

WHY STEWARDSHIP IS KEY TO LASTING FAMILY BUSINESSES IN ASIA

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FILIPINO family businesses are a force of good in society. They have achieved significance, long-term endurance and success in their respective industries. Very often, researches find that these companies possess two common traits — good governance and good stewardship.

Their longevity is a source of pride at a time when the lifespan of companies in most parts of the world has become shorter. But preserving them have become increasingly tough for many reasons, including disinterest on the parts of the heirs and dilution of ownership.

Stewardship Asia Centre, a non-profit organization based in Singapore, helps family businesses endure by adopting a wholistic approach gained from research and existing practices as well as developing the capacity of the future generation.

"In Asia, something Asian countries and companies can be proud of . . . many of them are still influential and still around," said Ong Boon Hwee, chief executive officer of Stewardship Asia Centre, in a recent round-table discussion.

"In the Philippines, there are still companies that are more than 50 years old . . . [These are] well-stewarded companies," he added.

The thought-leadership center came up with what it calls "stewardship principles for family businesses," a guide intended to help these entities across and beyond Asia to focus on stewardship.

The broad principles aim to articulate the mind-set and attitudes, as well as the behaviors and practices that would foster the success, significance and sustainability for family businesses.

The center defines stewardship as the act of safeguarding and enhancing the capability of a business to create economic and societal value over time.

Mr. Ong said stewardship is pertinent to family businesses, which he describes as the backbone of many Asian economies.

"Family businesses play a dominant and continue to have an influential part in Asia," he said.

Stewardship Asia Centre's principles for family businesses are straightforward and simple. It summarizes them into seven, which individually, appears like a sound advice for any organization.

- Driven by purpose, anchored on values

- Cultivate an ownership mentality - Integrate short-term and long-term perspectives

- Expect changes, nurture agility and strengthen resilience

- Embrace inclusiveness and build strong stakeholder relationships

- Do well, do good, do right; contributing to community

- Be mindful of succession

Mr. Ong said the stewardship principles are key in the face of existing trends in the corporate world. These trends include the dilution of ownership resulting from the fragmentation of shareholdings, an investment value chain that has become more indirect and complex, and increasing short-termism among businesses.

Some businesses have also lost their sense of purpose, he added. This comes at a time when corporate governance has become increasingly rules-based and "compliance in nature."



He said stewardship would be easier to discuss if the company's management has an "ownership mentality" while the owners, on the other hand, have a "stewardship mentality."

By nature, family businesses are diverse, the center said. They range from small, medium enterprises to big conglomerates that operate across industries and countries. Every generation of them faces its own unique challenges and opportunities.

Successful and sustainable family businesses create wealth and growth through generations. They leave a rich legacy, and contribute to multiplier effects such as knowledge creation, economic development as well as human and social impacts to

benefit the society.

Stewardship Asia Centre came up with the stewardship principles by engaging successful and enduring family-based businesses in the AsiaPacific region as well as organizations that worked closely with family businesses.

Among the engagements is what it calls the "meeting of minds" session, which was held on June 4, 2018. The session brought together leaders of regional family business and family associations. The participants shared their knowledge and experience candidly, and contributed valuable insights and comments to refine and help support the principles into a set of relevant and useful guide for family businesses. —

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