

Discover Essences for Entrepreneurship through CUACE Survey

The Chinese University of Hong Kong Center for Entrepreneurship conducted a “CU Alumni Census of Entrepreneurs” (supported and sponsored by CUHK Knowledge Transfer Project Fund) in 2010. The Center for Communication Research (CUCCR) was commissioned to conduct the census survey and data analysis in order to research the views and experiences of the CU alumni regarding entrepreneurship. The survey was conducted in 2 rounds, with the first round questionnaire targeting all CU alumni and the second round aiming at the alumni with entrepreneurship experiences. 1,045 CU alumni participated in the survey.

The response rate of the survey was relatively low, which may affect the representativeness of the sample. The response rate from entrepreneurs may have been influenced by the design of the second round, in-depth questionnaire, which involved comparatively more questions and asked about sensitive information such as the details of the founding companies and their operation. Moreover, with the survey title “CU Alumni Census of Entrepreneurs”, the alumni who did not have entrepreneurship experience might have felt unrelated, and therefore, might have paid less attention to the survey. For the aforementioned reasons, the survey results cannot be used to project the actual number of entrepreneurs among CU alumni. Nevertheless, the survey results revealed valuable details in the entrepreneurs’ backgrounds and in their experiences in entrepreneurship.

1. Easy to Start up with Less Burden, Mainly from BBA, Management and Social Sciences

Survey results showed that CU alumni with entrepreneurship experiences (entrepreneurs) were mostly male (75%), aged 20-39 (83%), single (54%), having no children (71%) and little burden of supporting dependents. More than half of them graduated from the Faculty of Business Administration or the Faculty of Social Science (52%); MBA and commerce related programs were common choices when they pursued further studies. Before starting a new business, over half of them had the working experience in multi-national companies (53%), and mainly worked in sales-related fields and marketing (48%), or general management (40%).

2. Entrepreneurship Makes Higher Status, Dauntless to Discover New Opportunities

Respondents, with or without entrepreneurship experiences, believed that those who succeeded in starting a new business would gain a higher level of status and respect, yet relatively few agreed that starting a new business was a desirable career choice. On the other hand, comparing to those without entrepreneurship experiences, the entrepreneurs tended to believe that they were more equipped with the knowledge and experiences to start a new business and more easily found business opportunities; they were also less fearful of failures that would hinder their plans for starting new businesses (Figure 1).

3. Experience and Prospect Drives Entrepreneurship, Courage and Talent Are Key to Success

The reasons for starting businesses included that they or their co-founders’ possessed relevant experiences in the industry, professional knowledge, a customer base, and optimism toward the business prospect (Figure 2 & 3). The major difficulty was seeking quality employees (64%) and partners (62%). They generally considered personal courage, determination and patience in dealing with risks and difficulties to be the essential characteristics of a successful entrepreneur (95%).

4. Start up SME by Self Funding, Expansion in Future

A large proportion of companies or businesses founded by the entrepreneurs were in the fields of sales, retail businesses and catering services (40%), finance, insurance, and property (35%). Most of the entrepreneurs started their businesses with capital less than HKD 100,000 (38%). The capital mainly came from themselves or co-founders; few raised their capital from relatives, friends, or bank loans (Figure 4). Moreover, the majority of the founding companies/businesses were small and medium-sized enterprises (SME) based in Hong Kong and Mainland China (95%), with company asset values under HKD 10,000,000 (Total Value of Asset: 82%; Total Value of Revenue: 77%) and scale less than 10 employees (64%). Looking ahead, A number of the entrepreneurs planned to expand their businesses (66%) and start new companies/businesses (44%) in the next 1 to 3 years.

5. Freedom in Work and Career, Start up Business with Work Experience

Results (Figure 5) revealed that the most important advantages were “Freedom in work” (77%; average score: 4.08); “Satisfaction and sense of achievement” (77%; average score: 4.07) and “Courage, determination and patience” (78%; average score: 4.06). 73% of respondents commented that it was good to start new businesses when graduates had accumulated a certain level of working experience rather than upon graduation (89%).

6. CU Education Trains up the Mind, Boost Communication Skills and Broaden Social Network

Results (Figure 6) revealed that the most effective items provided by CUHK in the course of entrepreneurship are “Capability to analyze, integrate ideas and communicate” (49%; average score*: 3.31), “A broad social network with class-mates, alumni, teachers and others” (29%; average score: 2.65) and “Knowledge of how to run a business (economics, finance, accounting, management, etc.)” (23%; average score: 2.50).

