



Hong Kong as a Gateway to the GBA

Perceptions and Possibilities

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HK SMEs generally unsure about the GBA but many see interesting opportunities

We surveyed 101 SME decision-makers in HK to learn how they perceived the GBA & what roles they could play

SMEs generally unsure of GBA...



- SMEs generally have no coherent view of the GBA beyond infrastructure
- SMEs generally see little opportunity for their own companies in the GBA, even if already operating there

...but service providers bullish



- Algorithms identify 4 types of SMEs, each with distinct perceptions of GBA
- One type, mainly in professional services, sees opportunity to bridge China with SE Asia through the GBA

This suggests a path forward



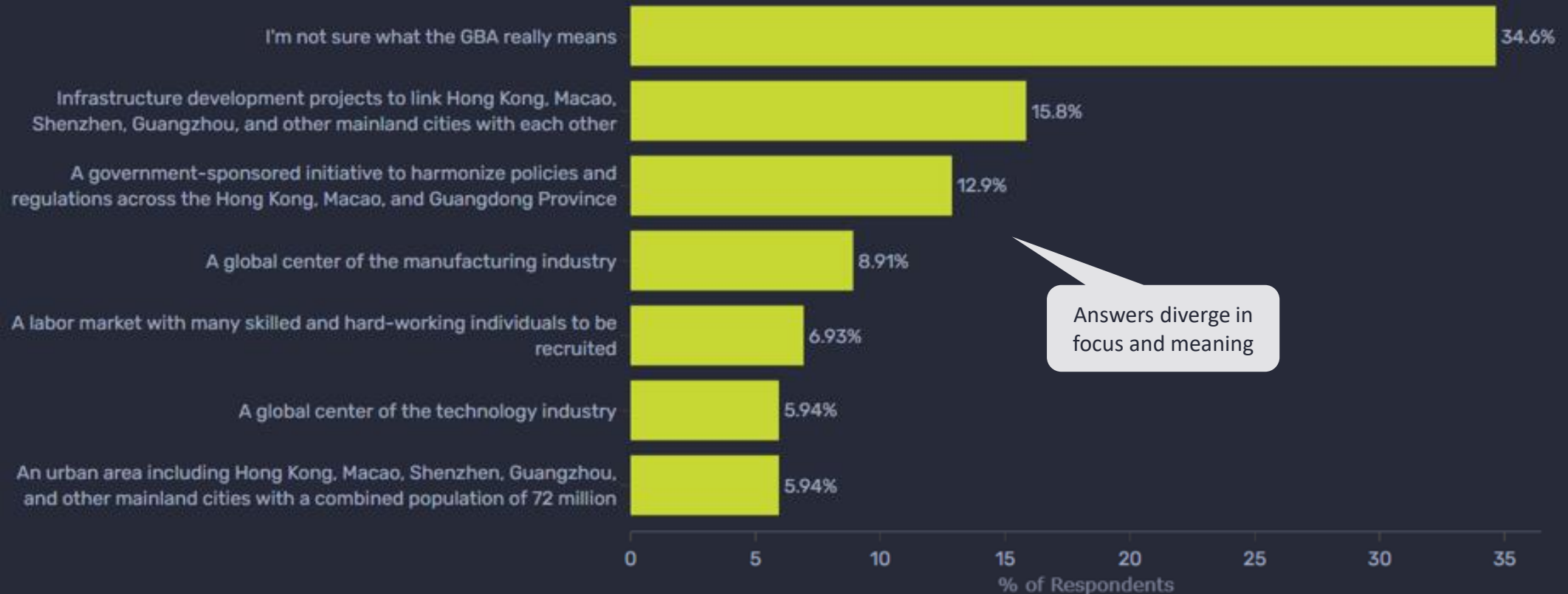
- Potential to assist service providers to help GBA clients to enter SE Asia
- Invert HK's historical role, assisting China going out into the world instead of the world going into China



