

## Chapter 7 Small and Medium Enterprises in Hong Kong

### 1. Small and Medium Enterprises

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| <p><b>What is a small and medium enterprise in Hong Kong?</b></p>  | <ul style="list-style-type: none"> <li>● A manufacturing business which employs fewer than (1)<b>100</b> people</li> <p style="text-align: center;">or</p> <li>● A non-manufacturing business which employs fewer than (2)<b>50</b> people</li> </ul>   |
| <p><b>What are the characteristics of SMEs?</b></p>                | <ul style="list-style-type: none"> <li>● Low (3)<b>capital</b> requirements</li> <li>● Simple organisational structure</li> <li>● High management (4)<b>flexibility</b> to make decisions quickly</li> <li>● (5)<b>Innovative</b> to introduce new products or services</li> <li>● Focusing on small markets</li> <li>● Close (6)<b>customer</b> relationship</li> </ul>  |
| <p><b>What is the importance of SMEs to Hong Kong economy?</b></p> | <ul style="list-style-type: none"> <li>● <b>Providing employment opportunities:</b><br/>They have created nearly 1.3 million job opportunities for local labour.</li> <li>● <b>Stimulating (7)<b>technological</b> advancements:</b><br/>They develop new goods and services to attract customers.</li> <li>● <b>Complementing services provided by large businesses:</b> They (8)<b>customise</b> goods and services to satisfy customers with special requirements.</li> <li>● <b>Supporting large businesses:</b><br/>They provide goods and services for large businesses.</li> </ul> |
| <p><b>What difficulties do</b></p>                                 | <ul style="list-style-type: none"> <li>● (9)<b>Limited</b> sources of capital:</li> </ul>   |

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| <b>SMEs face?</b> | <p>Operating on a small scale, it is difficult for SMEs to raise capital for business development.</p> <ul style="list-style-type: none"><li>● <b>Increasing operating costs:</b><br/>Increasing (10)<u>rental</u> and wage levels in Hong Kong cause SMEs to suffer a loss.</li><li>● <b>Keen competition:</b><br/>It is difficult for SMEs to compete with (11)<u>large businesses</u>.</li><li>● <b>Difficult to retain talent:</b><br/>Employees seek for better (12)<u>remuneration</u> packages and career prospects in large businesses rather than SMEs.</li><li>● <b>Lack of management support:</b><br/>The owners of SMEs may not possess sufficient management knowledge to make suitable decisions.</li></ul> |
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## 2. Entrepreneurship

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| <p><b>What is an entrepreneur?</b></p>  | <p>A person who runs and manages a business, and bears all the (13)<b><u>risks</u></b> and takes the rewards of the business</p>   |
| <p><b>What is entrepreneurship?</b></p>   | <p>The human effort that an entrepreneur makes, under risk and uncertainty, for the creation of a business</p>   |
| <p><b>What are the characteristics of entrepreneurship?</b></p>                   | <ul style="list-style-type: none"> <li>● Willing to take (14)<b><u>initiatives</u></b></li> <li>● Keen on seeking new business opportunities</li> <li>● Desire for (15)<b><u>independence</u></b></li> <li>● Receptive to innovative ideas</li> <li>● Self-disciplined and (16)<b><u>ambitious</u></b></li> <li>● Willing to take risks despite uncertainty</li> </ul>   |
| <p><b>What is the importance of entrepreneurship in business development?</b></p> | <ul style="list-style-type: none"> <li>● <b>Provision of employment opportunities:</b><br/>Entrepreneurs need to employ staff, which creates employment opportunities.</li> <li>● <b>Promotion of (17)<u>creativity</u>:</b><br/>To enhance market competitiveness, entrepreneurs provide products with unique properties.</li> <li>● <b>More (18)<u>consumption</u> choices:</b><br/>Entrepreneurs introduce new products or services to provide more choices in the market.</li> <li>● <b>Contribution to (19)<u>economic growth</u>:</b><br/>Entrepreneurs mobilise human resources and funds to produce goods and provide services. They create employment opportunities and generate income and wealth in the economy.</li> </ul> |