

## STEWARDSHIP ASIA CENTRE RELEASES STUDY ON THE 7 TRAITS OF ENDURING FAMILY-BASED BUSINESSES

200 C-Suite leaders from successful and enduring family-based businesses with headquarters in Asia Pacific (APAC) participated in a survey on stewarding family businesses conducted by the Stewardship Asia Centre (SAC). The companies surveyed had experienced at least one generational change and reached a proven level of profitability. The concept of stewardship and meaningful value-creation over the long term is even more so relevant to businesses today, particularly in the face of immense pressure for business owners to deliver results in challenging business environment.

This unique report analysed the foundational values of 200 organisations upon which their success was built and maintained over the long term. Survey questions centred on how these organisations plan for change, interact with stakeholders, and involve themselves in larger society. Based on the responses, seven leadership and organisational traits were distilled through the survey findings.

One of the key attributes of an accomplished family-based business is **purposefulness**. Ms Claire Chiang, Chairperson of Banyan Tree Global Foundation, said, "The vision of embracing the environment and empowering people form the fundamental stewardship principles in driving the way we build, operate, manage, procure and engage. It is purposeful leadership that drives our value creation journey to deliver a greater good in what we do."

These family-based businesses demonstrate their dedication to creating a positive living environment through **community awareness** and define personal success through creating a welfare for people around them. Steward leaders are also seen to have **long-term vision** as building a sustainable organisation and safeguarding the interest of future generations are important responsibilities for corporations over time.

**Trustworthiness** and honesty are the top desired qualities in Asian family business organisations. Mr Daniel Teo, Chairman and Managing Director of Hong How Group and Director of Tong Eng Group, said, "Developing a sense of trust is important in our business world. During my father's time, we were trading hardware and tin plates with customers in the region such as Indonesia, Sabah, Tawau, Bangkok based simply on trust. Orders were made by phone calls, and shipments would follow with no contracts. It was based on just word-of-mouth and payments due will be honored."

To stay ahead of competition, **adaptability** to remain current in ever-changing demands is an important trait, as on top of product and services, technology and digitalisation are primary drivers for organisational change over the next five years. Philanthropy is an important element as steward leaders value **social responsibility** and actively support causes they deem worthwhile to improve the socio-economic condition of the community. The business leaders **care for employees** and place importance on their employees' welfare over their business profitability when measuring organisation success.

A key finding in the report shows how the definitions of stewardship differ significantly based on whether the organisation is under 50 years of age (U50) or over 50 years of age (O50). Among the key differences seen, U50 are more likely to display adaptability through staying up to date on technology and organisational restructuring. O50 believe the organisation will largely stay the same. Their beliefs also differ on how investors could aid their organisation. More U50 companies believe it would be helpful if investors would value their organisational role in creating societal impact while O50 believe

in the importance of increased communication. More U50 companies than O50 companies also use Environmental, Social and Governance (ESG) guidelines when making investment decisions.

O50 companies perceive career development as their top stewardship responsibility to employees while U50 organisations believe the responsibility for establishing a stewardship culture lies with both the top and middle leadership. Lastly, U50 organisations are also more eager to create social impact and improve the society at-large while O50 see their top priority as involving their employees in the community.

This study is part of SAC's ongoing effort to collaborate with family businesses and learning institutions in Asia to shape future discussions on stewardship values. The Centre aims to release a set of Stewardship Principles for Family Businesses in Asia at the end of the year.

## **Seven Stewardship Traits**

Survey results reveal seven stewardship behaviours that have allowed organisations to endure for generations, despite facing significant economic and political challenges.

### **1. Purpose**

Have a clear sense of why the firm exists

A clear purpose forms the foundation of family businesses. Majority of the leaders think their organisation has a clearly articulated purpose that is complemented with distinct values. Employees who embrace the values and culture of companies are perceived to be making a key contribution too.

### **2. Community Awareness**

Community over profits

Creating a good life for those around them such as family, employees and countrymen is an important priority for steward leaders. Taking care of employees is also seen to be more important than profit maximisation for these firms when it comes to defining organisation success.

### **3. Long-term Vision**

Building for the future

Delivering long-term results to investors and owners is of paramount importance to corporations. Having a long-term outlook is a vital trait that leaders in organisations should possess. Family businesses prefer to define stewardship as building a sustainable organisation and safeguarding the interests of future generations.

### **4. Trustworthiness**

Leading with Trust and Honesty

Family business leaders view trust and honesty as the most important characteristics for leadership of an organisation and desired traits in employees. Leaders should be the best role model for employees to uphold high moral and ethical standards.

### **5. Adaptability**

Keeping current in changing times

Companies desirous to last long remain flexible over time and are constantly on the lookout for ways to upgrade. Enduring businesses diversify their companies by adapting to changes such as keeping up with technological trends and investing in the personal development of employees.

## **6. Social Responsibility**

Being a good corporate citizen

Family businesses think it necessary to give back to communities and environment they have worked with and benefited from. By supporting philanthropic causes such as education and health, Family Businesses can help to improve the overall socio-economic conditions of the community.

## **7. Care for Employees**

Building an organisation that genuinely cares for its own

Leaders of family businesses define business success as being fair in recognition of employees' hard work and success, providing training and career development, as well as helping employees succeed at work, family businesses hope to cultivate a stewardship mindset and a sense of personal responsibility in all employees for the well-being of the company.

*Stewardship Asia Centre*

*A non-profit organisation supported by Temasek and established under Temasek Trust, Stewardship Asia Centre (SAC) aspires to be a credible and reputable thought-leadership centre on stewardship.*

*Adopting a holistic approach, it strives to inspire and lead change, and to create an impact in Asia by marrying research and practice, as well as developing capacities for standards-setting and education, to promulgate stewardship and sustainability.*

*For more information, please visit <http://www.stewardshipasia.com.sg>.*