

CHINESE ENTREPRENEURSHIP A BENCHMARK FOR PAKISTAN

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بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



Keynote

Profile

- Muhammad Ahsen Qazi- CEO Jobs 360 (Pvt Ltd), Author,
Human Resource Consultant
- ▣ Masters Human Resource Management from London, UK
- ▣ MPhil Management Sciences NDU, Islamabad
- ▣ Previous
 - Human Resource consultant – ZAG consultants
 - Bestway Group, London, U.K.
 - National Health Service, U.K.
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China is a leading economic power of the world. It has made tremendous progress in the last three decades. The slow transformation of the communist power to an engine of economic growth is remarkable. The business environment in China is not similar to the environment in Europe or USA. The dynamics of Chinese emerging economy are different as compared to developed economies. The role of the government is pivotal in promoting entrepreneurship in a country. The Chinese government has realized this fact and plays a vital role for the development and sustenance of entrepreneurship. The aim of industrial zones is to target certain sectors of the economy. Such industrial zones attract angel investors and also act like incubators. Chinese entrepreneurs are more willing accepting risks and are mobile as compared to non-entrepreneurs. Entrepreneurship is mainly carried out by the private sector, but successful entrepreneurship is about public and private sector partnership. The study is the first of its kind and further research is required in this area.



Muhammad Qazi

Chinese Entrepreneurship Model A Benchmark for Pakistan



Muhammad Ahsen Qazi graduated from the Prestigious PMA in 1991. He completed his Masters in HRM from London and MPhil from NDU, Islamabad. He attended Kuala Lumpur International Business, Economics Law Conference held in Malaysia, in which he participated as a speaker and presented his Research paper "Chinese Entrepreneurship - A Case in Point".



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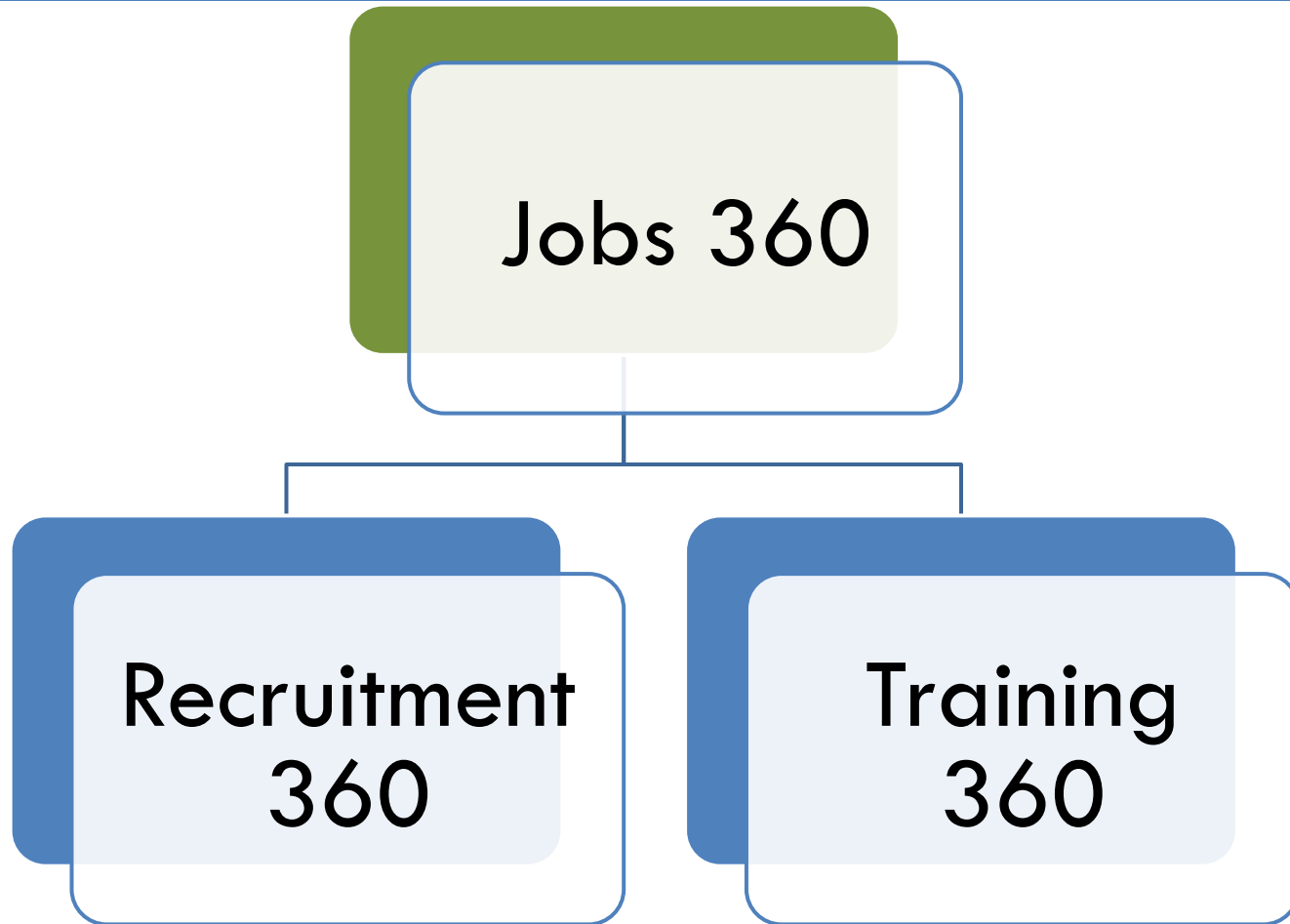