7. Fund, Information, Training Courses and Ideas Exchange Assist Entrepreneurship

The entrepreneurs commented that if CUHK is to provide different form of assistance to the alumni who would like to start up a new business, the most useful supports were “Facilitate the setting up of angel investment funds and venture capital funds to provide start-up capital to CUHK alumni” (80%; average score: 4.10), “Establish a permanent web-site for entrepreneurship to provide updated information and references to CUHK potential entrepreneurs” (74%; average score: 3.96) and “Set up practical courses taught jointly by university faculty and CUHK entrepreneurial alumni to teach potential entrepreneurs the basics of starting and running a company/business” (75%; average score: 3.93) (Figure 7).

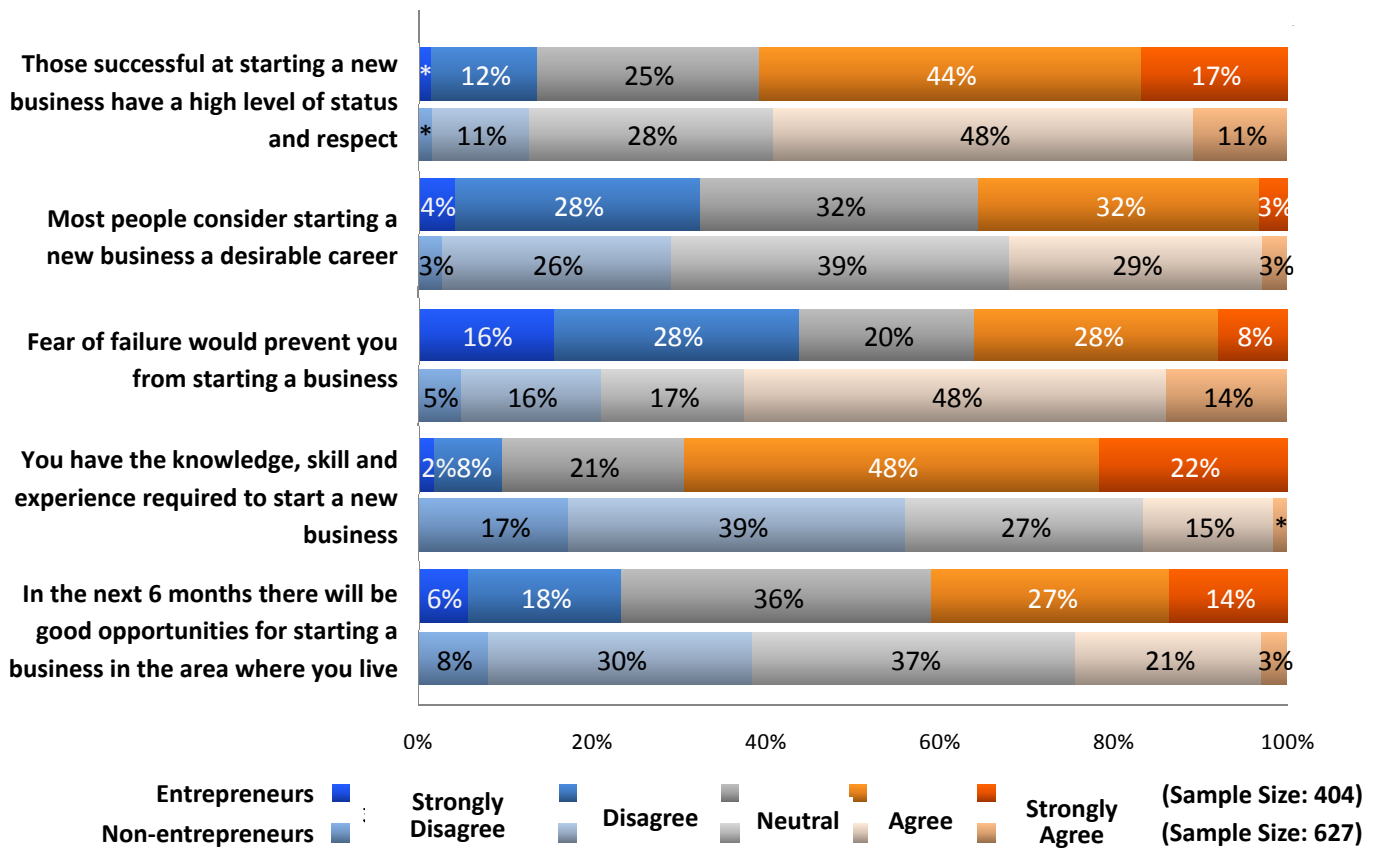
8. Personality and Network Determine Success, Communication and Analysis Capability Are Also Essential