SME Perceptions of the GBA

Many survey respondents were not clear what the GBA actually meant

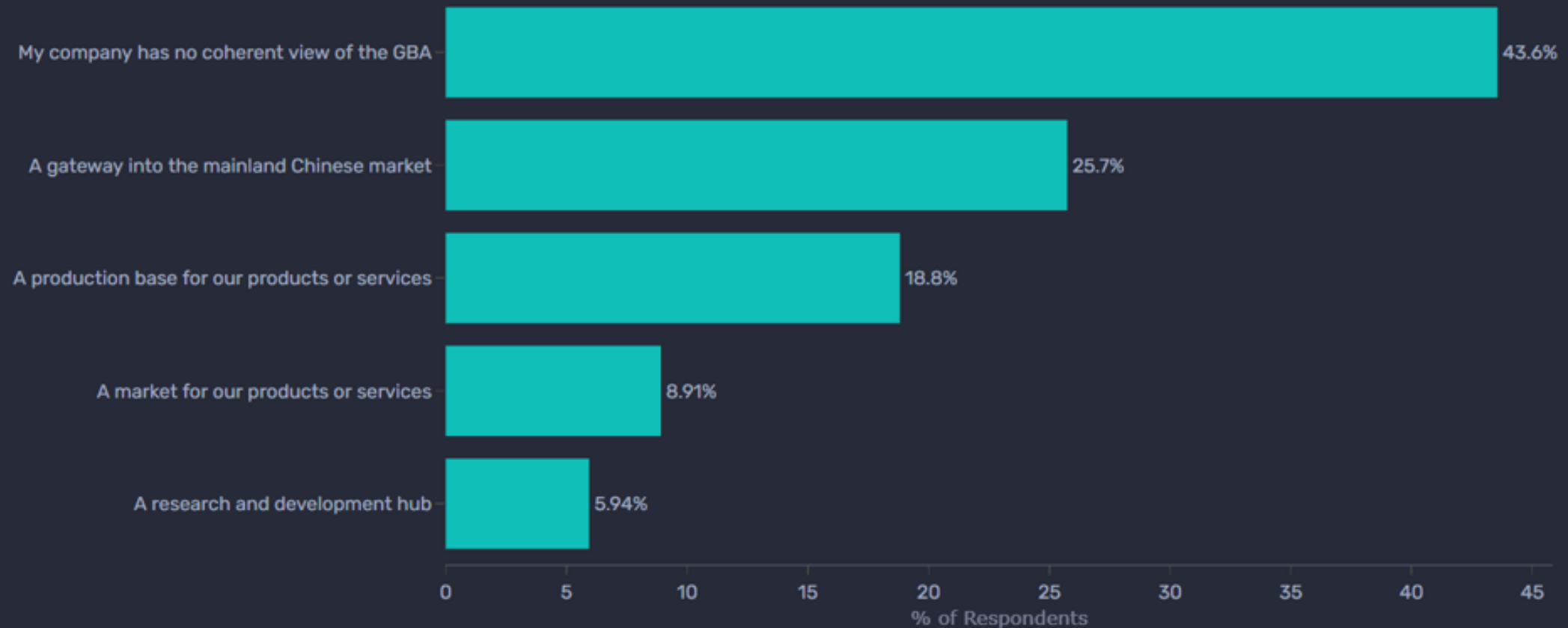
When asked what the GBA means to them, respondents said that they didn't know or gave divergent answers



* Respondents were asked to allocate 100 points among possible choices, with those >= 50 points counted here. Only the most common 7 responses are shown.