Kaula Lampur Business conference





Human Resource Consultants



- 
- The journey of a thousand miles
begins with a single step. (*Lao-tzu*, Chinese
philosopher) (604 BC - 531 BC)

Sequence

- **What is Entrepreneurship**
- **Chinese resurgence**
- **Chinese entrepreneurship characteristics**
- **Entrepreneurship in Pakistan**
- **Measures to promote entrepreneurship**

Introduction

- Pakistan is a developing country
- Entrepreneurship has been ignored
- Deep influence by Chinese entrepreneurship model
- Chinese entrepreneurship serves as a bench mark
towards development of entrepreneurship in
Pakistan


Keywords

- **Rent seeking** – deliberate manipulation to benefit few
- **Mergers and acquisitions** – Size is equal in merger, in an acquisition the size of the company acquiring is larger
- **Global Entrepreneurship Monitor** - A global body which measures entrepreneurship globally
- **Special Economic Zones** – A region that has economic laws which are more liberal as compared to the rest of the country
- **Knowledge spillover** - firms can acquire information created by others without paying for that information

The concept of entrepreneurship



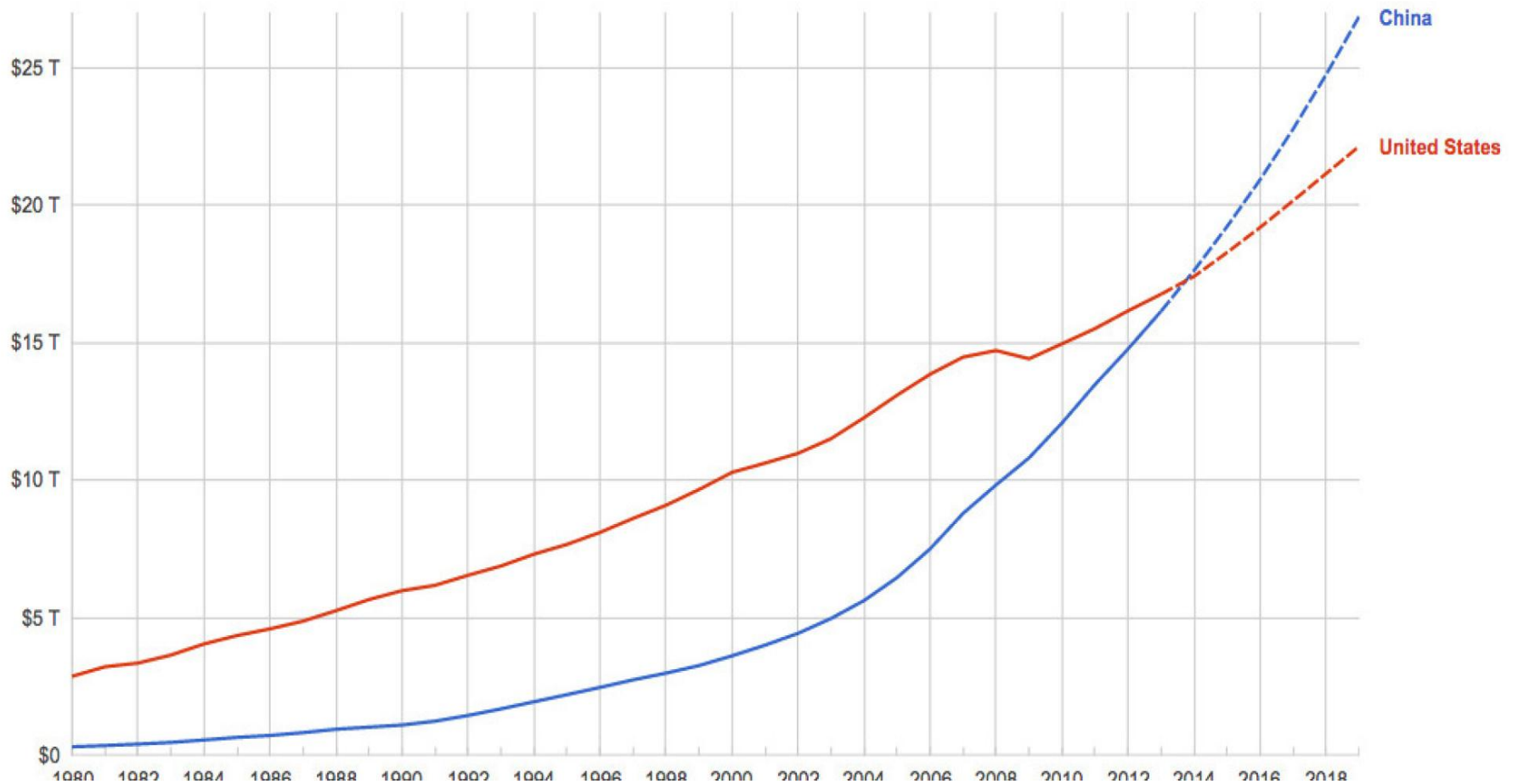
- ❑ Entrepreneurs are risk takers
- ❑ Quick to seize opportunities
- ❑ Act as change agents
- ❑ Rent seeking will not promote economic growth
- ❑ New ventures often initiated by individual members

