> Barclays Wealth and Investment Management (2013), *Unlocking the Female Economy: The Path to Entrepreneurial Success*, London; <http://www.barclayswealth.com/Images/unlocking-fem-economy.pdf> (accessed 5 May 2013).

<sup>332</sup> Barclays Wealth and Investment Management (2013), *Unlocking the Female Economy: The Path to Entrepreneurial Success*, London; <http://www.barclayswealth.com/Images/unlocking-fem-economy.pdf> (accessed 5 May 2013).



There are other entrepreneur networks in Hong Kong that are not exclusively for women. The Entrepreneurs Club is one such association that was undergoing some restructuring at the time of writing.<sup>333</sup> Others are global networks with a Hong Kong chapter such as The Indus Entrepreneur, or TiE Hong Kong, which holds regular events and also has a prestigious International Business Plan Competition as well as a mentoring programme.<sup>334</sup> Events such as the Startup Weekend have been brought to Hong Kong,<sup>335</sup> as well as Global Entrepreneurship Week, which has its own event in Hong Kong although classifies it under China.<sup>336</sup> Events such as these take place with the aim of building networks and communities around them. YBHK Net was launched in May 2011, initiated by winners of the YBHK Scheme, run by The Hong Kong Federation of Youth Groups, rather than by YBHK itself. Their stated goals are to connect young entrepreneurs, promote a strong culture between them for the sake of a dynamic economy, and seek greater global impact and increasingly fluid exchange with Mainland China and beyond.

Winsome Lok of Winsome Fashions said she had found the informal network that winning her YBHK award had created for her “extremely useful” even though it was still an informal network in those days. In fact, only two women interviewed for this report are currently members of a formal physical network. Some women said they did not find these entrepreneurs’ networks useful and felt that the networks in Hong Kong were too fragmented, not big enough, and did not position themselves effectively. One professional referred to them as “spinning wheels” and “not cross-cultural” so they do not fully penetrate communities or solve issues. This person also commented on the difficulties of getting people from different countries and cultures to mix.

Others felt that the entrepreneurs’ networks would not help them, it was a networking organisation specific to their industry that would help them. This was particularly the case for those women in fashion who all found the Hong Kong Fashion Designers Association important and helpful. Previous research on women microentrepreneurs in Hong Kong found that the business associations are too remote in their orientation and outlook for women microbusiness owners and appear to be “locked in a conventional framework of valuing ‘successful business’ in terms of company size and sales volume and are not explicitly supportive of other values that may be equally important”.<sup>337</sup>

Networks can be established that tie together different aspects of government policy with regard to entrepreneurship and women and that bring together government, the private sector and other stakeholders to lead the development of women entrepreneurs in their country. Sweden’s Ambassadors for Women’s Entrepreneurship Programme profiled in Section 2 is one such example, as is Ireland’s Going for Growth. Funded and supported by the government, they enable private sector leaders to educate, mentor and inspire women entrepreneurs and to lead women’s entrepreneurship in their country.

#### *Example of a Successful Network that Penetrates and Guides the Women Entrepreneurs Community*

##### **Going for Growth, Ireland**

[www.goingforgrowth.com](http://www.goingforgrowth.com)

This initiative was launched by the European Social Fund, Enterprise Ireland, and the Department of Justice and Equality in 2008. It is open to women who have run a business for at least two years, own 50 per cent or more of their companies and are focused on growth. Small groups of women business owners participate in round tables with Lead Entrepreneurs who are women who have successfully built their own businesses. They provide advice and support in the development of the attendees’ businesses. The round tables are practice-

oriented, providing participants with lessons on what has and has not worked in real life situations. So far 150 women have benefited and report that the sessions have helped them to achieve their growth goals. The programme was voted amongst the 2009 EU Good Practice Selection. There is a follow-up initiative being developed for women who have completed a Going for Growth cycle and are continuing to focus on further growth. Lead Entrepreneurs are promoted as role models and leaders in society.

Personal networks remain important to many women. Vicky Wu of ZAOZAO said: “Our personal networks have been so important, from the people [my partner] Ling knows in fashion, to her schools in Hong Kong, to my friends from Harvard, Goldman or my former hedge fund clients. Everyone knows someone who can be helpful.” Bonita Cheung, the fashion designer, said: “It helps that Hong Kong is small and I guess everybody knows everyone else.” However, at the 2013 Make a Difference Venture Forum, Victor Hwang, co-author of *The Rainforest: The Secret to Building the Next Silicon Valley*, said: “I notice Hong Kong is so full of small circles, if you want to build your ecosystem you have to break all these small circles”. The 2009 GEM reported that SME experts interviewed for the research proposed establishing neighbourhood co-operatives for new small businesses.<sup>338</sup> Claire Fenner commented that many Chinese women are members of informal groups that meet on an ad hoc basis but do not access the more formal networks, hence her efforts to try to localise her membership.

#### **SUZANNE LIU**

##### **S. Liu & Co.**

<http://www.hongkongcpa.com/>

Suzanne used to be known as the ‘networking queen’. She runs her own accounting and secretarial services firm and when she started out she had to work hard to get her clients. She set up in 1995 after training and working with two big accountancy firms in Australia, where she grew up, and then a medium-sized firm in Hong Kong where she became Partner at the age of 28. At first she did not target a specific client group, but when she joined the Women Business Owners Club (WBOC) in 1998, she realised she could be more successful if she targeted Western clients, especially women, because they seemed to find her funny.