Nearly half of respondents' companies had no coherent view of the GBA

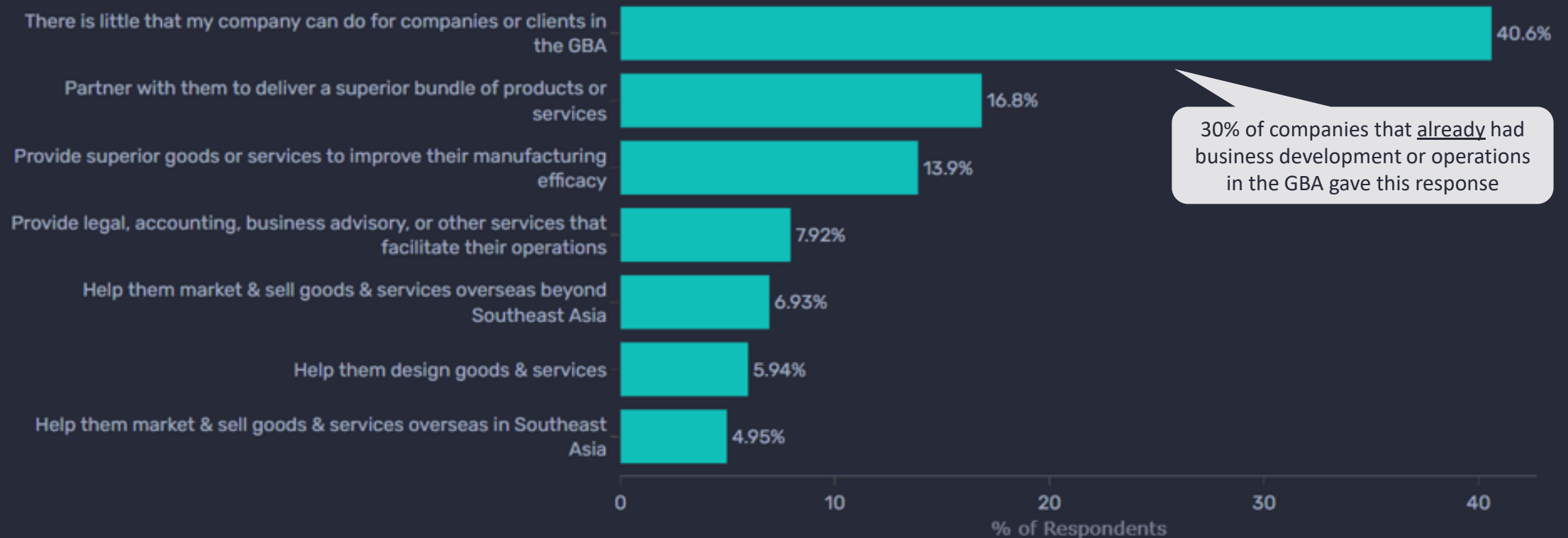
Many others viewed the GBA as a gateway into the mainland Chinese market and a production base



* Respondents were asked to allocate 100 points among possible choices, with those ≥ 50 points counted here. Only the most common 5 responses are shown.

40% of respondents stated that their companies had little to offer to GBA clients

Others identified opportunities to help GBA companies improve their products & efficiency



30% of companies that already had business development or operations in the GBA gave this response

