SMU
SINGAPORE MANAGEMENT UNIVERSITY

Business Families Institute

Engaging Impact, Impacting Change

An Analysis of the ESG Landscape Among Singaporean Family Businesses

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Vital Wellspring Group

About Vital Wellspring Group

The Vital Wellspring Group, founded in Singapore by the Fu Family from Taiwan, headed by Michael and his wife, Jennice, holds a distinguished reputation as both a management consultancy and a well-known publisher of business textbooks in Taiwan. The group specialises in seamlessly blending practical industry expertise with academic theory, earning recognition in both professional and academic realms. Sustainability stands as a central pillar of the group's values, uniting professionals from three diverse domains: the economy, health, and education, with the aim of advancing the global sustainability agenda.

Within the group, the International Association for Agricultural Sustainability (Singapore) assembles experts and consultants who harness technology to address challenges in agricultural sustainability. The Agrigada Biotech Company (Singapore) specialises in utilising herbal remedies to address health issues arising from modern lifestyles. Vital Wellspring Education (Singapore) is dedicated to leveraging artificial intelligence to support long-term business development and growth. YuQuan Biotech (Singapore) focuses on employing technology to enhance the production capacity and quality of aquatic products. The upcoming Noah ECOTech (Singapore) applies circular economy solutions to transform waste into valuable resources. The Future Career Professional Publisher (Taiwan) concentrates on higher education and advanced teaching materials, while the Chinese Institute of Business Education Development (Taiwan) provides essential knowledge and skills to uplift industries.

About BFI@SMU

In response to the growing need for Asian-centric family business research and education, the Singapore Management University (SMU) established the Business Families Institute (BFI) in August 2012 to help business families build sustainable, impactful enterprises across generations.

Through SMU's core competence as a thought leader, BFI aims to strengthen the ecosystem of entrepreneurial business families and stakeholders in their creation of sustainable Impact by addressing business family-specific issues such as succession, family governance, entrepreneurship and wealth management. The Institute also encourages business families to Think Generations, Think Growth, Think Giving and Think Global.

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Executive Summary

The establishment of the United Nations' set of 17 sustainable development goals and its three pillars of Environment, Social and Governance (ESG) framework augurs a new era of sustainability in businesses.

While the ESG framework can be applied to all businesses, materiality requirements may not be a one-size-fits-all for family businesses as they are unique in their relation to engagement in ESG.

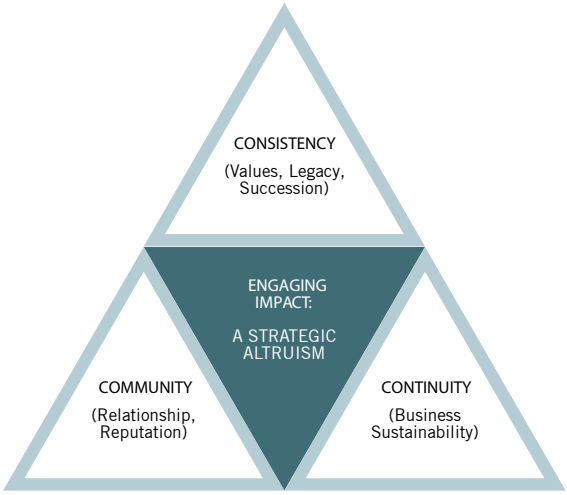
Family businesses are endowed with a triple identity of family, ownership and business. Each of these roles and their intersections creates opportunities for Impact, which may go beyond the traditional assessment of ESG. Essentially, the broader involvement of the family as a primary stakeholder in corporate firms is missing.

In this study, we wanted to examine the broader Impact of the "business family system." To do this, we went beyond a narrow focus of a check box approach of whether the business fulfilled ESG criteria and its materiality factors. Instead, an inside-out approach was adopted to examine how the business family system creates Impact and operationalises ESG.

Hence, while we are aware of existing frameworks, we took an exploratory approach, allowing us to remain open to new concepts and relationships and rediscover the different "how, why, and what" of business families' journeys in creating Impact.