By running regression analyses, this study analyzed a number of factors in predicting successful CU alumni entrepreneurs their number of companies founded (and still owned) and company performance (measured by combining employee size, revenue generated, and assets owned). Results (Figure 8) revealed that capital, experience and market network were the 3 major factors in affecting the entrepreneurial companies in terms of their establishment and operation. On the other hand, preconditions and the background of the founders, such as the sufficiency of capital and time invested were also important factors to the entrepreneurial companies at founding stage. Data also revealed that the number of companies CU alumni entrepreneurs founded was also determined by intra- and interpersonal factors.

Turning to essential ingredients predicting the companies’ performance, the study found that companies perform better if founders had a large capital and a niche innovation in existing products or services at start-up, if entrepreneurs could still afford a lot of time at the company at present, and if they had a long working experience in multinational companies. It is also interesting to note that founders of high-growth companies tended not to take loans to invest at start-up and were not optimistic about the business prospect. This suggests that founders felt even more obligated and compelled to work harder to make their companies successful.

Finally, results indicated that the skills they learned in CUHK, such as the ability to analyze, to integrate, and to communicate ideas, were prerequisites for being successful entrepreneurs.

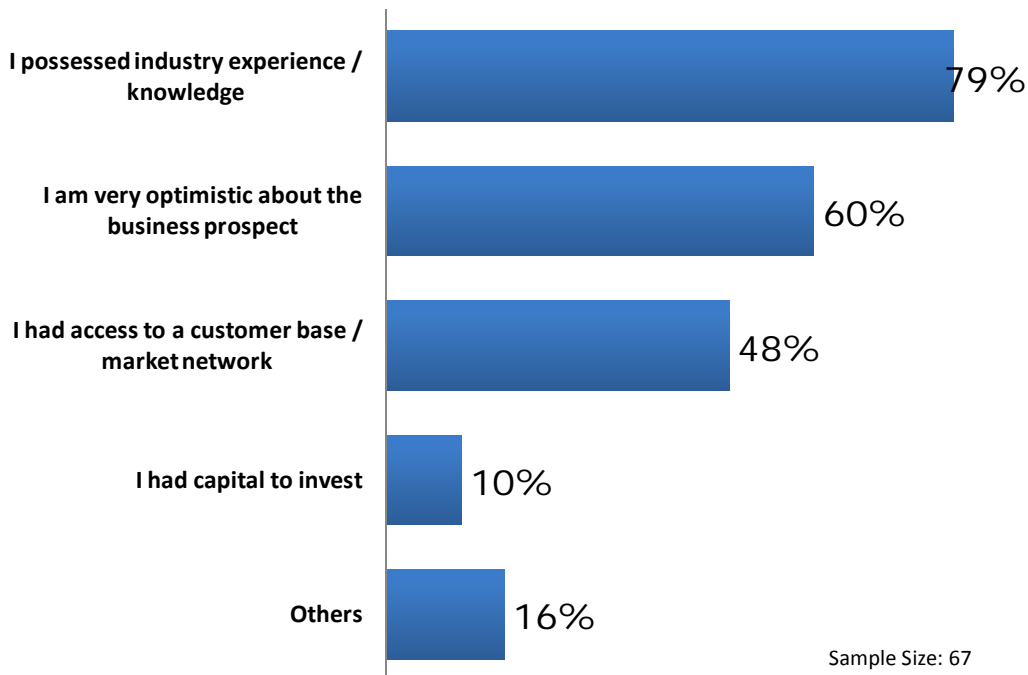
Figure 1: The Level of Agreement about the Statements Related to Entrepreneurship



Remarks:

1. *Less than 2%

Figure 2: The Major Reasons for Starting Their Own Business (Without Co-founders)