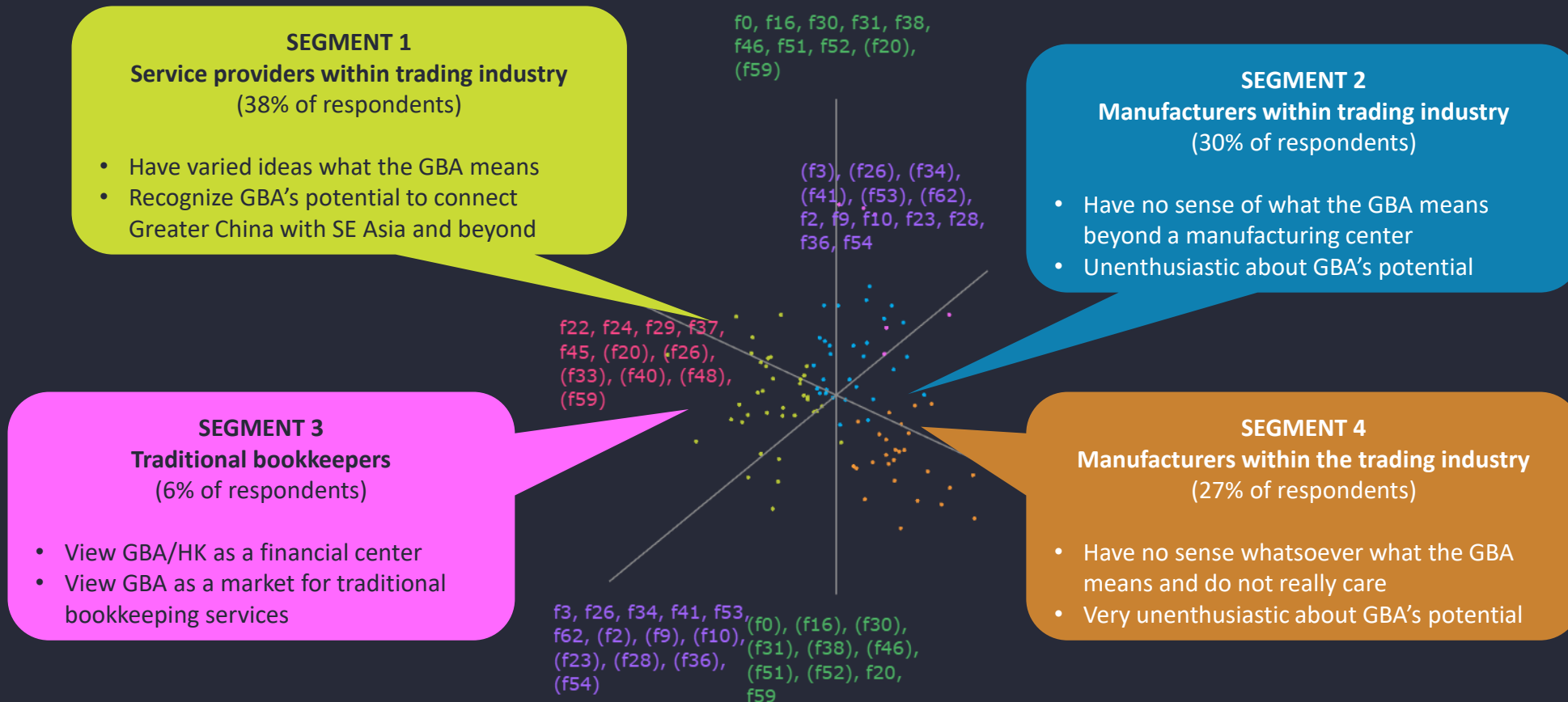
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Market Segmentation