She calls WBOC “pivotal” in terms of developing her business. She also joined international chambers like AusCham and BritCham and AmCham, and was out networking 5 nights a week so that gradually she took on more Western clients and let her Chinese clients drop off her books. Now she says: “I am very picky, my clients now are the survivors. And I only take on new ones that are referrals.” Not only did she accumulate clients but also confidence. She explained: “Chinese clients did not value my service, so I could not see any value in myself. Then my Western clients saw value in me. Once I had found my niche, the clients appreciated the skills and respected me.”

Now she has a thriving business with 10 full-time staff and so many clients that she cannot take on any more, so she has given up the networking. The strength of the business comes from Suzanne’s understanding of Chinese and the local tax system, as well as her ability to communicate with people from all over the world. But she is also very dedicated, working 14-hour days and always on call at the weekends. She summarised: “My personality is what has made this work. I am hard working and I don’t waste people’s time.”

She is disciplined and rigorous and set herself operational procedures and milestones that she did not deviate from even in the difficult first 5 years before she found her niche. For example, she always pays herself first. She explains: “I read the book *Rich Dad Poor Dad* and the best advice he has is, pay yourself first. So at the end of each month I pay all my staff salaries and myself, and on first of the month I pay the landlord. Even if I

<sup>333</sup> To find out more about The Entrepreneurs Club, see <http://www.entrepreneurs.com.hk/>.

<sup>334</sup> To find out more about TiE Hong Kong, see <https://hk.tie.org/>.

<sup>335</sup> To find out more about Startup Weekend, see <http://hongkong.startupweekend.org/>.

<sup>336</sup> To find out more about Global Entrepreneurs Week, see <http://www.unleashingideas.org/countries/china>.

<sup>337</sup> Ng E. and Ng C. (2003), “Women micro entrepreneurs in Hong Kong: Balancing the personal with the business”, in Butler J. (vol. ed.), *Research in Entrepreneurship and Management, Vol. 3: New Perspectives on Women Entrepreneurs* (pp. 121-150), Greenwich, CT: Information Age Publishing.

<sup>338</sup> Global Entrepreneurship Monitor (2009), *Global Entrepreneurship Monitor Hong Kong & Shenzhen 2009*; <http://www.gemconsortium.org/docs/download/713> (accessed 26 April 2013).

don't have the money, I pay myself. I take the overdraft. Then if I have the overdraft I am motivated to chase the clients for their money." She feels that a lot of small business owners forget to pay themselves and that is a mistake.

She always wanted to be an entrepreneur, her father had his own medical business, and she wanted to be in control of her life rather than be made redundant at 40. However, she is not motivated by making millions, as she explains: "My income is stable. In my profession, the more money you make, the more risk you take. One job can kill you. So you are better to decide what level of income you want and keep it at that."

She also says that Western clients are more prepared to pay for service: "Western clients respect me more as a woman and a professional. They also do not bargain as much on the prices as the Chinese. Most people in Hong Kong think the auditor is the auditor, there is no difference between them, just the price, so they go for the cheapest. Westerners are looking for a relationship with their accountant and are prepared to pay for it. Most of all they want communication."

Hiring staff who are good communicators in English and Chinese and are qualified accountants is difficult. She has to pay over the market for loyalty and she offers professional training. She also has problems with delegation since all the clients want to see her. As she says: "It's very common, everyone wants to see the owner." She has now established a system whereby they see the manager first and sort through everything and then they see her.

She had an invaluable mentor in the early days who she found through the WBOC and who had the same business as her, but in the US, and was her role model. Suzanne says: "She was 10 years ahead of me so I aspired to be like her." Now she no longer needs one: "A lot of my clients are very successful, made millions of dollars, so I usually ask them what their secret is." She explains that now she acts as a mentor to other women.

She does not apply for awards, saying they are for people who need clients, which she does not. She has marketing savvy though. In 2006, she put the secretarial services part of the company into a separate company called AsiaPacificSec Limited, purely because she wanted to have a company with a name beginning with 'A' so that she would go to the top of any lists. She has a website by necessity but says that she turns down people who come to her through the website because of audit risk. She invests in her IT infrastructure and is willing to pay properly to get the right support (outsourced) saying: "It is not expensive compared to our hourly rate so I would rather pay him than waste my staff's time doing it which is more expensive". However, she says it is a constant expense having to update and upgrade the hardware.

She does not want to build an enormous empire. As she puts it: "The more staff you hire, the more personnel problems. The problems I have every day are not from my clients, but are among my staff. Office politics are the biggest challenge." When asked what the plan is, she says: "During the last couple of years I have had offers to sell the business but I don't know what I would do if I sold. I am hyper, I need to work. In 10 years time, I don't expect to be doing technical work, just doing marketing because I like talking and it will keep my brain stimulated."

#### Awards and the media

The women interviewed for this report had a range of opinions on the value of awards. A few women found them very valuable, notably those in retail and in very early-stage companies. They referred to them as 'free' advertising and/or marketing. Payal Shah of l'Dezen called them "incredibly important at the beginning because of the exposure... They give your brand recognition, its own CV, they add to the story of the brand." Charlene Kotwall of The Mustard Seed Workshop sees them as a way of "gaining profile" locally, and more importantly, globally. She has applied for a European award in the hope it will open up a European client base and for a US award with the same aim.

