ELITE QUALITY INDEX
EQx2024

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ELITE QUALITY REPORT 2024

China's Innovation-Oriented Policies: Nurturing Self-made Billionaires

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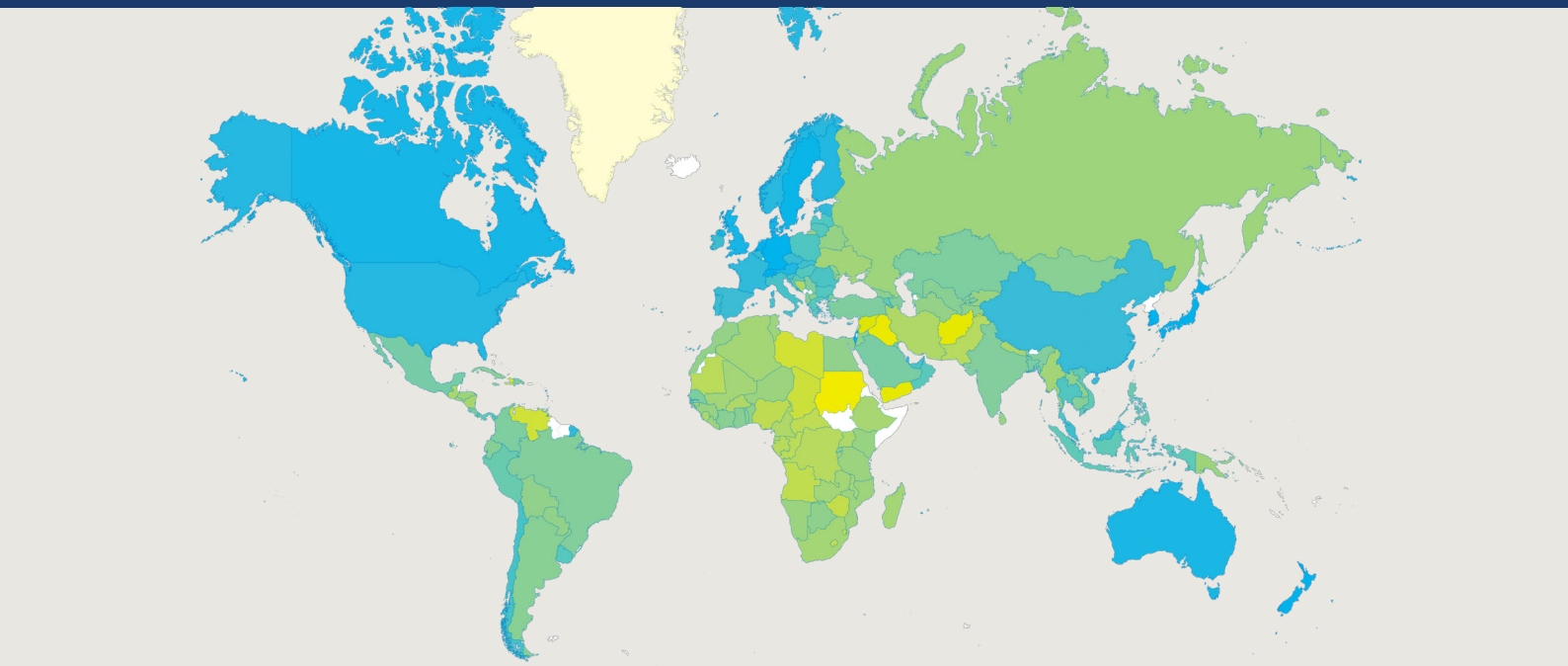

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4.3 EQx-Indicator Family Analyses

The Billionaires EQx-Indicator Family 2024

China's Innovation-Oriented Policies: Nurturing Self-made Billionaires

China demonstrates commendable performance in fostering self-made billionaires in the EQx2024, evidenced by consistently maintaining a comparatively high global ranking in terms of both *Billionaires self-made per capita* (BSG, iv.11, rank #24) and the *Billionaires self-made as a % of total billionaires* (BSM, iv.11, rank #16). Moreover, the EQx rankings also reflect strong dynamism in the turnover of China's billionaire class (BCD, ii.6, rank #10). Notably, China stands out for having a high percentage of *Women self-made billionaires* (WSB, i.3, rank #4), this year consolidating its place in the top five countries in the world for the fourth consecutive year, a testament to the country's substantial progress in cultivating and promoting female entrepreneurship. Detailed discussion about the supportive policies targeting Chinese female founders was covered in the EQx2021.