- 
- China has been most successful nation in Human History. It has brought 400 million people from below poverty line to above poverty line in 35 years. No other nation comes anywhere close to it.

(The Guardian 19 Aug, 2015)

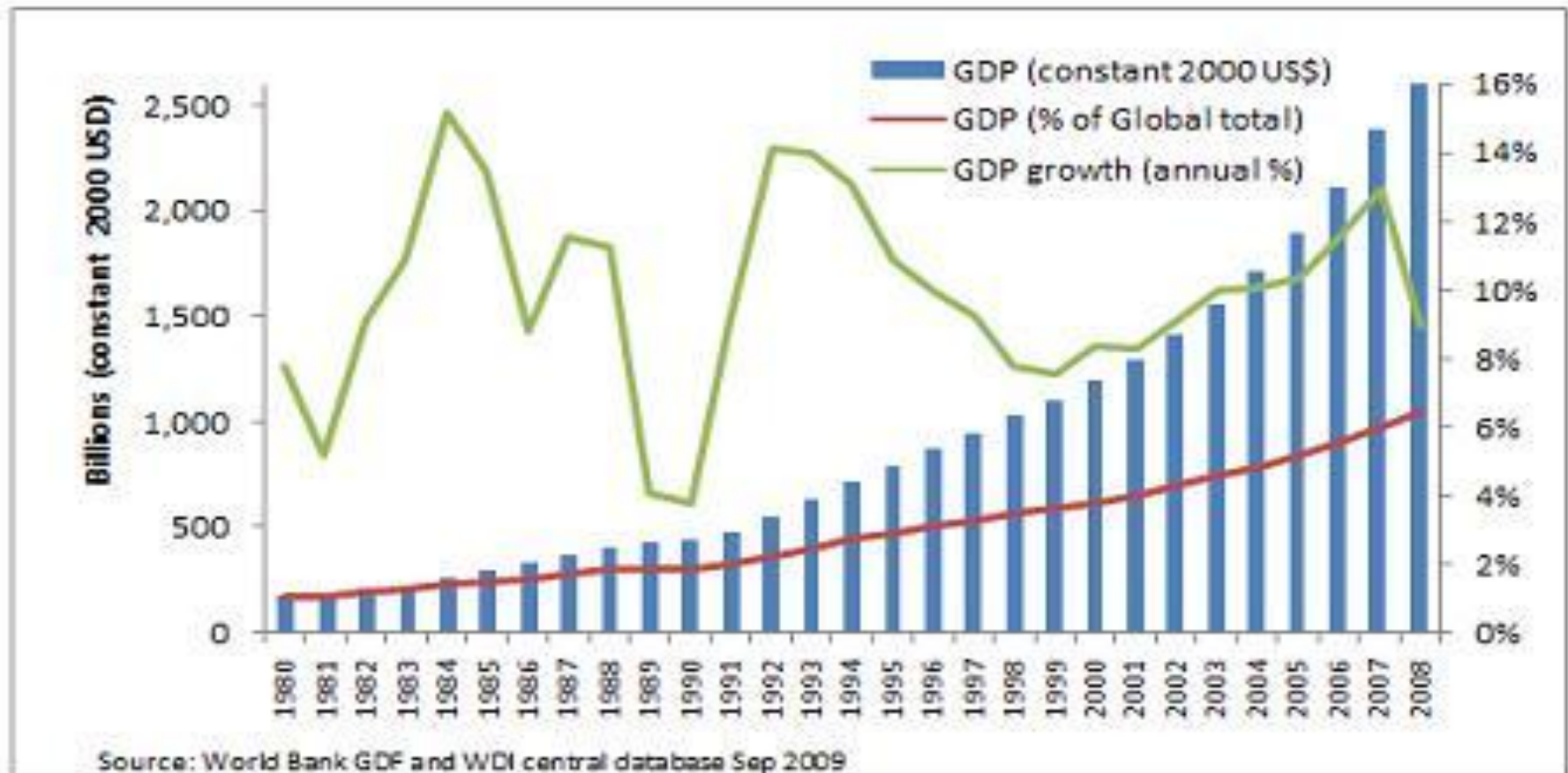
GDP China and USA

GDP based on PPP valuation of country GDP ?