Joanna Hotung of KG Group felt that winning the Hong Kong Council of Social Services Caring Company Award in 2005 and 2010 was a great help with marketing. Lizette Smook of Innovasians had just won this award when she was interviewed and was excited about having done so, saying that she had had several unexpected enquiries since posting the news on her website. Laura Cozijnsen's company Lighthouse Consultant won the Marketing Excellence Award Silver in Public Relations in 2012 and was shortlisted for *PRWeek Awards Asia* 2013, Crisis or Issues Management Campaign of the Year, for the opening of the Asia Society Hong Kong Centre. She said: "It's recognition of what we did. It helps build our credentials."

However, others felt they did not add much. Erica Ma of CoCoon said: "I want to do things that have an ongoing impact, and I feel like awards are a one-off. I believe that good partnerships are critical in amplifying your values and realising a cause." Johanna Ho, the fashion designer, said: "Awards don't really help. It's mainly just PR."

But awards often have personal value. Elizabeth Thomson of Orangefield ICS who has won several awards including the prestigious *South China Morning Post & AmCham Woman of Influence Award* in 2008 said: "Winning an award makes you think about what you have done, your values, how other people see you and what you have done in the world. It also adds to your credibility." So they can help to bolster self-esteem and build confidence, an important function for reticent women. Claire Fenner, founder of women's network Heels & Deals, said that she believes they are good for recognition and for building confidence as well as providing visibility to women entrepreneurs and credibility to the winner.

Both Chau Ming Leung of Art for All and Winsome Lok of Winsome Fashions said that they are naturally low profile. Chau Ming said her friends had persuaded her to do some media coverage but that she did not like it. She said that she was pleased she did not have to do very much of that because she wants to ensure she can keep her classes small and focused on each individual student. Winsome said that she prefers to be low key but that the media coverage that YBHK had generated for her had been helpful in getting new clients and raising the profile of her brand. YBHK had run a series on their female winners in *Ming Pao* in an effort to promote role models of young successful entrepreneurial women. Claire Fenner of Heels & Deals, commented that this was one of the problems with awards – that women often have to nominate themselves for an award, which requires self-promotion.

#### ELLA CHEONG

**Ella Cheong (Hong Kong and Beijing)**

<http://www.ellacheong.com/about.html>

Ella, an intellectual property (IP) lawyer, was bestowed the informal title of Wonder Woman when it was run as the headline of the November 2012 edition of *Asia IP* magazine. She also gained the formal title of first female Member of Honour of the International Association for the Protection of IP (AIPPI) at the end of 2012. This came after winning a host of other industry awards throughout her career. She believes these are very important for endorsing her work and spreading her reputation. She also thinks that formal networks are helpful for developing relationships and getting to know people.

She likes to describe herself as "100 per cent made in Hong Kong" and is one of the leading IP lawyers with her own firm specialising in identifying, registering, licensing and enforcing trademark, design and patent rights as well as copyrights around Asia. She has around 80 staff in Hong Kong, Beijing, Singapore and Malaysia. The business has been through various incarnations and Ella is the first to admit that it has not always been easy. Partnerships have unravelled, and offices have opened and closed due to cultural misunderstandings, market circumstances and general differences of opinion.

But perhaps what has pulled her through is her eternal optimism, the fact that she loves her work, and her motto: "If you want to do something, do it to the best of your ability". Unlike most women interviewed for



this research who were following their passion, or had always wanted to be an entrepreneur, Ella somewhat fell into it. She started out “the hard way” in the 1970s, skipping university and doing the full five years legal training, half in Hong Kong and half in London, and then worked in the same firm for twenty-odd years before branching out on her own.

She had been working on a variety of cases before a complicated IP case fell on her desk. As a reward for hard work, her firm sent her to an IP conference where she met other IP lawyers and professionals. Before she knew it, she was an IP specialist and was hand-picked by the Singapore government to set up there. Just at that time a new patent law came into effect in Singapore, so she was overwhelmed with work and her firm grew to 80 people within only 5 years.

She has also achieved all this whilst bringing up four children on her own since her husband died when they were both young. She explains that her husband came from a very traditional family, but he backed her decision to work and her in-laws never said anything about it. Ella said: “I did all that was required of me in the family, but he was very supportive of my career. He even came to a couple of meetings with me and people would go up to him with their cards and he would say: ‘I am Prince Philip to Queen Ella.’ He had a huge sense of humour.”

She manages her professional relationships with both men and women carefully. She explained: “I have a very good relationship with all the women in the firms I work with. And with the men, who I have got to know quite well through all the professional meetings. I would try to get to know their wives better than the men. I know quite a lot of the women (either professionals or spouses) very well and I correspond with them as friends.”

She has many women in her firm, including at the top, although she says: “I have not consciously promoted a lot of women. They have to be good to get there. Perhaps it has happened because I am a woman but I am not consciously aware of it.” She also believes that women are particularly good at IP saying: “I think that a woman is more focused on details and IP is all about detail.” She has two long-serving female staff members whom she has been able to employ flexibly in Beijing and the US so that they could look after their ageing mothers. She explained: “I think it is possible I look into these types of situations and make them work because I am a woman.”

She said the biggest challenge to her business, like so many entrepreneurs interviewed for this report, is: “Human resources, always has been. Getting the right calibre, training them up and then they go.” Clients largely come by referral, so reputation is everything and that means good staff. The focus on quality is becoming more important than ever as the market is opening up and more people are offering IP services at cheaper rates. Her goal now is for her firm to keep doing the best work possible in Asia, and for her to keep enjoying it. She summarised: “I enjoy life. I meet marvelous new and interesting people all the time. I just keep going.”