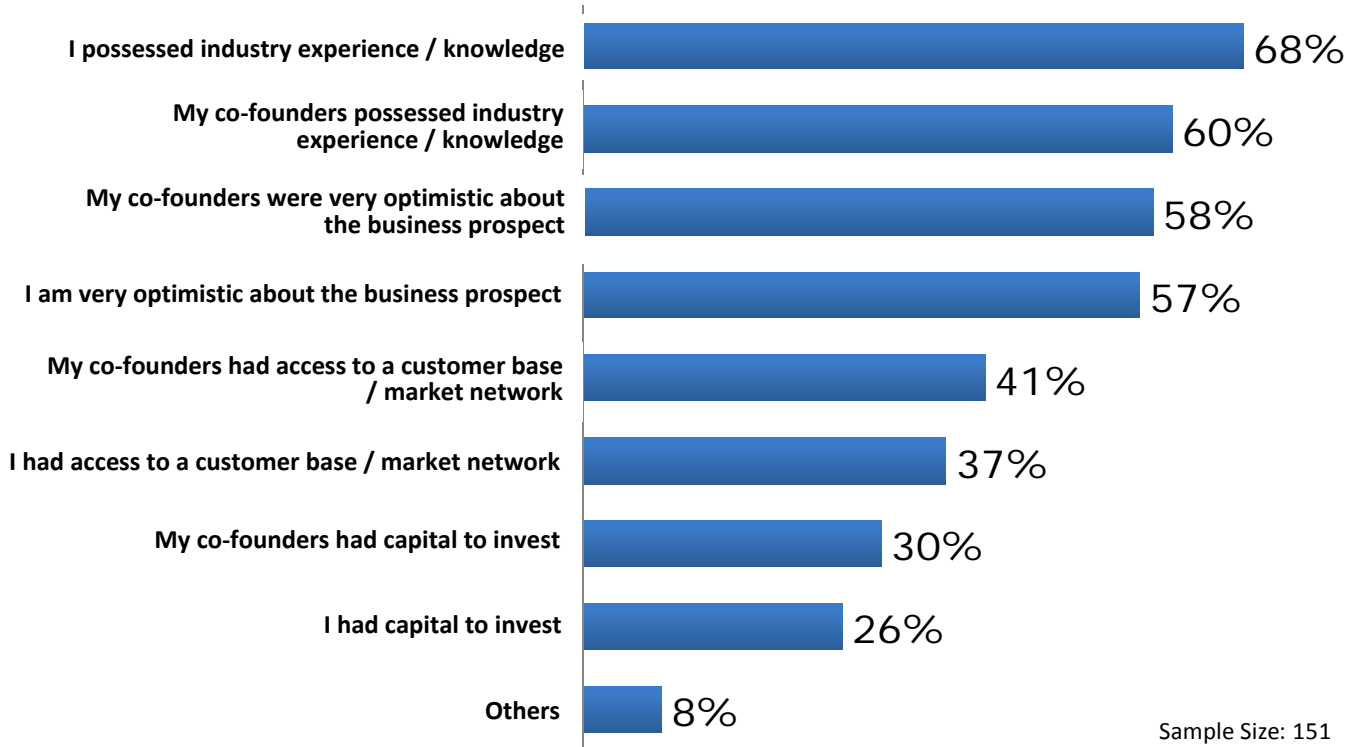


Remarks :

1. This question is from the second round questionnaire

2. The total percentage of the chart may exceed 100%, as multiple answers were allowed.

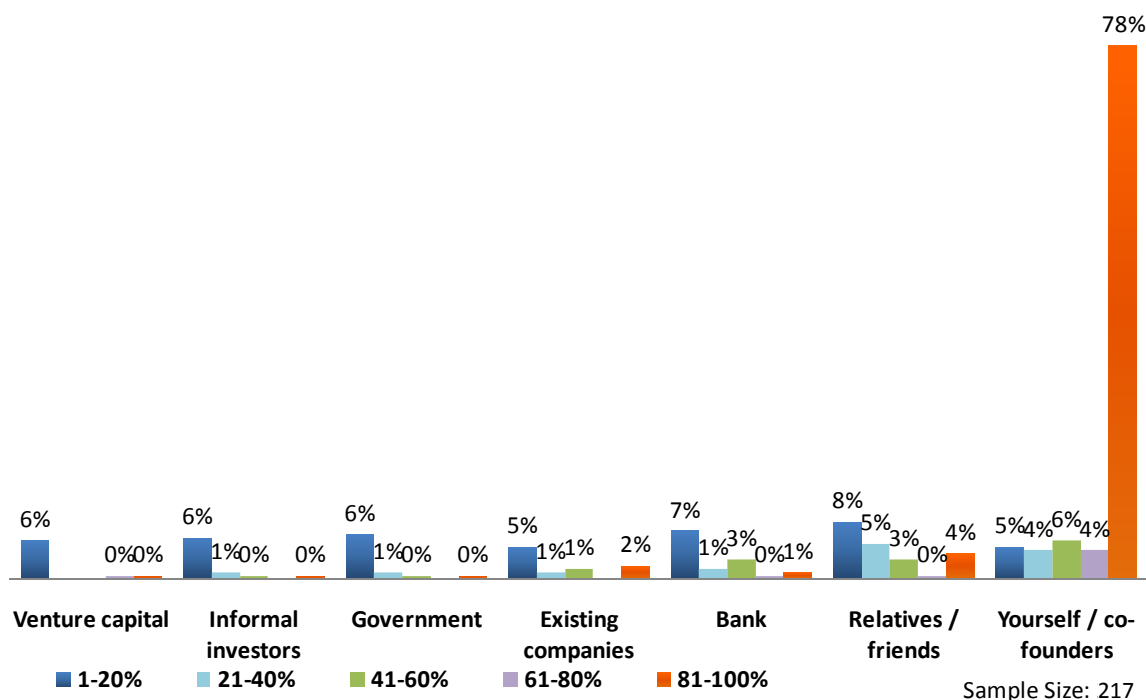
Figure 3: The Major Reasons for Starting Their Own Business (With Co-founders)