China's GDP

Figure 1. China's GDP Growth (1980-2008)

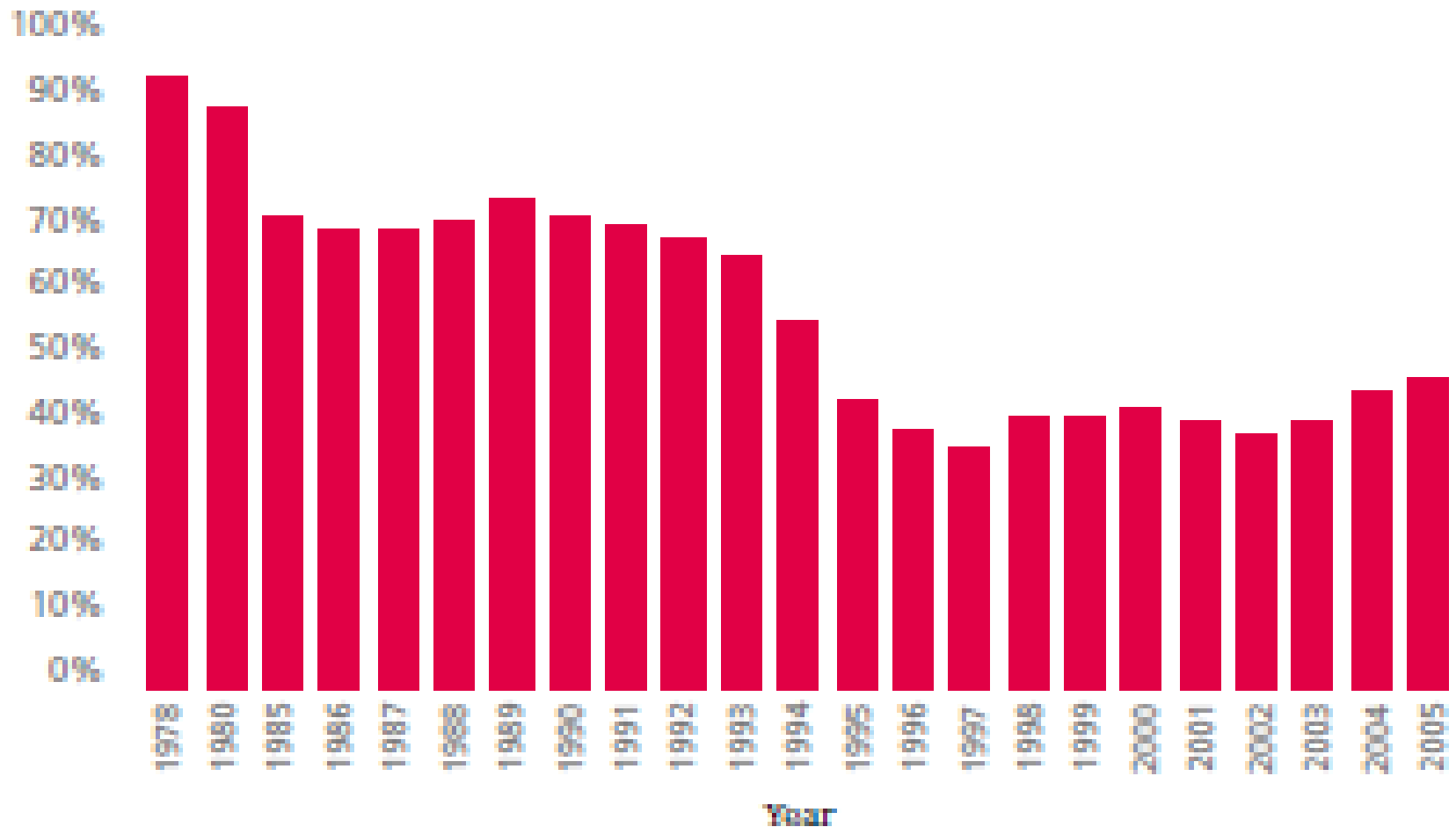


Chinese Progress Main Factors

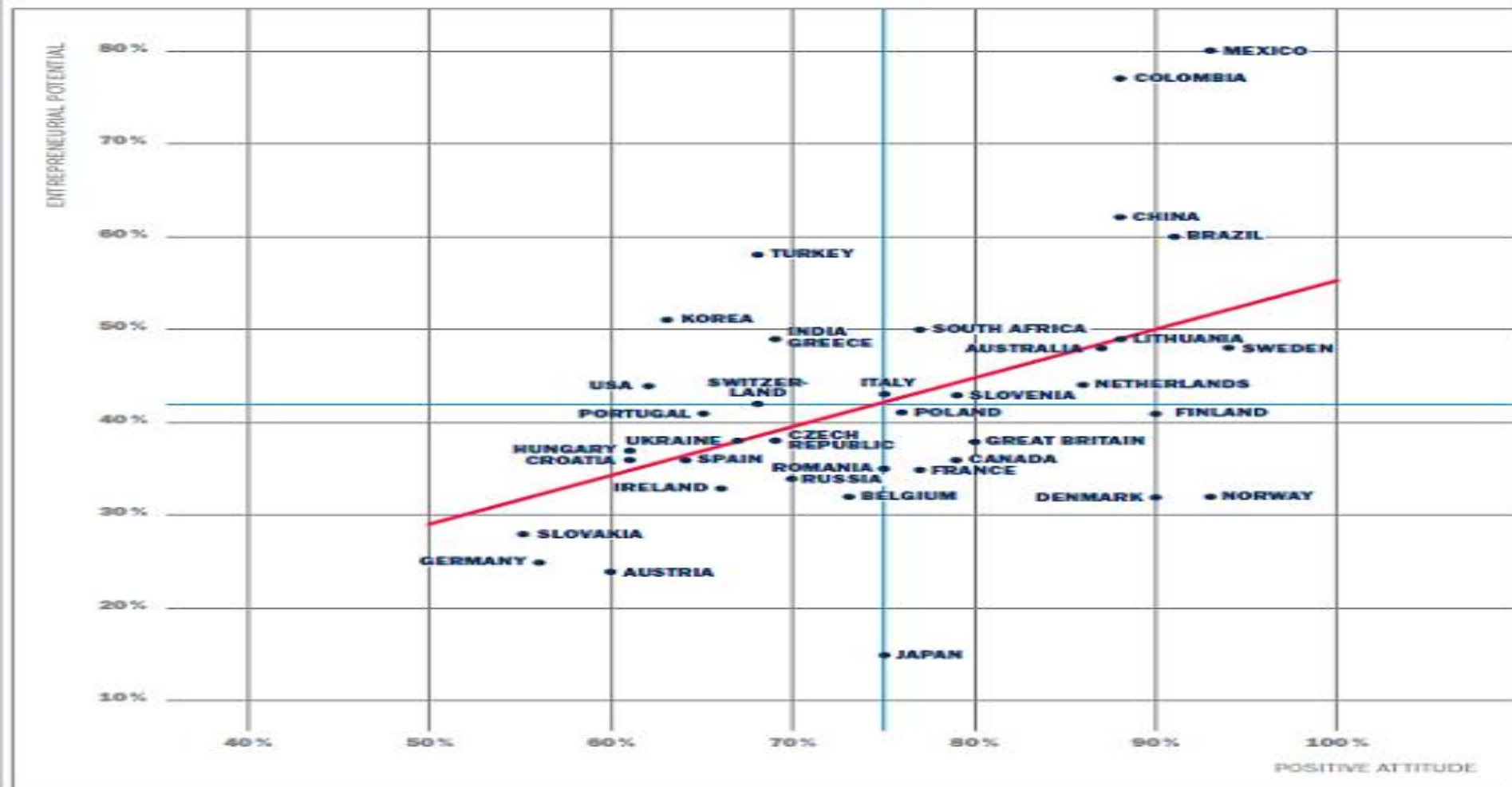
Continuity of Policy

Adaptability

State owned enterprises share of GDP, 1978 to 2005



Entrepreneurial ATTITUDE and POTENTIAL



QUESTION: How do you see entrepreneurship and can you imagine starting an own business?
 Blue lines represent averages for all surveyed countries for positive attitude (vertical) and entrepreneurship potential (horizontal). The red line depicts a linear relationship between the positive attitude towards entrepreneurship and the entrepreneurship potential which is measured as the portion of respondents who can imagine starting a business.

Entrepreneurship and Job Creation

- Studies have shown that **entrepreneurship** is positively related to **Job creation**
- A high percentage of Jobs is attributable to **startups** in USA and other countries
- Regions with higher startups tended to have higher **employment growth**

Entrepreneurship and Economic Growth

- High economic growth rates of economies including Taiwan, Singapore and Ireland are attributable to entrepreneurial activity
- GEM suggested that there are no countries with high level of entrepreneurship and low levels of economic growth