She is very proud of her children, all of whom are now leading their own independent lives. When pressed as to why she keeps going, she says: “It’s part of me I think. I am a widow. My kids are all grown up. They have their own independent lives, which I don’t want to interfere with. I am not a mahjong player. I am not a shopper. What am I going to do with my time? I think I am quite good at what I do, so why not?” She says her children all think she is mad to keep going but she continues to be motivated, and her AIPPI Member of Honour award from 2012 helps with that.

## SECTION 6: CONCLUSIONS AND RECOMMENDATIONS

“Mums and landlords”, was how one interviewee summed up the barriers to setting up a business in Hong Kong. Although oversimplified, this is a fairly accurate summary. However, for women entrepreneurs, there is one other significant barrier that should be added, and that is lack of confidence. A GEM study comprising interviews with 90,000 women found this to be the case,<sup>339</sup> research on women microentrepreneurs in Hong Kong has also found it to be so,<sup>340</sup> and the interviews conducted for this research study confirmed that both starting up and scaling up require high levels of self-esteem. For men and women, the policy, institutional and regulatory environment for starting up is favourable. Expatriates deem Hong Kong one of the easiest places in the world to establish a business. In addition, Hong Kong’s small size and ease of networking are a positive, particularly for women who are so often time-poor. Property rental costs aside, the obstacles to starting up are essentially cultural. In Hong Kong, the safer career paths of law, finance and medicine are preferred to entrepreneurship, which requires creativity, something not fostered by the education system, and where risk of failure is high.

Whilst setting up is considered fairly easy, it is at scaling-up point that the roadblocks start to emerge. One expert described the problems as being due to the fact that “the infrastructure for entrepreneurs is very fragmented in Hong Kong”. Scaling up requires increased financial capital, more human resources and greater capability in business management, including technology. Access to finance at scaling-up stage, greater than family funds can offer but not yet at the bank loan stage, is slowly improving through the nascent angel/VC community. However, this is a community dominated by men which women can find difficult to access. Access to bank loans requires a 3-year track record plus collateral, and analysis by one bank in Hong Kong shows that women are a smaller proportion of their client base than men and borrow less, although this may be partially sector driven. Excellent human talent in a knowledge-based economy and the ability to attract, manage and retain it is an ongoing issue and was unanimously considered the biggest challenge for all women interviewed in this report, although it is not necessarily a gender issue. Technology is a grey area. It is difficult for the interviewees running traditional business models to quantify or articulate how they really use it, and it requires great confidence and technical skill if it is to be embraced for launching a new e-commerce business model.

Scaling up also requires a huge amount of self-belief and risk taking and this is where the challenges for women become most significant. Intangibles like these have a significant impact on business success and are widely believed to be less prevalent in women than in men. But they cannot be quantified and it is therefore impossible to tell whether women lag men in entrepreneurship because of personal choice and fundamental differences in approach or because of lack of opportunity and access to the tools needed for success, meaning whether the barriers are on the demand side or the supply side. Scaling up also involves considerable effort, creative thinking and application. Although business ownership provides women with much-needed flexibility in other parts of their lives, the dedication required can also detract from the ability to perform household duties and mean that women require more support from partners and other family members, which in turn requires a cultural and attitudinal shift.

Experts interviewed for the 2009 GEM report on Hong Kong felt that “weakness in government policies and programmes, education and training, and financial support are detrimental to the entrepreneurial environment. In addition, Hong Kong experts are concerned over cultural and social norms...”.<sup>341</sup> The current research, based on a literature review and a narrow sample size of 20 women entrepreneur interviewees, found that government policies and programmes do not target women, education and training are not designed and

<sup>339</sup> Kelley D. J. et al. (2010), *2010 Women’s Report*, Global Entrepreneurship Monitor, US; <http://www.gemconsortium.org/docs/download/768> (accessed 15 April 2013).

<sup>340</sup> Ng E. and Ng C. (2003), “Women micro entrepreneurs in Hong Kong: Balancing the personal with the business”, in Butler J. (vol. ed.), *Research in Entrepreneurship and Management, Vol. 3: New Perspectives on Women Entrepreneurs* (pp. 121-150), Greenwich, CT: Information Age Publishing.

<sup>341</sup> Global Entrepreneurship Monitor (2009), *Global Entrepreneurship Monitor Hong Kong & Shenzhen 2009*; <http://www.gemconsortium.org/docs/download/713> (accessed 26 April 2013).

delivered to women as a specified group, financial support remains something which women do not access in full, and there are cultural and social norms which prevent entrepreneurship being seen as a viable career for young people, which condemn failure and which prevent women from growing their businesses.

Entrepreneurs are a highly diverse community and there is no specific personality type that can be described as a male or female entrepreneur's personality.<sup>342</sup> They differ markedly in their motivations, attitudes and approaches to start-up and growth, but it is not clear whether any of those differences are due to gender. It has been commented that there is a tendency in small business research to treat all women as 'honorary men'.<sup>343</sup> However, others argue that women perceive and approach business ownership differently from men.<sup>344</sup> It is also argued that their leadership styles differ.<sup>345</sup> On balance, however, men are more likely to become entrepreneurs to create wealth and get ahead,<sup>346</sup> while women may prioritise other goals such as family responsibilities or work-life balance.<sup>347</sup> Policies, programmes and support need to be designed based on the fact that all women and men have different starting points, motivations and role expectations and all of these things influence their practices and approaches.