Remarks :

1. This question is from the second round questionnaire
2. The total percentage of the chart may exceed 100%, as multiple answers were allowed

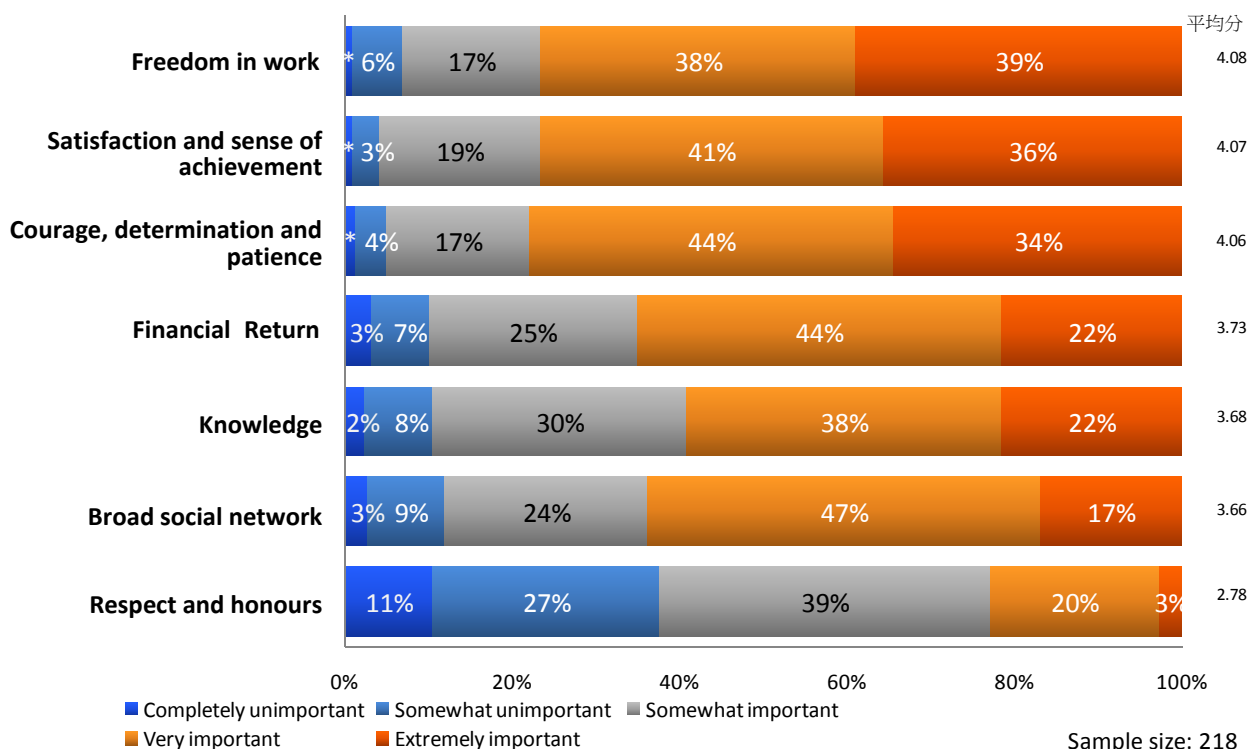
Figure 4: The Major funding Sources to Start the Company in the First Year (Percentage)