Beginning of Chinese entrepreneurship



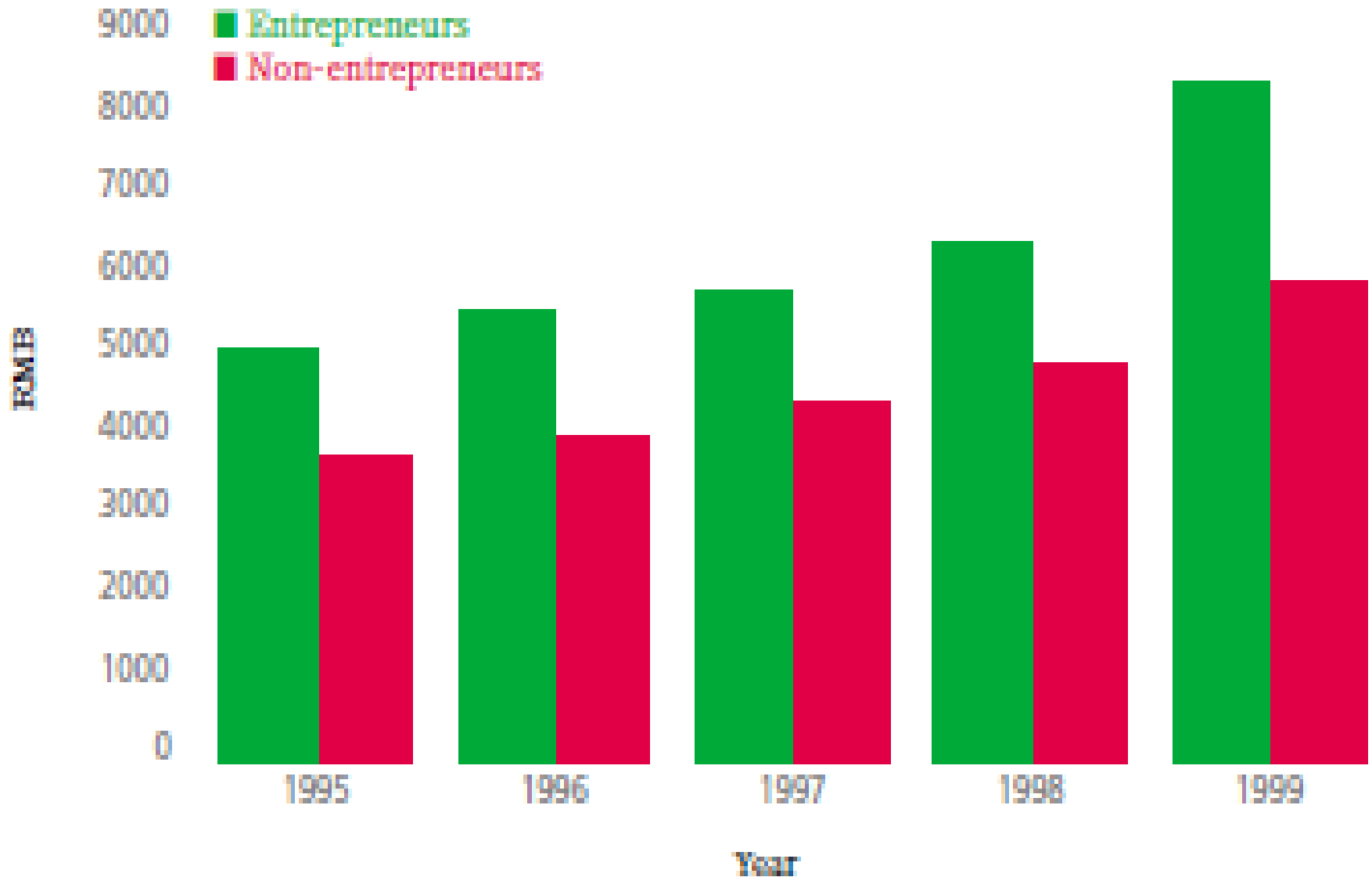
- Deng Xioping's reforms in 1978
- In 1980's and 1990's an increase entrepreneurial activity
- Currently Chinese business entrepreneurs are center of attention throughout the world

The business environment of China



- ❑ China is not similar to Europe or USA
- ❑ Role of Government is pivotal in promoting entrepreneurship
- ❑ Greater exit options for entrepreneurs
- ❑ Special industrial zones have been created to promote new business serve as incubators

Annual incomes of Chinese entrepreneurs and non entrepreneurs



Chinese influence in the South Asia

Country	Chinese population	Percentage of total	Percentage of private capital
Brunei	46,700	1.4	35.0-45.0 (1982)
Indonesia	3,250,000	2.5	70.0-75.0 (1980s)
Malaysia	3,687,000	8.5	50.0-90.0 (1989)
Singapore	1,580,000	35.5	60.0 (1990) (estimated)
Thailand	3,500,000	26.0	Large percentage
The Phillipines	600,000	72.0	Dominant

Note: The table considers the overseas Chinese, or *hua qiao*, as those who have retained their Chinese nationality

Source: Chen (1999)

Entrepreneurship in Pakistan

- ❑ **Entrepreneurship undermined by Government policy and regulations**
- ❑ **1958 to 1968 was called the decade of development**
- ❑ **1972 to 1977 the Bhutto regime was characterized by
nationalization**
- ❑ **In contrast the regime of Zia from 1977 to 1988 was a period of
denationalization**