### Policy framework

In the interests of empowering women, who hold the purse strings to household spending<sup>348</sup> and who represent a bigger untapped pool of potential entrepreneurial talent in Hong Kong given they lag men by 3.5:1 in terms of number of employers,<sup>349</sup> the development of women's entrepreneurship should be made a policy priority in Hong Kong. A framework that adopts a gender lens and designs policies and programmes with women as a target group requires a better understanding of women's needs. To achieve this requires improved data collection and analysis, something that is being championed globally by the United Nations and the multilaterals.<sup>350,351</sup> A framework that is joined-up across government departments will also require a focused approach with a dedicated body to implement it.

### Access to capital

Access to capital, together with training in financial literacy and management capability that incorporates an understanding of women's limited risk appetite, must be improved to enable women to scale up. Lack of comprehensive data means there is little understanding of the Hong Kong situation, but the majority of women in this research were not willing borrowers, as confirmed more widely by the gender analysis conducted by one of the banks in Hong Kong for this research on its SME client profiles. The small but growing angel/VC community needs to bolster women as it develops, given that research in the US in 2004 showed that 70 per cent of women venture capitalists were in partnerships that had closed deals with women-led companies and since only 4 to 9 per cent of all venture capital deals went to women at that time, it followed that those women played a major role in the deals that went to female entrepreneurs, regardless of how few they were.<sup>352</sup>

### Capacity development

Targeted training and support for women that addresses the key barriers to scaling up must be developed. The private sector, with its unique and specific skills, has a major role to play here, not just government and trade associations. Training and support programmes can be designed, marketed and delivered specifically for women so that they meet their requirements. Global research shows that gender needs to be taken into consideration in the design, marketing and delivery of business development services.<sup>353</sup> Service providers also need to be trained in delivering services to women and in meeting their particular needs.

### Social and cultural values

Efforts to promote entrepreneurship as something to aspire to must be initiated at all levels. Changes to the education system (the new 3+3+4 curriculum and the introduction of liberal studies) may help, but attitudes must change too, with regard to entrepreneurship, risk taking, and specifically for women, with regard to their role in the home and in society at large. Women need personal and professional support to bolster confidence and to benefit from business advice and support in the form of structured networks and mentorship programmes.

These broad changes require a joined-up and co-ordinated approach across government, the private sector, other institutions, civil society and women themselves. Only then will women business owners' needs be reflected in policy and translated into action and implementation. This is important not just for women but for future economic growth, job creation and social stability. A 20 per cent increase in the number of female employers in Hong Kong could result in the creation of approximately 50,000 jobs.<sup>354</sup> If female employers increased to just half the number of male employers, 200,000 jobs could be created.<sup>355</sup>

### Government

The government has adopted national gender strategies and made visible commitments to the greater inclusion of women in public life and economic activity. Although government policy is highly supportive of SMEs, there are currently no targeted policies to support women business owners and there is no government department or working group dedicated to women's entrepreneurship. In Hong Kong, research published as far back as 1994 proposed that women entrepreneurs required specially-tailored training programmes and a dedicated consultation centre.<sup>356</sup> Further research on women microentrepreneurs in 2003 called for government and business associations "to adopt a more gendered perspective of entrepreneurship and to recognise female entrepreneurs' struggle with personal and business matters".<sup>357</sup> GEM research has been calling for policies that would encourage women to engage in entrepreneurship since 2000.<sup>358</sup> Hong Kong was part of the first APEC Ministerial Meeting on SMEs and Women in Indonesia in September 2013, at which members committed to collaborative regional efforts on targeted policy measures which include all of these things, for the inclusive development of women-owned SMEs.

<sup>342</sup> Chu P. (2000), "The characteristics of Chinese female entrepreneurs: Motivation and personality", in *Journal of Enterprising Culture* 08, 67; <http://www.worldscientific.com/doi/abs/10.1142/S021849580000005X> (accessed 24 May 2013).

<sup>343</sup> Marlow S. and Strange A. (1995), "Female entrepreneurs: Success by whose standards?" in Tanton M. (ed.), *Women in Management: A Developing Presence*, pp. 172-184, London: Routledge.

<sup>344</sup> Ng C. and Ng E. (2007), "Entrepreneurship and leadership: Case studies of female micro-business owners in Hong Kong", in *Asian Journal of Women's Studies*, 13(1), 52-73.

<sup>345</sup> Kitching B. (2002), "Women, the disabled and ethnic minorities in business in contemporary China", in Haley U. and Richter F. (eds.), *Asian Post-Crisis Management: Corporate and Governmental Strategies for Sustainable Competitive Advantage*, Basingstoke: Palgrave.

<sup>346</sup> Kirk J. and Belovics R. (2006), "Counseling would-be entrepreneurs" in *Journal of Employment Counseling*, Volume 43, 2; <http://www.questia.com/library/1G1-146789153/counseling-would-be-entrepreneurs> (accessed 26 May 2013).

<sup>347</sup> OECD (2012), *OECD Week 2012: OECD Yearbook 2012*; [http://issuu.com/oecdobserver/docs/2012\\_oecd\\_yearbook\\_](http://issuu.com/oecdobserver/docs/2012_oecd_yearbook_) (accessed 28 May 2013).

<sup>348</sup> Silverstein M. and Sayre K. (2009), *Women Want More: How to Capture Your Share of the World's Largest, Fastest-Growing Market*, Boston Consulting Group.

<sup>349</sup> Census and Statistics Department, HKSAR Government (2013), *Women and Men in Hong Kong, Key Statistics*, HKSAR.