Remarks :

1. This question is from the second round questionnaire

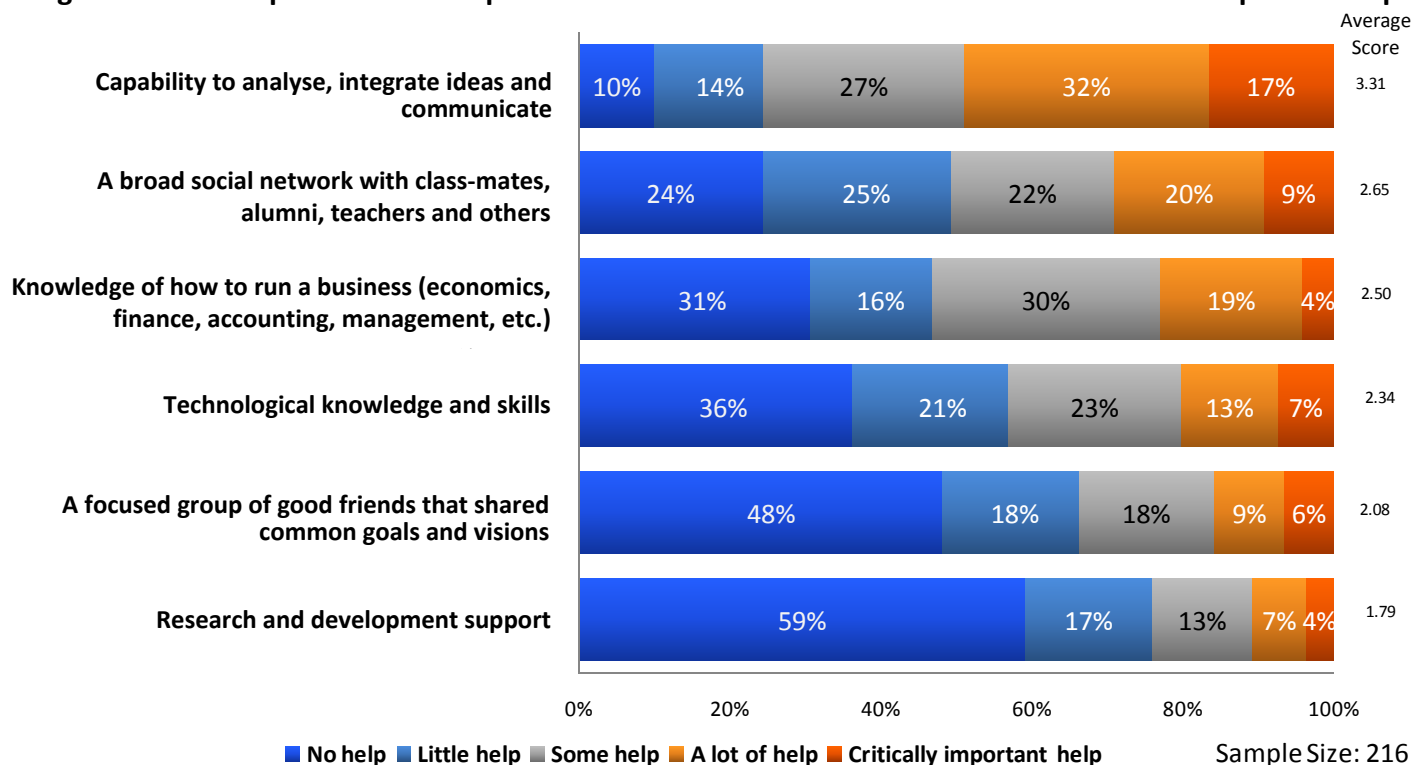
Figure 5: The Benefits that the Entrepreneurs Have Obtained From Founding/Co-founding Companies/Businesses



Remarks:

1. Calculation of the average score: 1 for "Completely unimportant", 2 for "Somewhat unimportant", 3 for "Somewhat important", 4 for "Very important", 5 for "Extremely important"
2. *Less than 2%
3. This question is from the second round questionnaire