Entrepreneurship in Pakistan

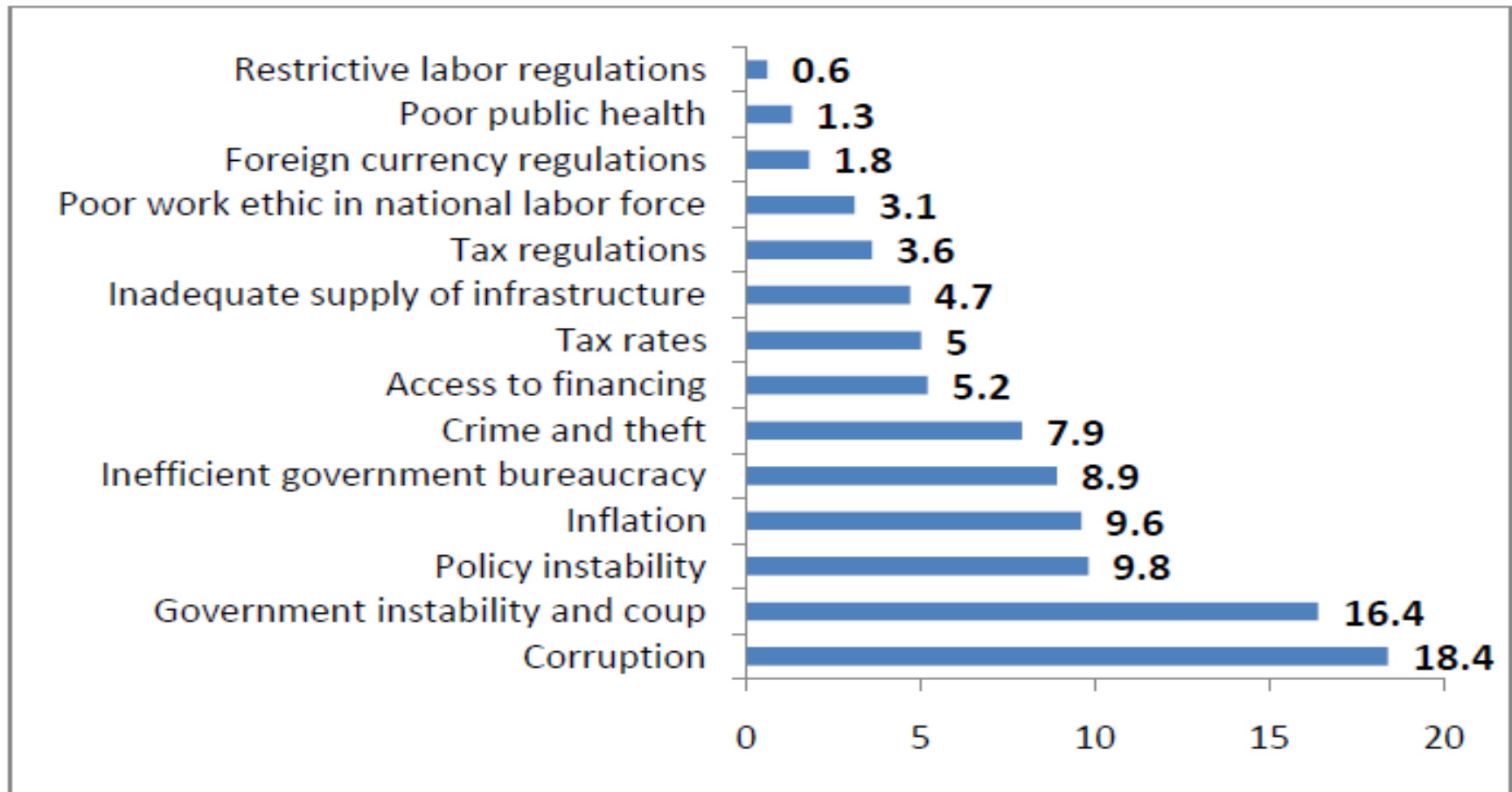
- Expansion of business activity President Ayub -1960
- Nationalization of private enterprises demotivated entrepreneurs in Pakistan - 1972
- Currently Multi Billion joint projects CPEC being undertaken

Entrepreneurship in Pakistan

- **Economic policies mostly directed towards large entities**
- **The small and informal sector which makes up 40 % percent of the economy has been continuously ignored**

PROBLEMATIC FACTORS FOR DOING BUSINESS IN PAKISTAN

The Most Problematic Factors for doing Business



Source: World Economic Forum, Global Competitiveness Report 2010-11

Role of media in entp

- Media considered **fourth pillar** of the state
- Media **pivotal** in promoting and fostering entrepreneurship
- International level
 - ▣ **reality shows** to promote entrepreneurship
 - ▣ coverage to **business success stories** to encourage entrepreneurship

Country	Television	Radio	Print media	Media attention for entrepreneurship	Entrepreneurial intentions
Algeria	14	62	95	77	41.8
Bangladesh	17	19	23	63	24.6
Guatemala	32	53	18	62	26.4
Iran	133	106	119	58	29.9
Jamaica	5	8	8	51	19.5
Pakistan	166	245	383	49	22.6
Venezuela	102	143	181	48	20.2