<sup>350</sup> International Finance Corporation (2013), *IFC Jobs Study: Assessing Private Sector Contributions to Job Creation and Poverty Reduction*, Washington; [http://www1.ifc.org/wps/wcm/connect/0fe6e2804e2c0a8f8d3bad7a9dd66321/IFC\\_FULL+JOB+STUDY+REPORT\\_JAN2013\\_FINAL.pdf?MOD=AJPERES](http://www1.ifc.org/wps/wcm/connect/0fe6e2804e2c0a8f8d3bad7a9dd66321/IFC_FULL+JOB+STUDY+REPORT_JAN2013_FINAL.pdf?MOD=AJPERES) (accessed 3 May 2013).

<sup>351</sup> OECD (2012), *Women in Business: Policies to Support Women's Entrepreneurship Development in the MENA Region*, OECD Publishing; [http://www.keepeek.com/Digital-Asset-Management/oecd/industry-and-services/women-in-business\\_9789264179073-en](http://www.keepeek.com/Digital-Asset-Management/oecd/industry-and-services/women-in-business_9789264179073-en) (accessed 5 May 2013).

<sup>352</sup> Kauffman Foundation (2004), *Gatekeepers of Venture Growth: A Diana Project Report on the Role and Participation of Women in the Venture Capital Industry*; [http://www.kauffman.org/uploadedFiles/Diana\\_2004.pdf](http://www.kauffman.org/uploadedFiles/Diana_2004.pdf) (accessed 24 May 2013).

<sup>353</sup> OECD (2012), *Women in Business: Policies to Support Women's Entrepreneurship Development in the MENA Region*, OECD Publishing; [http://www.keepeek.com/Digital-Asset-Management/oecd/industry-and-services/women-in-business\\_9789264179073-en](http://www.keepeek.com/Digital-Asset-Management/oecd/industry-and-services/women-in-business_9789264179073-en) (accessed 5 May 2013).

<sup>354</sup> This calculation is based on the 2011 Census and Statistics Department data showing 27,700 female employers and a microbusiness size of 10 employees. A 20 per cent increase on 27,700 female employers is 5,540 female employers, and if each starts a microbusiness which employs 10 people, that will result in over 50,000 jobs being created.

<sup>355</sup> This calculation is based on the 2011 Census and Statistics Department data showing 96,100 male employers. Half of that number is 48,050 employers. If the number of female employers, which was 27,700 at the end of 2011, was increased to 48,050, that would mean an increase of 20,350 female employers. If they each start a microbusiness which employs 10 people, that will result in over 200,000 jobs being created.

<sup>356</sup> Siu W. S. and Chu P. (1994), "Female entrepreneurs in Hong Kong: Problems and solutions", in *International Journal of Management*, 2(2), pp. 728-736.

<sup>357</sup> Ng E. and Ng C. (2003), "Women micro entrepreneurs in Hong Kong: Balancing the personal with the business", in Butler J. (vol. ed.), *Research in Entrepreneurship and Management, Vol. 3: New Perspectives on Women Entrepreneurs* (pp. 121-150), Greenwich, CT: Information Age Publishing.

<sup>358</sup> Global Entrepreneurship Monitor (2009), *Global Entrepreneurship Monitor Hong Kong & Shenzhen 2009*; <http://www.gemconsortium.org/docs/download/713> (accessed 26 April 2013).



### Private sector

The private sector, whilst slow in Hong Kong compared to other developed markets, is making strides in adopting diversity at the core of business strategy. The recently formed 30% Club Hong Kong has already signed up 44 members prepared to attempt to take the proportion of women directors in Hong Kong from the current 10.7 per cent to 30 per cent. Yet MNCs in Hong Kong do little to support entrepreneurship and even less specifically for women. Rachel Chan of Innofoco said: “We applied to corporate social responsibility departments for funding for the Make a Difference Venture Forum but entrepreneurship is low priority. It is too indirect, too high level, too macro, unlike supporting a humanitarian cause or disaster.” Given the synergies and long-term social and economic benefits of a thriving entrepreneurial sector, this is surprising. MNCs and other specialist companies with diversity at the core of their business strategy have unique skills on hand for supporting the development of women entrepreneurs in Hong Kong. In addition, commitments to supply chain diversity would increase opportunities for women-owned businesses.

### NGOs/civil society/associations

The Women’s Commission has advanced the concept of gender mainstreaming, as well as raising awareness on key issues for women in Hong Kong and undertaking research and educational activities.<sup>359</sup> Issue-specific women’s groups in Hong Kong have made huge strides in improving the lives of women and girls over recent decades. However none of them has made the topic of business ownership and entrepreneurship a priority. Given the potential for economic and other empowerment that entrepreneurship offers, women’s groups could have a significant impact on society if they took up the cultural and social barriers to starting up and scaling up as an issue. New women’s business associations and networks that have emerged over recent years need to develop their own niches so that they serve a real purpose to their defined membership base and they need to work together to develop a voice for the wider community of women entrepreneurs in Hong Kong.

### Women themselves

Others can only do so much. Women have a responsibility to themselves. If they want to achieve, they need to be bold. Travel and work or study experience overseas was repeatedly mentioned by the women interviewed in this research as important for opening the mind and broadening confidence. Some women may not have the means to go overseas, others simply may not want to be bold. That depends on their stage in life and their level of professional development, or it may be simply down to personality type. But if they want to, women have to do this themselves to a certain degree, no amount of public education, changes to the school curriculum or support from the government or other women can do it for them. Ella Cheong said: “In Hong Kong, if you have enough entrepreneurial spirit, then you can succeed even as a woman. That’s how I feel.” More women should seize this mantra.

