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## **HK MILLENNIAL ENTREPRENEURS CHOOSE SOCIAL IMPACT AS THEIR TOP BUSINESS PRIORITY**

- **Young entrepreneurs in Hong Kong are setting up their businesses to have a social impact over autonomy or lifestyle**
- **More than half of millennial entrepreneurs have invested in private, non-listed businesses versus just over a third of their parent's generation**
- **Where business owners 55 and older are more likely to have learned by their own experience, millennial entrepreneurs have sought out a greater variety of professional development, education and mentoring**

A new wave of entrepreneurs are setting up their businesses with the aim of making a positive impact on society, according to a new report from HSBC Private Banking. The Bank's third Essence of Enterprise report researched the motivations and ambitions of entrepreneurs, including the views of over 3,700 successful entrepreneurs in eleven countries. The report also found that this new generation of entrepreneurs is embracing angel investing, viewing it as a way to connect and collaborate with their peers.

### **A socially minded brand of entrepreneurship**

One in five entrepreneurs surveyed globally considers social responsibility, being active in the community, or environmental responsibility as their top priority as a business owner. In Hong Kong, where their parents' generation is primarily motivated by the desire for autonomy, millennial entrepreneurs are setting up their business to have a positive impact. About one-third (35%) of entrepreneurs aged under 35 identified impact as their chief motivation compared to 19% of those aged 55 and over.

The report also suggests a strong relationship between an emphasis on social impact and entrepreneurial ambition. In Asia Pacific, 33% of the entrepreneurs projecting high growth ambitions state that they started their ventures with the intention of creating positive social impact, compared to 28% of those projecting the lowest growth. This suggests social impact should be seen as an integral part of the recipe of entrepreneurial success, and not separate from it.

Ivan Wong, Co-head of North Asia, HSBC Global Private Banking said, "Our research reveals that, compared with older generations, millennial entrepreneurs perceived reaching out to and connecting with others is as important to them as personal wealth. They do not view their investments in isolation but are interested in how they relate to other aspects of their personal aspirations and future plans of their families and family businesses in the broader context."

Younger entrepreneurs in Hong Kong are also leading the way when it comes to building social and environmental impact into their business models from the outset. Majority (69%) of entrepreneurs under 35 highlighted social and environmental concerns as being extremely important when they were setting up their current business compared to 52% of those aged 55 and over.

Ivan added, "Millennial entrepreneurs deeply care about sustainability and climate change. We are committed to helping them achieve their ambitions and make an impact for themselves, their families and their family businesses. Also, millennial entrepreneurs become interested in environmental, social and governance (ESG) and impact investing and either as part of family office vision or their aspiration to establish meaningful contribution in their own right."

## **A new investment style**

Almost half of respondents (45%) in Asia Pacific have invested in other private, non-listed businesses (most notably in Mainland China at 53%), funneling both capital and expertise back to the entrepreneurial community. In Hong Kong, the research reveals that a new younger generation of entrepreneurs is investing at a much higher rate than their older peers, with 48% of entrepreneurs under 35 undertaking angel investing compared to 37% of entrepreneurs aged over 55.

Differences also exist between the generations in how they perceive and approach angel investing. Over half of younger entrepreneurs in Hong Kong (67%) view angel investing as a way to connect and collaborate with peers, staying up to date with industry progress and disrupters and to grow their knowledge and expertise. Entrepreneurs of an older generation view angel investing as a way to diversify and grow their investment portfolio, approaching angel investing in a more informal style, through their own network of personal contacts. In addition, 78% of those over 55 in Hong Kong, view friends as the best route to new business, while those under 35 turn instead to a wider mix of friends, financial and professional advisors, and venture capitalists.

Kevin Herbert, Co-head of North Asia, HSBC Private Banking said, “It’s clear millennial entrepreneurs want to do well, but it would be wrong to dismiss this as youthful idealism that will act as a brake on financial success. They know that their business cannot have the impact they are looking to make without sustainable growth, and they are focussed on achieving both. They see a similar compatibility when it comes to angel investing; they are happy to invest in the wider business community, to contribute to each other’s successes and to learn from one another.”

## **Being self-made versus growing through education and network**

Generational differences are also apparent when it comes to the diverse types of education and learning that have contributed to their success as business owners. Whether for raising capital, setting up or growing their businesses, millennial entrepreneurs in Asia Pacific cite formal professional development, education and mentoring as the most influential. In contrast, those 55 and over have been most influenced by their own experiences. For instance, 37% of those under 35 have regularly turned to individuals such as lawyers and accountants to act as a mentor to them, versus 24% for 55 and over.

For further findings of the Essence of Enterprise research, visit: <http://hsbcprivatebank.com>

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### **Note to editors:**

#### **About the research:**

The research was conducted by Scorpio Partnership between December 2017 – January 2018. There were 3,725 respondents all of whom a) were major shareholders and active decision-makers in privately owned businesses and b) had an average wealth of USD 2.52 million. The research covered mainland China, Hong Kong, Singapore, UK, Germany, France, US, Switzerland, Australia, the United Arab Emirates and Saudi Arabia.

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