We adopted a mixed method approach involving one-on-one interviews and survey methodology to gain insights into family businesses' motivations for and relationship with Impact. Interviews provided us with an in-depth understanding of the motivations and historical drivers that would not be available through surveys. In our theoretical sampling approach, we ensured coverage of family businesses across a range of different industries, sizes, business family ages and number of generations involved in the business. This sampling strategy enabled us to identify relevant cases that facilitated the generation of insights through analytical comparison across a small but critically relevant number of cases. A follow-up survey was created to test these insights amongst a larger sample, with a total of 40 families in this study.

In summary, business families in our sample adopt a strategic approach to creating impact that is consistent with their values, community relationships, and supports business continuity.



The key findings can be summarised as follows:

1. Consistency: Family Values, Legacy, Succession

Nurturing Consistency:
Family Values, Legacy, Succession

The preservation of multi-generational values and legacy is a key motivation and driver of the family business's Impact initiatives. The focus on values provides a shared purpose, language and belief to strengthen emotional bonds among intergenerational family members and build up the Social -emotional Wealth (SEW) of the family. It threads the past, present and future of the family identity and paves the way for engaging social and personal Impact. This effectively guides succession planning and legacy creation, giving the family business purpose and progress.

2. Continuity: Business Sustainability

Sustaining Continuity:
Business Motivations for Impact

Family businesses approach Impact pragmatically and align it with business continuity. Without business sustainability, there will be no impetus to engage Impact. Whilst family values are the heart to Impact, it is business continuity which is a key driver. These business motivations include: trying out new business models, meeting customers' demands for Impact, and complying with regulations.

Harmonising Business and Family:
A Synergistic Journey

The synergistic relationship and unique interplay between the business and the family strengthen the family business's sustainability practice. The values and identity of the family such as innovation DNA, and business motivation of meeting customer needs, get fulfilled through engaging in business Impact like R&D. Opportunities to explore novel business models also justify the family business's investment in Impact, and meet the family's value of innovation. Family businesses find justification and peace of mind to put their support behind Impact that reflects their personal values and beliefs.

Full Circle Impact:
Origins and Outcomes

Family motivations bring family benefits in Impact. When family values and legacy drive Impact, the family reaps benefits of family reputation and family harmony. Engaging in business Impact brings business benefits of increased customer loyalty and business reputation.

3. Community: Reputation and Relationships

Human-Centred Legacy:
Prioritising Human Bonds and Harmony

The human touch sits at the core of Impact. Family businesses seek both relational and reputation benefits. They cherish family harmony and respectful relationships with employees.

Kinship in the Workplace:
Extended Family

In the heart of family business, employees are highly valued as extended family members. This sense of kinship and reciprocal loyalty is a gesture of appreciation of having stood by each other and growing together on a shared journey, marked by relationships that enrich and empower.

A Purposeful Connection:
Reciprocal Loyalty

Employees are touched by the family's commitment to their well-being. They appreciate being part of a greater purpose of serving customers and pioneering new ventures. The sense of trust and co-creation instils purpose and belonging to the family business. This imparts a sense of fulfilment and loyalty, making them invaluable pillars of the business.

4. Engaging Impact: A Strategic Altruism

Motivated by Shared Goals, A Strategic Altruism:
Balancing Legacy and Reputation

Impact is pragmatic, conditional on business success, and strategic in its altruism. The family manages triple bottom lines of people, planet, and profit in its Impact consideration. Without business growth, the fruits of environmental and social Impact will not be sustainable. Whilst the social -emotional wealth aspects of the family are necessary to drive Impact, the family business seeks a form of return, and good for the business before they truly commit to engaging Impact.

Research Methodology

We adopted a mixed-method approach for this research.

To generate new insights into understanding ESG-related principles and how family firms incorporate these, we conducted in-depth interviews with family business owners and family members. Participation involved one-on-one, face-to-face interviews.

In creating this sample, this study sought to cover a spectrum of industries and life stages of the family business. To understand family businesses' relationship with Impact, we considered the macro trends of digitalisation, artificial intelligence, sustainable living, future of consumption and longer lifespans, in driving Impact's interest in the areas of healthcare, food security, smart mobility, green tech, climate change, and robotics. This sample covered family businesses across various industries based on the SSIC system[2] including top industries of Manufacturing, Wholesale Trade, Logistics, Transportation and Storage, Construction, and Real Estate. As Impact is carried across generations in the business, we accounted for an array of firms of different business family ages, and the number of generations currently involved in business. This ranged from the founder generation to new enterprises by next-gen to explore motivations, relevance, and manifestations of Impact in the different life stages of business. Businesses of different sizes were engaged; they ranged from less than $10 million to more than $1 billion in annual sales turnover in 2021. Through this sampling strategy, this study is able to generate insights by comparing extreme cases.