Knowledge creation & informed participation



- Governments of the world promote entrepreneurship and 38 % actively take steps to promote it
- Mass media entrepreneurship practices:
 - ▣ Taiwan, UK, USA, Canada, and Finland

COMPARISON OF CHINA AND PAKISTAN

Chinese entrepreneurship	Pakistani entrepreneurship
Government sponsorship	Lack of government sponsorship
Stability of Policies	Policies change rapidly
Culture encourages entrepreneurship	Cultural barriers exist
Education system promotes entrepreneurship	Education system does not provide requisite skills needed to undertake entrepreneurship
Technological advantages	Lack of technological knowledge
Encouragement of private sector	Lack of incentives for private sector
Deregulation of government owned enterprises	Government continues to hold on to unproductive enterprises
Perception of entrepreneurship positive	Poor image of entrepreneurship in society
Government provides exit strategy for business failure	Government does not provide any help for recovery from business failure



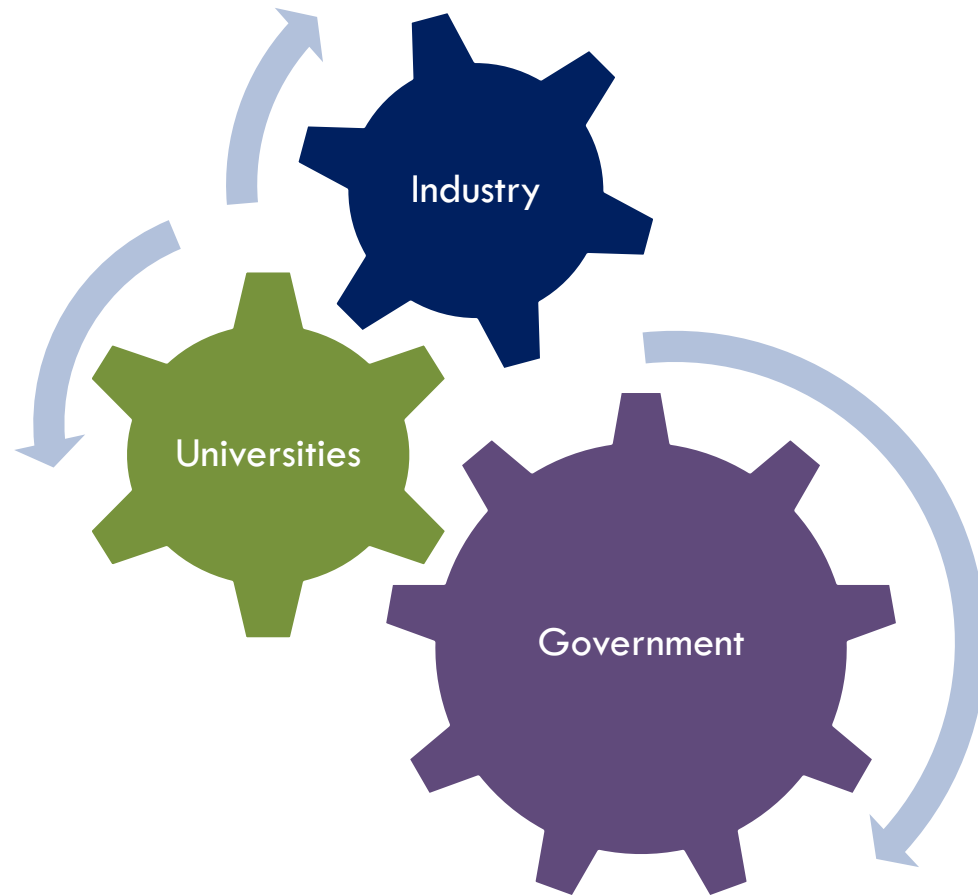
SUGGESTED MEASURES TO PROMOTE ENTREPRENEURSHIP

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- Role of Government and ensuring rule of law- equal opportunities
- A different growth strategy- based on knowledge economy
- Removing the instruments of rent-seeking- fair competition
- Media the basis of knowledge creation and informed participation – role of media essential

Entrepreneurship – Nexus



Incubation Centers

- ❑ Requisite funds at disposal
- ❑ Time and patience
- ❑ Results may not be visible in short term
- ❑ Need to have required networking to promote startups

SUGGESTED MEASURES TO PROMOTE ENTREPRENEURSHIP

- Successful entrepreneurship depends upon imagination and bright ideas to utilize resources
- Young and innovative minds need to be utilized
- Public and private sector partnership essential to success
- Entrepreneurship is private sector domain but government responsibility is paramount

SUGGESTED MEASURES TO PROMOTE ENTREPRENEURSHIP

- The federal government in combination with the provincial government should create a **framework** for promoting entrepreneurship
- Incentives should be provided to **private sector entrepreneurs**

Conclusion



- Pakistan is moving towards a dynamically improving entrepreneurial culture
- Now Pakistan is gradually becoming a country which is a safe haven for entrepreneurs and investors

Thank

You



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