China, now in its late stage of market transition, increasingly recognizes that entrereneurship and innovation drives long-term competitive advantage, and thus actively pursues the development of new products, services, and technologies (He et al., 2019). There is a surge in the emergence of new entrepreneurs, particularly in the realm of Information and Communication Technologies (ICT). China boasts several of the world's most innovative ICT companies, including ByteDance (TikTok's parent company), Alibaba, and Tencent. The maturation of the start-up ecosystem has also positioned China as the second-largest global hub for unicorns (Hurun, 2023).

China's high ranking for self-made billionaires reflect its concerted efforts in nurturing home-grown tycoons. Entrepreneurship and innovation are viewed as being key to China's future growth (Ahlstrom, 2010), especially considering that the two traditional economic growth engines—low-cost labor and heavy capital investment—are perhaps now not as effective as they once were (Ahlstrom et al., 2018). In 2014, China launched the 'Mass Entrepreneurship and Innovation' (MEI) strategy, followed by a raft of supportive policies (english.gov.cn, 2015), emphasizing the mounting relevance of entrepreneurship. These initiatives encompass aspects such as ensuring that education systems emphasize entrepreneurial skills, nurturing a business environment that is conducive to start-ups, and innovative entrepreneurship policies.

According to the 'Report on the Development of Innovation and Entrepreneurship in China' (Li and Xu, 2017), 428 policy documents on entrepreneurship and innovation were issued by the State Council and national ministries and departments between 2012 and 2016. The report categorized the policies into five groups (Fu et al., 2021). First, policies pertaining to the entrepreneurship and employment framework address public services, entrepreneurial education (EE) and training, talent mobility, and platform establishment. Second, the financial environment category emphasizes fiscal support, tax reductions, and financial backing. Third, policies targeting Small and Medium-sized Enterprises (SMEs) concentrate on optimizing the institutional context, intensifying support for technology-driven SMEs, fostering collaborative innovation, and refining financial resources for these enterprises. Fourth, the section devoted to mechanisms in science, education, and innovation seeks to expedite the commercialization of scientific achievements and evaluates the extent and impact of innovations. Finally, the fifth category deals with policy coordination, aiming to establish an integrated system that mutually benefits and facilitates all stakeholders, including the government, universities, research institutions, and corporations.

Billionaires
EQx-Indicator Family

Within the context of policies geared towards student entrepreneurship, the emphasis on EE in Chinese universities merits the attention of higher education practitioners. The MEI strategy concurrently stimulates the broad application of EE across universities nationwide, fostering students' entrepreneurial capabilities and developing an entrepreneurial mindset (Cui et al., 2021). For example, Zhejiang University has founded an Academy for Innovation and Entrepreneurship, harmoniously blending EE into its mainstream professional curriculum, integrating entrepreneurship courses into the syllabus, and initiating a diverse array of interdisciplinary programs. As a result, by mid-2023, over three hundred alumni entrepreneurs held positions as founders, chairpersons, or general managers at start-ups that scaled to become listed companies. The aggregate market capitalization of these listed companies exceeds the GDP of various Chinese provinces with over 50 million inhabitants.