These findings masked substantial heterogeneity among respondents

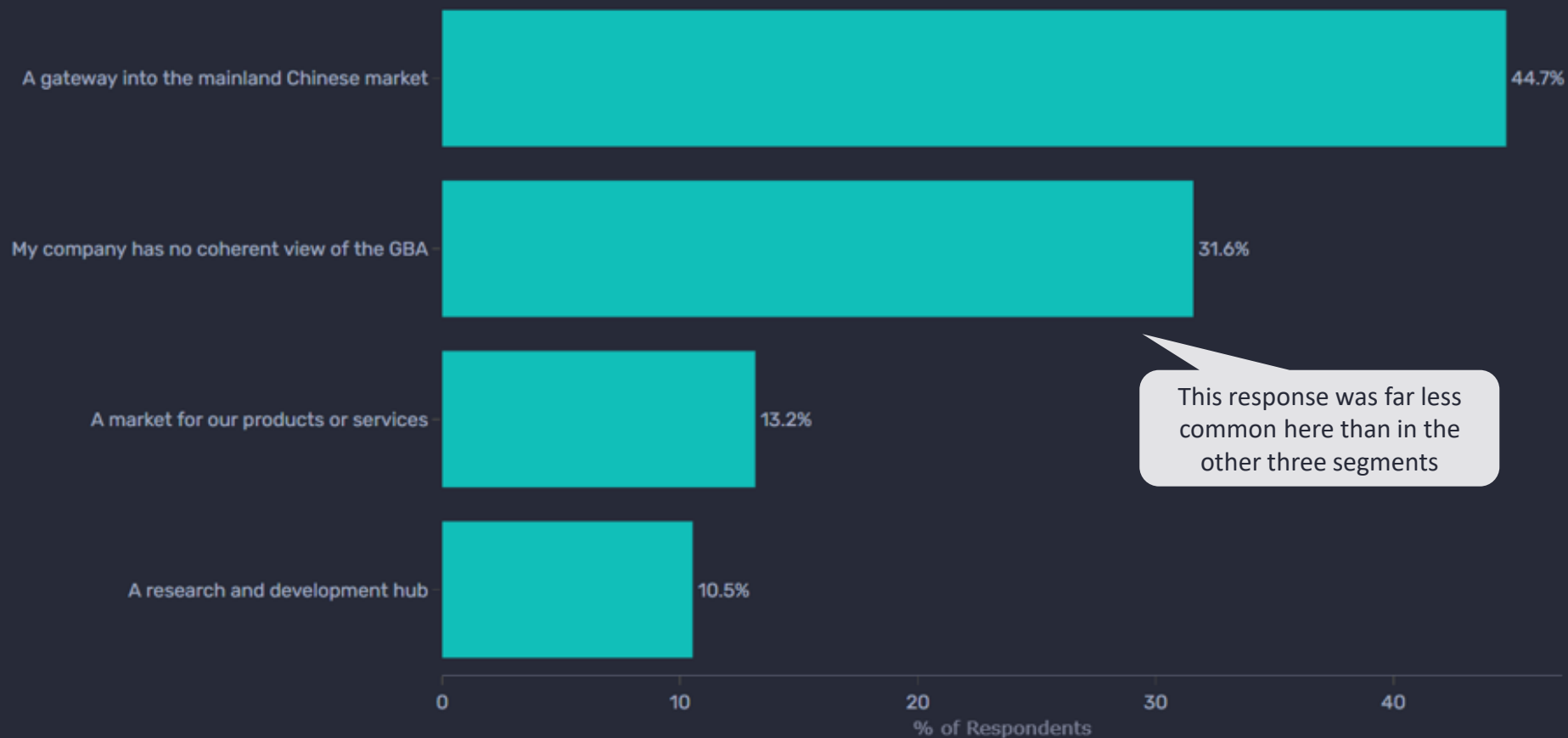
Machine learning algorithms uncovered four distinct types of respondents with vastly different responses



