

Asian business families are most focused on talent recruitment and development to secure their business future

Singapore, 2 November 2015 – A new report¹ by United Overseas Bank (UOB) and the Singapore Management University's Business Families Institute (BFI@SMU) revealed that three in five Asian business families view talent recruitment and development as the main challenge to securing the long-term sustainability of their companies.

The report titled *Riding on Asia's economic transformation – Growth strategies of Asian business families* found that Asian business families are countering this challenge by hiring professional managers from outside their families. These managers possess specialist skills in financial management, technology implementation and human resources to set up professional talent development structures.

Of all the markets surveyed, China held the strongest views on the need to establish professional recruitment and management systems. More than half of the Chinese business families polled indicated that they were investing in training, developing and retaining their talent pool.

Asian business families also cited the importance of trusting their managers and treating them fairly as the top two ways to attract and to retain external professional managers. Remuneration was ranked third. In Singapore, giving autonomy to external managers was deemed most essential for attracting and retaining them.

Mr Eric Tham, Managing Director and Head of Commercial Banking, UOB, said, "Many Asian business families are at various stages of preparing for the next generation to succeed them and they recognise the need to have professional help to ensure that their business grows and remains competitive."

"These professionals hold the specialist skills that business families require for a more resilient and sustainable business in these uncertain times. They also help to nurture the next generation of family members through knowledge transfer, coaching and mentoring."

¹ The report was developed based on surveys conducted by BFI@SMU between November 2014 and July 2015 with 192 key decision makers of business families from China, Indonesia, Malaysia, Myanmar, Philippines, Singapore and Thailand.

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The report also found that more than 80 per cent of Asian business families place great emphasis on values such as commitment, integrity and trust which they have observed in their own families and which they believe underpin the long-term financial and strategic decisions made by their leaders. They therefore expect that professional managers working with them uphold a similar set of values.

Singaporean business families most focused on maintaining stability and business continuity

Four out of five Singaporean business families place the most emphasis on balancing growth with stability and continuity as opposed to short-term gains.

When it comes to taking risks on high return investments, 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 and 41 per cent of their peers in China and Southeast Asia respectively.

Professor Annie Koh, SMU's Vice President for Business Development and Academic Director of BFI@SMU, said, "Our study shows that while Asian business families have big ambitions, they have conservative risk appetites. This reveals that Asian business families tend to favour stable returns over riskier growth and expansion options. Instead, Asian business families are using innovation to improve product quality and drive cost reductions in order to achieve sustainable profits in the world's most economically dynamic region."

The study revealed that Asian business families innovate to reduce the consumption of raw materials (82 per cent), to lower the cost of production (82 per cent) and to improve the quality of their products (80 per cent).

Conducted by BFI@SMU between November 2014 and July 2015, the research report shares insights into how Asian family businesses perceive, build and grow entrepreneurship in family businesses. It also offers a comparative analysis of entrepreneurial activities as well as succession planning involving professional managers in Asian business families across different countries. A total of 192 respondents from seven Asian countries, namely, China, Indonesia, Malaysia, Myanmar, Philippines, Singapore and Thailand participated in the survey.

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About United Overseas Bank

United Overseas Bank Limited (UOB) is a leading bank in Asia with a global network of more than 500 offices in 19 countries and territories in Asia Pacific, Western Europe and North America. Since its incorporation in 1935, UOB has grown organically and through a series of strategic acquisitions. UOB is rated among the world's top banks: Aa1 by Moody's and AA- by Standard & Poor's and Fitch Ratings respectively.

In Asia, UOB operates through its head office in Singapore and banking subsidiaries in China, Indonesia, Malaysia, Thailand and the Philippines, as well as branches and representative offices.

UOB plays an active role in the community, focusing on art, children and education. It has, over more than three decades, held the longest-running art competition in Singapore, the UOB Painting of the Year, which has since been extended across Southeast Asia. In recognition of its contributions to the arts, UOB was conferred the Singapore National Arts Council's Distinguished Patron of the Arts Award for the tenth consecutive year in 2014. UOB also encourages its employees across the region to be involved in its regular volunteer activities. This includes the annual UOB Heartbeat Run which is held in China, Indonesia, Malaysia, Singapore and Thailand.

About Singapore Management University

Singapore Management University (SMU) is internationally recognised for its world-class research and distinguished teaching. Established in 2000, SMU's mission is to generate leading-edge research with global impact and produce broad-based, creative and entrepreneurial leaders for the knowledge-based economy. SMU education is known for its highly interactive, collaborative and project-based approach to learning, and for its technologically enabled pedagogy of seminar-style teaching in small class sizes. Comprised of six schools specialising in Accountancy, Business, Economics, Information Systems, Law and Social Sciences, it offers a wide range of bachelors', masters' and PhD degree programmes and is home to 8,800 students. With an emphasis on generating relevant multi-disciplinary research that addresses Asian issues, and being Singapore's only university in the city, SMU enjoys strategic linkages with business, government and the wider community through its research institutes, centres and labs. www.smu.edu.sg

About Business Families Institute @ SMU

SMU established the Business Families Institute (BFI@SMU) in August 2012 in response to the growing needs of business families in Asia. Since 2010, SMU had recognised the emergence of Asian business families and discerned that they require specifically contextualised thought leadership and applied knowledge. With this in mind, BFI@SMU intends to collaborate with various partners, academic or otherwise, to be a knowledge leader in Asian business family-related education, engagement and research. The Institute will address business family-specific issues such as family, ownership, business succession and governance. The vision of BFI@SMU is to facilitate business families in Asia to develop, harness and leverage their family and financial capital across generations. <http://bfi.smu.edu.sg/>

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