Based on these insights, we created a survey to test the relationships between the motivations, ways of operationalising ESG, and their outcomes on the family business system.

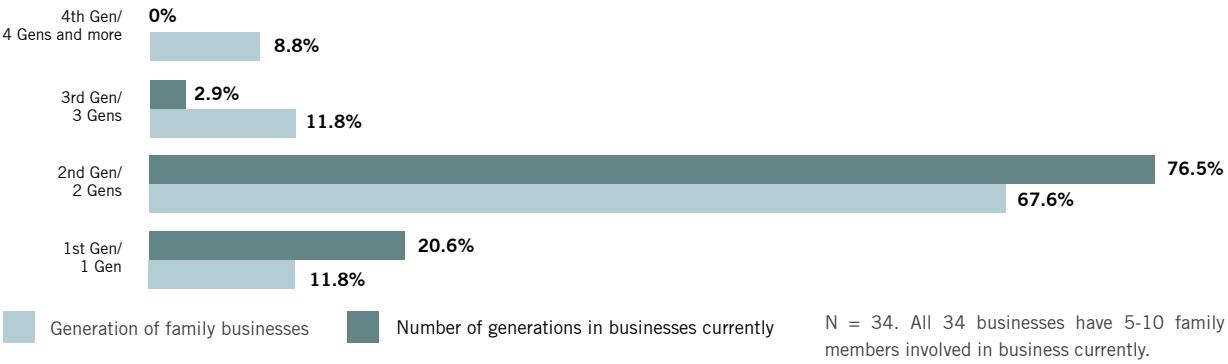
Participants were invited via e-mail, to which the survey link was provided. They were asked to complete a survey about drivers of Impact in their family business, the areas in which the family aims to make an Impact, how the Impact is made, and the extent to which the family has benefited from such activities.

Participants were recruited through the Business Families Institute's database of family businesses. A total of 40 responses were received between February 2022 and June 2023. More than 50% of our sample are second-generation businesses. Close to 80% of the sample have two generations working in the business. All our samples have between five to ten working family members (Figure 1). Close to 40% of our sample is in the manufacturing sector (Figure 2). 20% of our sample had an annual sales turnover of more than $200 million in FY 2021, whilst 50% of the sample reported an annual sales turnover of less than $50 million in FY 2021. (Figure 3)

The data was analysed using qualitative comparative analysis (QCA)[3]. QCA is an analytical approach used to determine which factors, or sets of factors, are necessary to bring about a specific outcome. Unlike conventional statistical approaches that emphasise the effect of one variable at a time, QCA embraces the complexity of real-world situations by examining the combined Impact of multiple variables. QCA is capable of handling a moderate number of cases, which allows researchers a deeper understanding of each case, while also exploring broader patterns that emerge across the set of cases.

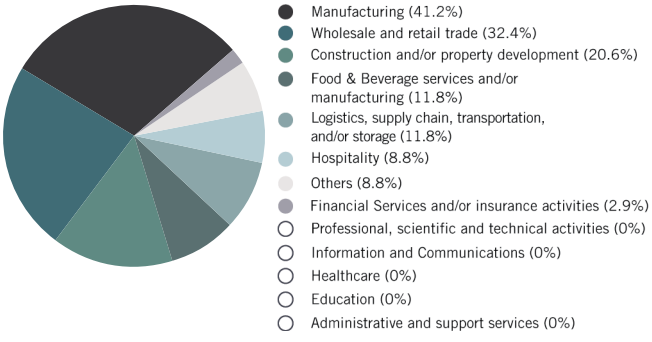
In essence, QCA bridges the gap between case-specific insights and cross-case comparisons. It maintains the richness and depth of each case, and simultaneously uncovers overarching patterns, providing a nuanced understanding of what drives a given outcome.