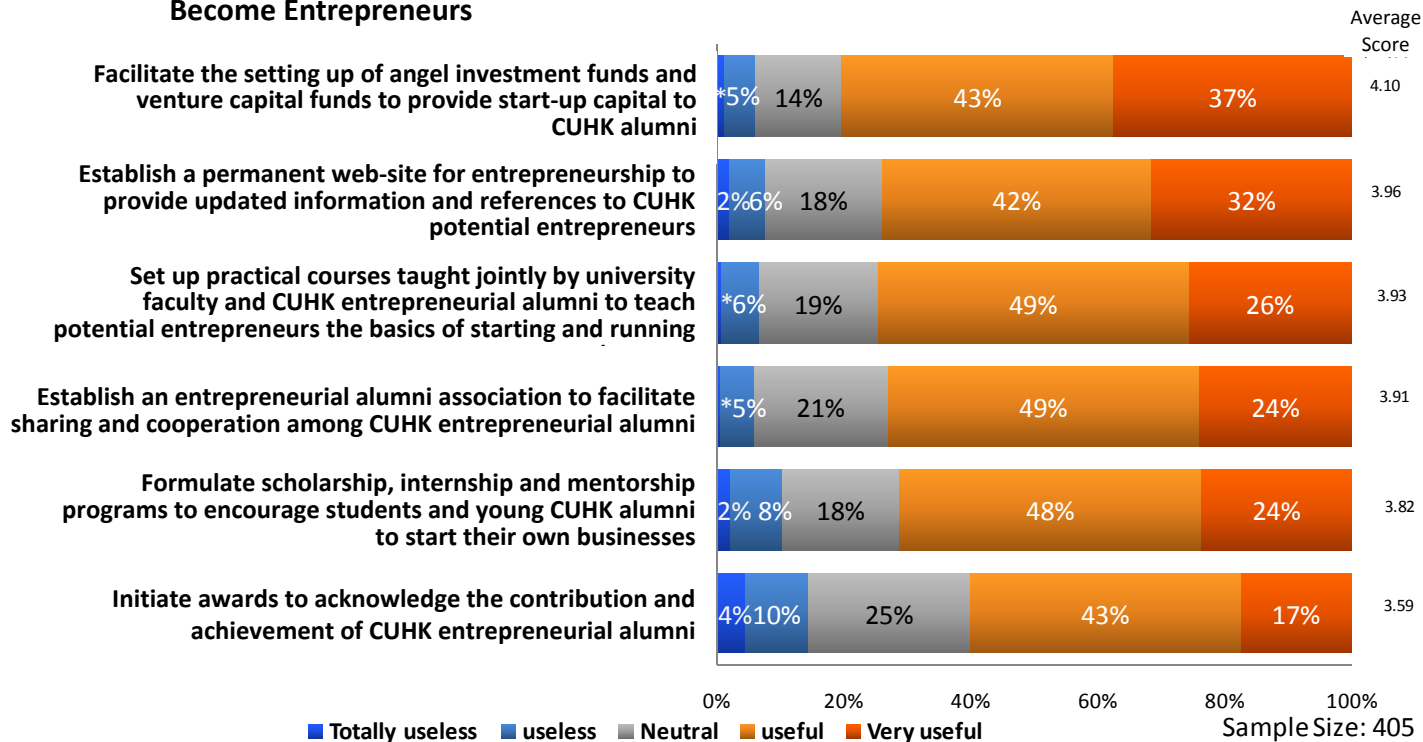
Figure 6: How Helpful of the Entrepreneurs' Studies at CUHK Have Contributed to the Entrepreneurship



Remarks:

1. Calculation of average score: 1 for "No help", 2 marks for "Little help", 3 marks for "Some help", 4 marks for "A lot of help", 5 marks for "Essentially important help"
2. This question is from the second round questionnaire

Figure 7: How Effective of the Supports Offered by CUHK to the Alumni Who Would Like to Be or Have Become Entrepreneurs



Remarks:

1. Calculation of average score: 1 for "Totally Useless", 2 marks for "Useless", 3 marks for "Neutral", 4 marks for "Useful", 5 marks for "Very Useful"
2. *Less than 2%
3. This question is from the second round questionnaire

Figure 8 : Regression Analysis Predicting Number of Companies Founded & Performance

Reasons for Startup³

- Founder possessed industry experience / knowledge
- Founder were very optimistic about the business prospect
- Founder had capital to invest
- Co-founders had access to a customer base / market network

Personal and External Factors

- Intra- and interpersonal factors
- Benefits obtained from founding a business
- Difficulty with management at startup
- Difficulty with the market at startup