Despite its noteworthy achievements across several relevant EQx indicators, China's moderate-to-low ranking in the *Billionaires' Wealth as a % of GDP* (BIW, ii.5, rank #126) suggests that there is a need to scrutinize the concentration of wealth among its billionaire class, as there is potentially a more pronounced pattern of Value Extraction by this group. The elevated proportion of national wealth held by its richest individuals raises questions concerning the dynamics of wealth accumulation and distribution, where a higher reliance on capturing existing value rather than generating new value may contribute to economic inequality and potentially undermine inclusive growth strategies. Meanwhile, despite China's middle-income population now exceeding 500 million (Mandy, 2024), the number of individuals stuck at the base of the social structure is still considerable. In other words, China has not yet developed into an "olive-shaped" society, which is one reason why there have been discussions regarding the possibility of China falling into the middle-income trap in recent times. As such, attention must be paid to the mechanisms driving this concentration of wealth, including potential imbalances in market access, policy biases, and resource control, to ensure a healthier balance between Value Creation and value appropriation within the context of a socially just and economically sustainable framework.

China is currently undergoing reforms to promote the development of new productive business models, with a focus on improvements to the system underpinning the socialist market economy, such as property rights protection, market access, fair competition, and social credit. The reforms entail a comprehensive consideration of factors such as the ownership of the means of production, distribution systems, and the status of the citizenry in the production process. The annual sessions of China's top legislature and top political advisory body (the 'two sessions') sent the signal that China plans to establish "pilot reform zones for building a high-standard socialist market economy". The goal is to foster "a world-class business environment that is market-oriented, law-based, and internationalized", where state-owned enterprises, private businesses, and foreign-funded companies all play an important role in China's modernization drive (Xinhua, 2024). This development instills optimism as new platforms and opportunities for Value Creation emerge so that Chinese and foreign entrepreneurs are able to scale and become ultra-high-net-worth individuals that contribute to the nation's socioeconomic fabric.

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EQx2024 Indicator Family

Billionaires

Countries covered: 151

Indicators included:

		Weight within Family	Weight within EQx
CRO	*Crony capitalism*	10.3%	0.9%
WSB	*Women self made billionaires*	7.5%	0.3%
BIW	*Billionaires' wealth as % of GDP*	12.8%	0.4%
BCD	*Billionaire's creative destruction*	31.3%	3.3%
BSG	*Billionaires self-made per capita*	15.2%	0.9%
BSM	*Billionaires self-made as % of total billiona*	22.8%	1.4%

Rationale

The Billionaires EQx-Indicator Family is a construct formed by 6 Indicators. The weighting of each Indicator is conceptual and is expected to evolve in future iterations of the EQx. The rationale of the Billionaires EQx-Indicator Family is simple. Billionaires, both individually and as a group, are central actors within the political economy and their business models greatly impact overall Value Creation/Extraction. The selected Indicators each reflect specific aspects of the nature and business models of billionaires and measure how these elites are contributing to long-term Value Creation (by their mere presence; e.g., in WSB, BSM or BCD) as well as Value Extraction (by their rent-seeking activities; e.g., CRO). As such, billionaires can either be drivers of change by participating in creative destruction and entrepreneurial activities (especially if they are self-made) or, on the contrary, use their over-sized influence to maintain the status quo and participate in extractive activities.