The following slides focus on Segment 1, which is both large and promising

Nearly half of respondents' companies viewed the GBA as a gateway into China

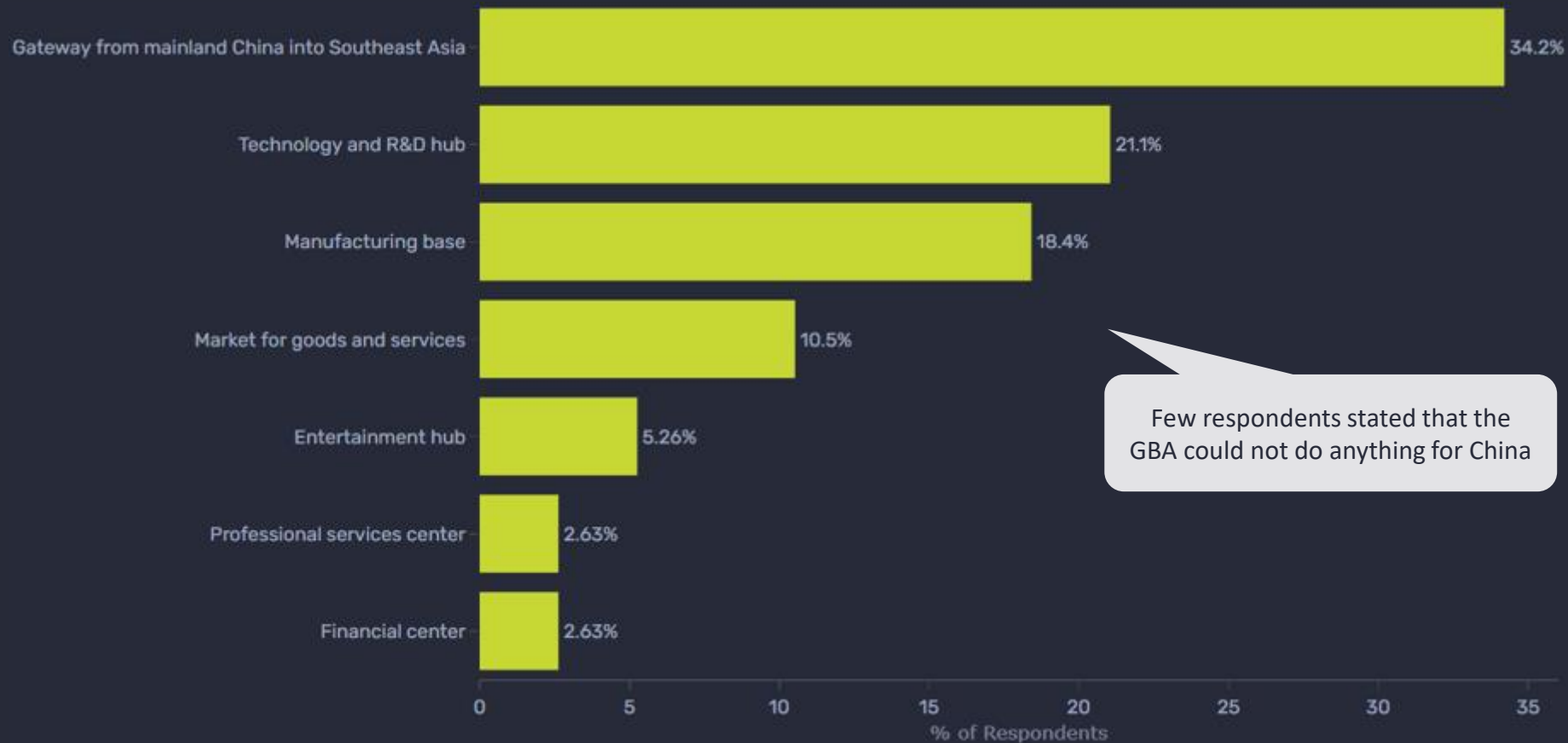
Indicates that the GBA as a gateway has strategic importance to this segment



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Many SMEs in this segment viewed the GBA as a gateway from China into SE Asia

