

Hiring talent is main challenge for Asian family businesses: Poll

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Most Asian family businesses see talent recruitment and development as the main challenge to securing long-term success, according to a new survey out yesterday.

It found that such companies are hiring professional managers from outside the family to secure skills in financial management, regional expansion and human resources.

“These professionals hold the specialist skills that business families require for a more resilient and sustainable business in these uncertain times,” said Mr Eric Tham, head of commercial banking at United Overseas Bank (UOB), which conducted the survey with Singapore Management University’s Business Families Institute (BFI@SMU).

He added that the professional managers also help to nurture and prepare the next generation of family members to take over the business through “knowledge transfer, coaching and mentoring”.

The survey found that 38 per cent of the respondents said there is a need to establish professional recruitment and management systems within the business.

In particular, the report noted that business families in China are most focused on setting up “modern management systems”, which include developing effective succession plans, investing in technology and staff training.

The survey, conducted between last November and July this year, polled 192 business families in China, Indonesia, Malaysia, Myanmar, the Philippines, Singapore and Thailand.

It also found that Asian business families have conservative risk appetites even though their “ambitions are big”, favouring stable returns over riskier growth options.

Singaporean business families

were found to be the most risk-averse in Asia, with only 29 per cent of respondents using high-risk investments as a growth strategy, compared with 37 per cent in China and 41 per cent in South-east Asia.

While they may be risk-averse, Professor Annie Koh, academic director of BFI@SMU, said: “Asian business families are using innovation to improve product quality and drive cost reductions in order to achieve sustainable profits.”

Those in Singapore, for example, prefer to innovate through the introduction of next-generation products and to improve product quality, whereas business families in the rest of South-east Asia are more in favour of finding ways to reduce raw material consumption and cut production cost.

The report also found that most respondents placed great emphasis on values such as commitment, integrity and trust, which they believe underpin the long-term financial and strategic decisions made by their leaders.

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ACHIEVING SUSTAINABLE PROFITS

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PROF ANNIE KOH, academic director of BFI@SMU, on how Asian family businesses thrive