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<sup>359</sup> Choi S. and Cheung F. (2012), *Women and Girls in Hong Kong: Current Situations and Future Challenges*, Hong Kong Institute of Asia Pacific Studies, The Chinese University of Hong Kong.

## TOP 5 SUGGESTIONS

Priority	Suggestion	Responsibility	Issue to address/Need
1	Establish a Women's Entrepreneurship Centre, possibly within the Trade and Industry Department	Government, stakeholders	The needs of women entrepreneurs are not being met because there is no dedicated entity to support them in business and finance leading to a lack of a joined-up approach by different departments.
2	Encourage more Hong Kong companies to embrace supply chain diversity with a particular focus on supporting and providing opportunities to women-owned businesses	MNCs and private sector companies, particularly Hong Kong's large, leading companies	Whilst MNCs and other large Hong Kong companies generally have in-house diversity policies, only a small number extend them to their supply chains and through to their investee companies. The influence of MNCs, particularly those with well-known brands, spreads widely today yet it is not often leveraged beyond their company doors in terms of encouraging women's economic empowerment.
3	Encourage expertise for high technology and high growth industries early and equip young women (and men) with IT and programming skills	Government, schools and universities, NGOs/civil society, business	There is a lack of targeted effort to channel young girls into high technology and high growth industries.
4	Design, market and deliver comprehensive programmes that provide women entrepreneurs with vital access to capital markets, and business advice and training	Government, banks, private sector companies, business associations, trade bodies, stakeholders	The lack of targeted support and services for women means that those who lack confidence or time due to family and other responsibilities may never access the resources available. Many service providers have not been trained in working with female clients. In particular, private sector companies are home to an abundance of skills that could help with training and motivating women entrepreneurs.
5	Develop women's community in angel/VC/PE networks	Angel/VC community	Research on the VC space shows that women are more likely to invest in women and reap greater financial rewards. <sup>360</sup> The angel and VC community in Hong Kong is nascent and needs a concerted effort to build up its proportion of women to in turn bolster the confidence of women entrepreneurs and even increase their possibility of finding investors.

Detailed suggestion
Empower a dedicated body to co-ordinate efforts for women business owners. This could be an interdepartmental working group or a standalone group such as a Women's Enterprise Centre, possibly in the Department of Trade and Industry. It should involve representatives from the private sector, industry associations and other stakeholders. It should be tasked with systematic collection of gender-disaggregated data and a detailed analysis of the needs of women entrepreneurs, leading to a proposed policy framework for women business owners. See details on US Office of Women's Business Ownership in Section 2.
More than 3,700 MNCs have headquarters or offices in Hong Kong. MNCs and large Hong Kong corporates who have adopted gender diversity at the core of their business strategy should consider extending these principles by investing in and supporting women-owned businesses, including commitments to procure from them and to offer training and mentoring. This type of supply chain diversity has long been practised in other developed places. See details on Walmart's Global Women's Economic Empowerment Initiative and WEConnect International which connects women-owned businesses with MNCs in Section 4.
School/university level programmes should be developed to encourage girls to learn how to code. The government's Digital 21 Strategy should ensure that girls are targeted for computer science and other critical business and creative studies in order to broaden the pool of human resource talent for start-ups in high technology and high growth industries. See details of the US initiative Girls Who Code in Section 4.
Offer targeted programmes that provide access to capital, and build confidence and capacity in financial literacy, business planning, pitching, marketing, product development, ICT and managing growth. Private sector companies can offer training in their specific areas of expertise, for example, human resources companies could offer programmes that support women with their key challenge of hiring, managing and retaining talent; law firms in legal terms and conditions. Conduct awareness training for service providers on how to work with female clients. Accommodate varying skill levels and stages of business development. These programmes require extensive marketing since women rely more on personal contacts when starting up and may miss out on professional training and advice. Services must be offered in parallel to existing mainstream initiatives to avoid 'sidestreaming' the women's business community. See details on Taiwan's 2013 Female Innovative Entrepreneurship Project in Section 2, on the Global Banking Alliance in Section 3 (including some GBA members' specific banking initiatives for women) and on Google's Women Entrepreneurs Online in Section 4.
Start a women's network in the angel/VC community of investors and entrepreneurs with the longer-term aim of launching an Angel Fund for Women at the appropriate time in the development of the market. Structure it to raise the profile and importance of angel funding, as well as to draw attention to the community of women entrepreneurs in Hong Kong and to build the presence of women in angel/VC investment. Combine early stage investment with mentoring so that a stake in the business is combined with hands-on business advice and support. See details on Sand Hill Road Women's Community, Astia Angel and Golden Seeds in Section 3.

<sup>360</sup> Granger S. (2012), "A wave of angel investing organisations focuses on women", in *Harvard Business Review Blog Network*, 4 December 2012.