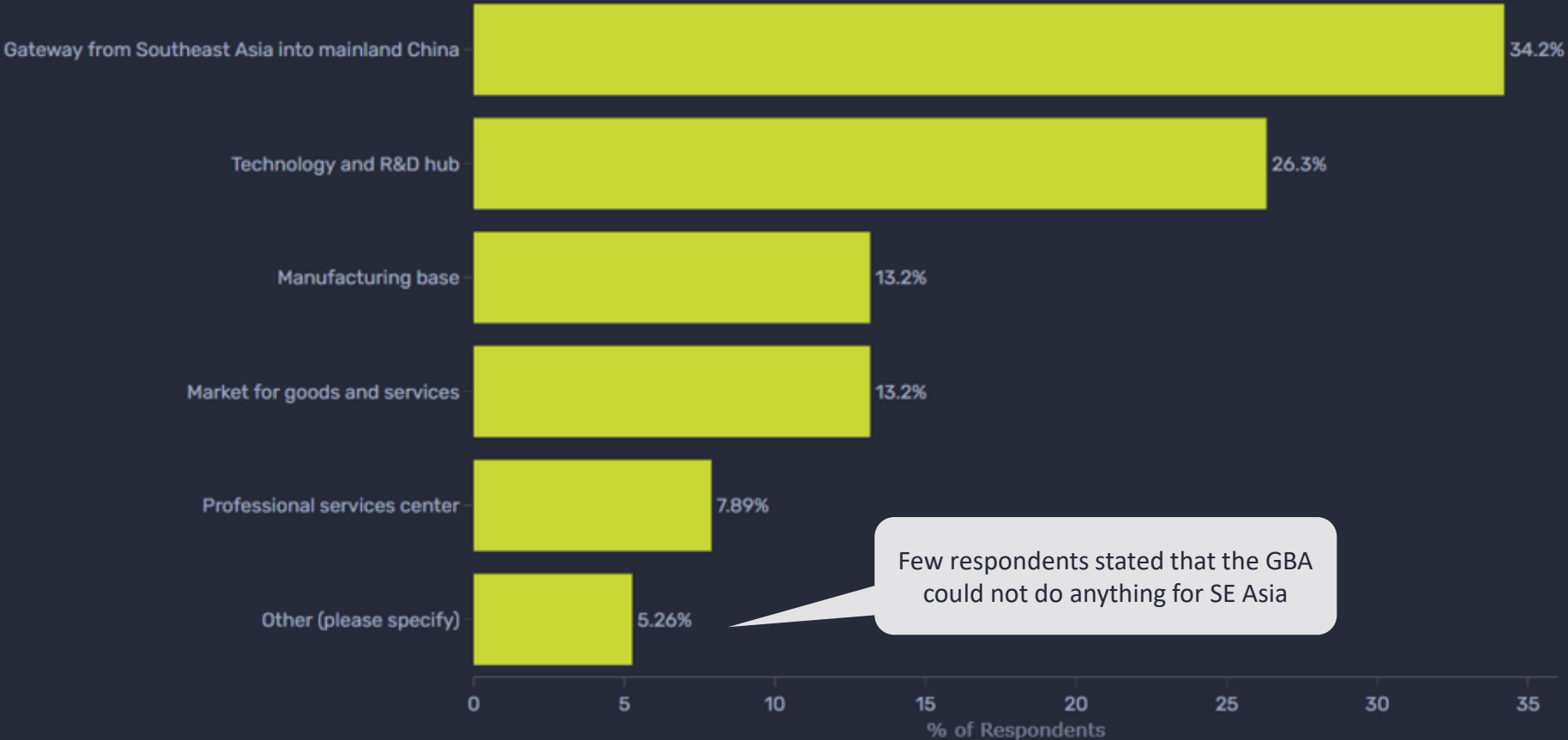
Respondents were asked what the GBA could do for China



* Respondents were asked to allocate 100 points among possible choices, with those ≥ 50 points counted here. Only the most common 7 responses are shown.

Many in the segment also viewed the GBA as a gateway from SE Asia into China

Respondents were asked what the GBA could do for Southeast Asia



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Opportunities & Policy Implications



Opportunity for HK SMEs to link mainland GBA cities with SE Asia and beyond

SMEs in Segment 1 may benefit disproportionately from policies designed to support a gateway role

Service provision to GBA clients



- Like other segments, Segment 1 SMEs cite regulatory uncertainty as barrier to entry & further expansion in GBA
- Financial support for Segment 1 in GBA could benefit all parties involved

Strengthened SEA connections



- Most Segment 1 SMEs not only lacked personnel in SEA but also connections & work experience within the region
- More support for making connections in SEA could yield outsized benefits

Need for further research



- While these findings suggest that an opportunity exists, in-depth insights specific to this opportunity needed
- Further study specific to this segment required to validate the opportunity

THOUGHT LEADERSHIP BRIEF

Building a Bridge over Muddy Waters - Findings from a Survey of Hong Kong SMEs on their Understanding of the Greater Bay Area Initiative

Joon Nak Choi



Photo by Vicky Yi on Unsplash

ISSUE

The Greater Bay Area (GBA) Initiative started with an ambitious goal: integrating the Pearl River Delta into a single economic region with the mass of Greater Tokyo, the wealth of New York City, and the innovativeness of the San Francisco Bay Area. The GBA initiative, including not only mainland cities such as Guangzhou and Shenzhen, but also the Hong Kong and Macao Special

Administrative Regions, was intended to unite a larger number of people, a wider variety of industries, and a greater potential for growth than any other economic region in the world. Simply put, policymakers envisioned the GBA as becoming the greatest city (or cluster of cities) in the world.

Please see the latest IEMS Thought Leadership Brief for more details regarding our findings!