Billionaires EQx Indicator Family, total weight **7.1%**

Rank /151	Country	Score	Rank /151	Country	Score	Rank /151	Country	Score
1	**Uruguay**	**88.5**	51	Egypt, Arab Rep.	47.0	61	Liberia	41.6
2	**Estonia**	**73.3**	52	Nigeria	46.0	61	Trinidad and Tobago	41.6
3	**Slovak Republic**	**70.6**	53	Thailand	45.9	61	Honduras	41.6
4	**Bulgaria**	**69.5**	54	Italy	45.9	61	Papua New Guinea	41.6
5	**Armenia**	**69.4**	55	Greece	45.2	61	Tunisia	41.6
6	**Romania**	**68.6**	56	South Africa	44.7	61	Guinea-Bissau	41.6
7	**Bangladesh**	**68.6**	57	Belgium	44.5	61	Myanmar	41.6
8	**China**	**67.7**	58	Spain	43.6	61	Burundi	41.6
9	**Hungary**	**64.7**	59	India	43.2	61	Mali	41.6
10	**United Kingdom**	**64.6**	60	Philippines	42.4	61	Zambia	41.6
11	Israel	64.4	61	Slovenia	41.6	61	Madagascar	41.6
12	Vietnam	64.4	61	Latvia	41.6	61	El Salvador	41.6
13	Canada	63.9	61	Lithuania	41.6	61	Malawi	41.6
14	Ireland	63.6	61	Croatia	41.6	61	Ethiopia	41.6
15	Austria	63.3	61	Mauritius	41.6	61	Timor-Leste	41.6
16	Singapore	63.1	61	Costa Rica	41.6	61	Nicaragua	41.6
17	Russian Federation	62.7	61	Dominican Republic	41.6	61	Guatemala	41.6
18	Ukraine	62.4	61	Senegal	41.6	61	Uganda	41.6
19	United States	62.2	61	Serbia	41.6	61	Sierra Leone	41.6
20	Eswatini	60.8	61	Azerbaijan	41.6	61	Cameroon	41.6
21	Bahrain	60.6	61	Cambodia	41.6	61	Burkina Faso	41.6
21	Saudi Arabia	60.6	61	Ecuador	41.6	61	Bosnia and Herzegovina	41.6
23	Cyprus	60.3	61	Ghana	41.6	61	Iran, Islamic Rep.	41.6
24	Japan	59.9	61	Uzbekistan	41.6	61	Equatorial Guinea	41.6
25	Australia	59.5	61	Mongolia	41.6	61	Pakistan	41.6
26	Venezuela, RB	58.3	61	Côte d'Ivoire	41.6	61	Congo, Dem. Rep.	41.6
27	Algeria	58.0	61	Albania	41.6	61	Gabon	41.6
28	Argentina	57.8	61	North Macedonia	41.6	61	Mauritania	41.6
29	Qatar	57.7	61	Togo	41.6	61	Congo, Rep.	41.6
30	Netherlands	57.5	61	Gambia, The	41.6	61	Central African Republic	41.6
31	Czech Republic	57.0	61	Jamaica	41.6	61	Lesotho	41.6
32	Switzerland	56.5	61	Rwanda	41.6	61	Chad	41.6
33	Zimbabwe	56.3	61	Botswana	41.6	61	Libya	41.6
34	Kazakhstan	54.3	61	Benin	41.6	61	Syrian Arab Republic	41.6
35	New Zealand	54.1	61	Cuba	41.6	61	Afghanistan	41.6
36	Sweden	53.3	61	Bolivia	41.6	61	Yemen, Rep.	41.6
37	Indonesia	52.5	61	Tajikistan	41.6	61	Iraq	41.6
38	Oman	52.2	61	Lao PDR	41.6	61	Haiti	41.6
39	Korea, Rep.	52.2	61	Jordan	41.6	61	Sudan	41.6
40	Poland	51.9	61	Paraguay	41.6	140	Germany	40.7
41	Georgia	51.8	61	Moldova	41.6	141	Finland	37.6
42	United Arab Emirates	51.2	61	Turkmenistan	41.6	142	Panama	37.5
43	Colombia	50.9	61	Belarus	41.6	143	Portugal	37.3
44	Chile	49.8	61	Kenya	41.6	144	Peru	37.2
45	Norway	49.8	61	Guinea	41.6	145	Denmark	33.6
46	Brazil	48.9	61	Niger	41.6	146	Lebanon	33.3
47	Malaysia	47.7	61	Namibia	41.6	147	Angola	27.1
48	Turkey	47.6	61	Kyrgyz Republic	41.6	148	Tanzania	26.9
49	Mexico	47.3	61	Sri Lanka	41.6	149	Morocco	26.8
50	France	47.0	61	Mozambique	41.6	150	Nepal	26.0
						151	Kuwait	20.3

The Elite Quality Report 2024 (EQx2024) provides Country Scores and Global Rankings for 151 countries

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