## OTHER SUGGESTIONS

Priority	Suggestion	Responsibility	Issue to address/Need
Support Networks	Develop an entrepreneurs ambassador programme that incorporates mentoring	Government, private sector, NGOs/civil society, business associations	Whilst there are small women's entrepreneur networks filling gaps in Hong Kong, there is no high-profile network that is organised or supported at government level to lead a women's entrepreneurship movement.
	Develop platforms to facilitate hiring in SMEs and start-ups by sector	Business associations, start-up communities	Finding employees that want to work in a start-up is difficult given the likely low salary, hard work and lack of benefits. There are currently very limited options for start-ups to post employment advertisements.
Promotion	Public education and promotion of role models	Government, private sector, NGOs/civil society, business associations	Many women lack confidence and belief in what is possible. They need to be inspired by seeing what other women have achieved, yet currently many successful women entrepreneurs remain under the public radar. Society more broadly needs to understand the contribution that women entrepreneurs can make to the economy.
	Promote entrepreneurship as aspirational and erode fear of failure	Government, schools and universities, NGOs/civil society	The prevailing attitude in Hong Kong is that working for a big institution is 'safe' and the 'correct' path after a successful education. Parents are seen as the biggest barrier to young people starting up on their own.
	Target women for incubation, in technology and high growth sectors.	Government, universities	Current government incubators are dominated by men, including those in the high technology space, even though the number of young women studying engineering and technology in Hong Kong's universities has increased over recent years.
Research	Implement Hong Kong's re-entry to the Global Entrepreneurship Monitor project	Government	Termination of Hong Kong's inclusion in the Global Entrepreneurship Monitor project means that there is now no regular, systematic way to measure Hong Kong's entrepreneurial activity on the global landscape.
	Fund longitudinal research study on women entrepreneurs	Government with universities	The educational, employment and social status of women in Hong Kong has changed significantly over the last 20 years. It follows that the entrepreneurial activity and status of women has also changed, but little detail is known without tracking women entrepreneurs over the years.
Training and learning	Build on Digital 21 programmes to encourage entrepreneurship	Government	Entrepreneurship is a way of generating income and empowering low-income women but little is being done to train them to benefit from such an approach.
	Encourage lifelong learning, particularly to middle-aged women	Government, universities, private sector companies	Women tend to have multiple responsibilities and struggle to prioritise or keep up with changes, such as in ICT. There is an abundance of women in their 40s and 50s who are not in employment and are not targeted for re-training or skills development. <sup>363</sup>

Detailed suggestion
<p>Invite a group of leading women to become ambassadors deployed to develop a women's entrepreneur movement. Structure a large, broad, high-level network that is supported by or at government level as a public-private partnership. This may bring together other networks and organisations. This should be tied to a problem-solving, results-oriented, mentoring scheme in which women are carefully matched according to stage of business, skill level, expertise, and sector. See details on Sweden's Ambassadors for Women's Entrepreneurship Programme in Section 2.</p> <p>Develop online marketplaces that enable SMEs and start-ups to recruit more effectively and that enable individuals looking to work in SMEs and start-ups to find them. See details on CoCoon Market in Section 4.</p>
<p>Promote women entrepreneurs, such as those who become ambassadors or mentors, as role models and leaders. Promotional campaigns should highlight the importance of women's entrepreneurship not just to women themselves, but to economic prosperity, job creation and social stability of the territory. This may involve publications to highlight the achievements of women entrepreneurs, documentaries profiling them, high-profile awards, conferences, and awards for achievement. See details on Ireland's Going for Growth Programme in Section 5.</p> <p>Promote working in a start-up or SME as something to aspire to, the thinking person's career route instead of following the crowd to a large institution.</p> <p>Address women as a target group via government incubators and encourage women into high technology and other high growth industries, addressing their needs with regard to managing incubatee loans, developing risk appetite and financial management skills. In addition, policies and support frameworks for future growth areas such as social enterprise, which fits with women's interests (recent research shows they care more about social issues than men<sup>361</sup>), should target women.</p> <p>Support Hong Kong's inclusion in the Global Entrepreneurship Monitor project again.<sup>362</sup> Hong Kong should be reinstated so that in the global entrepreneurs' community it is seen as a competitive player in the field of entrepreneurship and is not rolled into China. Participation in the GEM would also provide a platform for collecting gender-disaggregated data on entrepreneurship.</p> <p>The commission of a large-scale longitudinal study on women entrepreneurs could help address the current lack of understanding of women entrepreneurs, their motivations and their needs. Ongoing monitoring and evaluation would deepen understanding. This could be part of the re-entry into the GEM project.</p>
<p>Expand on the Internet Learning and Support Programme for low-income women to develop programmes that can segue way into engaging these women in entrepreneurship as a way of further empowering themselves. Follow up training with refresher courses and advice.</p> <p>Persist in promoting the importance of lifelong learning in business and provide the opportunities for it, particularly in the fast-moving area of technology so that women are always maximising efficiency and opportunity in terms of integrating use of ICT in their business. Encourage the many middle-aged women who emerge from raising children to retrain so that they can be furnished with the skills to become future entrepreneurs. Many skills cannot be learned in the classroom and private sector companies have a significant role to play in providing hands-on experience.</p>

<sup>361</sup> DeGolyer M. (2013), *The Changing Faces of Hong Kong: Women in the Community and National Context, 1994-2010*, Civic Exchange, Hong Kong; [http://www.civic-exchange.org/wp/201302gender\\_en/](http://www.civic-exchange.org/wp/201302gender_en/) (accessed 25 April 2013).

<sup>362</sup> Hong Kong withdrew from GEM in 2009 citing expense as the problem.

<sup>363</sup> Mitchell L. (2013), *The Changing Faces of Hong Kong: A Cohort Analysis of Women in the Community, 1991-2011*, Civic Exchange and The Women's Foundation; [http://www.civic-exchange.org/wp/201302gender\\_en/](http://www.civic-exchange.org/wp/201302gender_en/) (accessed 20 March 2013).

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