

News Release

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HONG KONG BUSINESS OWNERS REDEFINE WHAT IT MEANS TO BE AN ENTREPRENEUR

- Nearly half of Hong Kong entrepreneurs are female while more than two-fifths are under the age of 35
- Female entrepreneurs in Hong Kong are worth more on average (USD3.7 million) than their male counterparts (USD3.3 million)
- Family structures and personal networks play an important cultural and practical role for Hong Kong business owners

A fresh generation of business owners in Hong Kong is challenging Western ideas of entrepreneurialism, according to new research from HSBC Private Bank. The study, based on a survey of more than 2,800 active business owners worth more than USD1 million, shows how entrepreneurs in Hong Kong cite differing motivations, achievements, and barriers to business owners in the West.

Bernard Rennell, Regional Head of Global Private Banking, Asia-Pacific and Global Head of Family Governance and Family Enterprise Succession at HSBC Private Bank said, "Entrepreneurialism runs deep in Asian countries and often across multiple generations. Many of today's young entrepreneurs come from families with their own businesses where they were encouraged to take an active role in the family business and there was opportunity to acquire the necessary skill set and experience that can position them for success."

Starting young, growing fast

Entrepreneurs in the Hong Kong display notably different career trajectories to those in the West with many tending to start earlier and relying more heavily on support from family and friends. The average age for these entrepreneurs to set up their first business was 27

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(compared to 34 in the West). More than four in ten (44%) of those surveyed are still under the age of 35.

Women have forged ahead in creating and running businesses in Hong Kong. Nearly half (48%) of entrepreneurs are female, and half (50%) of these are under 35. But despite initiatives to increase the number of female entrepreneurs in the West, just 31% of business owners surveyed are female, with the lowest proportions in Germany (21%) and the United Kingdom (28%).

There is also a greater proportion of women higher up the wealth scale – two thirds (67%) of entrepreneurs in Hong Kong with a net worth of over USD15 million are female, compared to one third (33%) in the West. The average worth of female entrepreneurs in Hong Kong is USD3.7 million, compared to an average worth for men of USD3.3 million.

Becoming an entrepreneur is a much more conscious and explicit decision for people in Hong Kong. Business owners only come to think of themselves as an entrepreneur once they had set up or started to grow their first business (38%). This compares to countries such as France, Germany, United Kingdom and the United States where people are significantly more likely to have always thought of themselves as entrepreneurs (26% compared to 14% in Hong Kong).

Driven to succeed: From growing an empire to becoming a serial entrepreneur

Entrepreneurs in Hong Kong are much more likely to be focused on their ventures for the long-term than their Western counterparts. Less than a third (32%) intend to exit compared with those in United Kingdom where over half (55%) expressed the intention to sell their business.

It is also notable that while entrepreneurs in Hong Kong are running larger businesses, they are less personally wealthy than business owners in the West. On average, entrepreneurs in Hong Kong say that their main venture has a turnover of USD8 million, 61% higher than those in the West. However, their personal wealth averages in the region of USD3.5 million, 31% lower than Western entrepreneurs.

“For Asian entrepreneurs who are proud to have built successful empires, there is more of a focus on consolidating and growing their current enterprise,” commented Bernard Rennell. “We often see family members in Asia reinvesting into the business to drive further growth.”

Impact of the friends and family network: Trusted support or added complexity?

The survey makes clear the importance of family and personal networks for entrepreneurs in Hong Kong. More than half (53%) come from business-owning families compared to 42% in Europe and the United States. A slightly lower proportion in Hong Kong (43%) utilise family wealth when setting up their first business, while 22% looked to investment from friends or acquaintances.

However, informal connections can either be a benefit or a disadvantage. Limited personal networks are a commonly cited barrier. A fifth (20%) of Hong Kong entrepreneurs cite this as a hindrance, compared to just one in ten (12%) respondents in Western countries.

“In Asia, personal connections can often provide financial support, as well as valuable business guidance for entrepreneurs. Next generation entrepreneurs really understand and recognise the value of building strong business networks, starting as early as at university or during overseas programmes,” Bernard Rennell continues.

For entrepreneurs operating in Hong Kong, increasing personal wealth is both the most important driver to starting an entrepreneurial career (24%) and one of the proudest personal achievements (16%).

This personal ambition is balanced with a desire to give back. Hong Kong entrepreneurs are more likely to cite a desire to have a positive impact on their economy and on their community as the most important reason they chose to become an entrepreneur. While they are just as likely to make regular charitable donations as Western entrepreneurs, they are more likely to say their giving reflects their social, cultural or religious values (44% vs 33%), and that there is a clear strategy that informs their giving (50% vs 38%).

These findings will form part of the **HSBC Private Bank Essence of Enterprise report**, which is due to be released early in 2016. The report is based on interviews of over 2,800 business owners with assets of more than USD1 million in countries including Hong Kong, Singapore, mainland China, United States, United Kingdom, Germany, and France. The report will be one of the largest and most in-depth analyses of the motivations and journey of entrepreneurs across a range of major international markets.

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Notes to Editors:

About the research

The research was conducted by Scorpio Partnership online between August and September 2015. There were a total of 2,834 respondents all of whom a) actively owned or derived their wealth principally from a business and b) had a minimum personal wealth of more than USD1 million. The average wealth of the respondents was USD4.6 million. The research covered China, Hong Kong, Singapore, UK, Germany, France, US and the United Arab Emirates and Saudi Arabia.

About HSBC Private Bank

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