Founders' Roles at Startup & at Present³

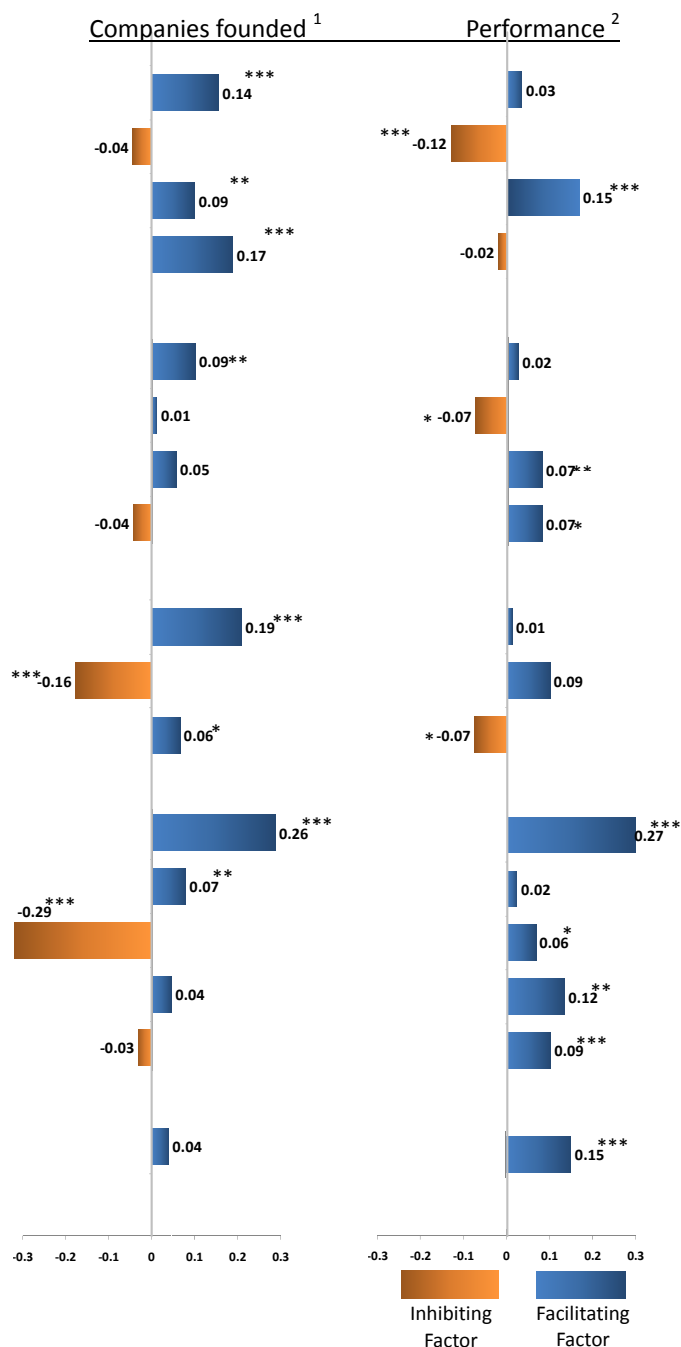
- Founder as CEO at founding
- Founder as CEO at present
- Founder as technology expert at present

Founders' Background & Precondition

- Startup capital (in HKD)
- Time spent at the company's founding
- Time spent at this company at present
- Innovations in existing products / services³
- Duration working for multinational companies

Education

- Studies at CUHK for skills to analyze, integrate, and communicate ideas⁴



Remarks:

The Adjusted R² are: .35 for "Companies Found", .17 for Performance

* p < .05; ** p < .01; *** p < .001; Number of asterisks increased with the power of influence

¹ How many registered companies / businesses have you founded or co-founded that are (still wholly or partly owned and directed by you) Sample Size=174

² Performance was measured by combining company size, revenue, and asset with reliability alpha = .81. Sample Size=216

³ Items were coded dichotomously with Yes=1 and No=0.

⁴ How helpful has knowledge /skills gained from CUHK been to help you analyze, integrate ideas, and communicate? Scale used: 1=No help; 2=little help; 3= some help; 4=a lot of help; and 5=critically important help.

CUHK Center for Entrepreneurship is an organization specializing in promoting entrepreneurship through action, research and education

香港中文大學創業研究中心

CUHK Center for Entrepreneurship

Website: <http://www.cuhk.edu.hk/centre/entrepreneurship/>

Email: entrepreneurship@cuhk.edu.hk

Tel: (852) 2609-7542

Fax: (852) 2994-4363

Sponsored by:

