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Headline: Regional economy 'expected to improve'

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By MAGDALEN NG

MORE than half of Asian business families believe that the region's economy will perform better this year compared with 2012, according to a new survey.

The poll of 345 business families, which are substantially owned by family members or are managed by family members holding senior management positions, spanned five countries, namely China, Indonesia, Malaysia, Thailand and Singapore.

The study was done by United Overseas Bank and Singapore Management University.

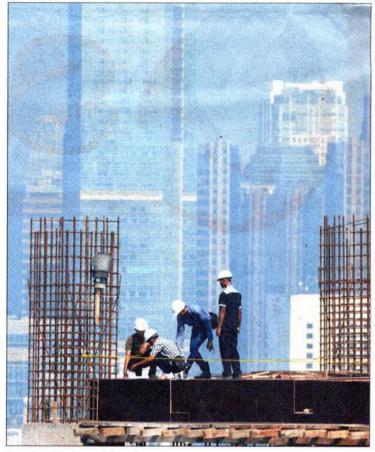
Singaporean business families were the most pessimistic among the countries surveyed, with only 29 per cent of those polled saying that the market outlook for this year will be better than last year. In contrast, China was the most bullish, with 65 per cent of business families being optimistic about 2013.

When asked which region would have the most impact on their businesses, nearly 70 per cent of respondents named Asia, with more than 80 per cent of Singaporean and Indonesian business families stating that their performance would be most closely linked to Asia.

Associate Professor Annie Koh, academic director of the Business Families Institute at the Singapore Management University, said Singapore's "inherent limitations as a city state means that it is profoundly dependent on regional growth in order to support its own economic development".

Many Asian business families, especially those from Thailand, Malaysia and Singapore, indicated that expansion into new markets for growth is one of their key priorities for the year.

Prof Koh noted that these business families have most of their members from the third generation or beyond currently owning



There is a big demand from Asian business families to buy commercial property but only 39 per cent of Singaporean business families expect prices to rise, compared with 82 per cent in Indonesia (above). PHOTO: AGENCE FRANCE-PRESSE

or managing their businesses.

"The next generation are more inclined to explore new markets, given their overseas education and working experience," she explained.

"Given the maturity of their respective domestic markets, these business families are naturally inclined to explore other growth opportunities in the region."

The top challenges for Singapore business families are the increased costs for raw materials and other expenses, economic uncertainty in Asia and currency fluctuation. Attracting and retaining talent is also one key challenge, with over half of the business families finding it tough, even though there are generally higher wages and more attractive employment opportunities here.

Mr Eric Tham, managing director for group commercial banking at UOB Group, noted the common perception that there are glass ceilings for non-family members in these businesses may contribute to the hiring challenge.

Prof Koh explained that business families will have to come up with innovative ways to attract and retain top talent.

With obtaining financing a concern for only 23 per cent of Singaporean business families, Mr Tham said the banking sector has to adapt to meet the needs of such families.

"There is no difference whether you get \$1 from one bank or the other. Bankers will have to understand the needs of the customer profile, and connect and guide them in regions where they wish to expand, and go beyond," he said.

There is also large demand from Asian business families to purchase commercial property – nearly half of the 43 per cent who are renting their premises intend to buy such property.

However, only 39 per cent of Singaporean business families expect prices of commercial property to increase, compared with 82 per cent in Indonesia and 81 per cent in Thailand.

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