[Figure 1]
Number of generations involved in business currently and generation of family business

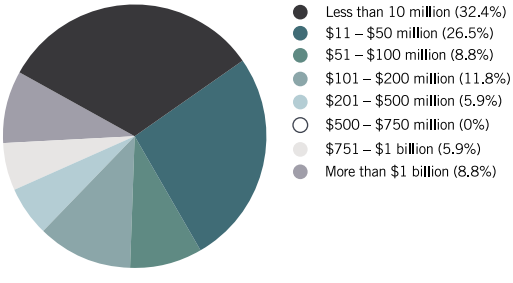


N = 34. All 34 businesses have 5-10 family members involved in business currently.

[Figure 2]
Sectors of Family Business



[Figure 3]
Annual Sales Turnover



Introduction

The United Nations formulated a set of 17 Sustainable Development Goals in 2015. These interconnected goals are aimed at providing a shared blueprint and framework for engaging ESG.

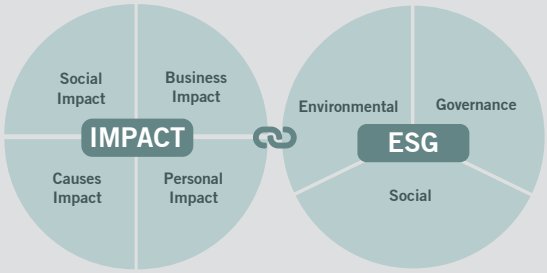
ESG factors encompassing environmental, social and governance aspects are regarded as the new cornerstone of modern-day businesses. Each of the three aspects may be adopted as a change agent by businesses.

Given the importance of ESG in business and investment, it is important to study this growing phenomenon in Singapore family businesses. Against this backdrop, we focus our research on developing a deeper understanding of the Impact landscape amongst family businesses in Singapore as they move to future-proof their legacies.

In this study, we broadened the scope of coverage to understand ESG via Impact and to incorporate the views of SMEs who may not have formal ways of capturing and measuring initiatives. Impact includes all initiatives within the family and business and may be expressed on an individual, family, or business level, which may or may not be explicitly captured or measured. It is not confined to compliance with regulations or ESG materiality factors.

This research explored drivers and motivations to Impact for family business owners, the areas of Impact, and the benefits they seek. The findings from this research contribute to the understanding of the Impact landscape in Singapore and help guide families with the “what”, “why”, and “how” to adopt, and embark on the Impact journey in their businesses.

Various Impacts emerged in areas of staff welfare; being responsible for staff and their family, sustainability, industry development, food security, community, heritage and culture, education, research and development, religion or other personal values and beliefs, poverty alleviation, gender equality, preventing wastage, and civic participation.



Four constructs of Impact are used to represent these areas **Social Impact:** community, civic participation, and staff welfare; **Business Impact:** industry development, research and development, and sustainability; **Causes Impact:** food security, gender, heritage and culture, gender equality, preventing wastage, and education; **Personal Impact:** religion or personal values and beliefs.

These four aspects of Impact reflect the three tenets of ESG. Environment, which considers factors like resource usage and carbon emissions; Social, which examines a company's relationships with its employees, customers, communities, and other stakeholders; and Governance, which evaluates a company's internal structures, processes, and transparency, are captured in all four aspects of Impact. Beyond formalised annual reports, this governance aspect of Impact was not a focus of our sample's initiatives.

The lens for this study

Family businesses are a living organism of the family and organisation. The Three Circle Model is a framework developed by Renato Tagiuri and John Davis in 1982[4,5] and is commonly used to understand the dynamics of family businesses. Family businesses are unique in their triple identity of family, ownership, and business, and there are often tensions in these elements.

The family circle represents the family members and encompasses family dynamics, relationships, and the social and emotional aspects of family involvement in the business. The ownership circle represents the family's ownership and control of the business. It includes shareholders and family members with ownership rights. Issues of succession planning, governance, wealth management and ownership structure are also part of this. The business circle represents the operational aspects of the family business, including its strategy, operations, and performance. It involves employees, management, and the business. The focus in this realm is to achieve business goals, increase operational efficiency, and maintain competitiveness.[6]

Family businesses are unique in their triple roles of family, ownership, and business, and there are often tensions among these elements. Social-emotional Wealth (SEW) is closely tied to the three circles within this model and can be used to understand the dynamics of these tensions and their role in decision-making. SEW is about the non-financial aspects of family businesses, such as family control, family identity, binding social ties, family emotional and kinship attachments, and preservation of family legacy through succession, to meet the family's affective needs of social well-being, unity, and satisfaction, derived from family relationships.[7,8]

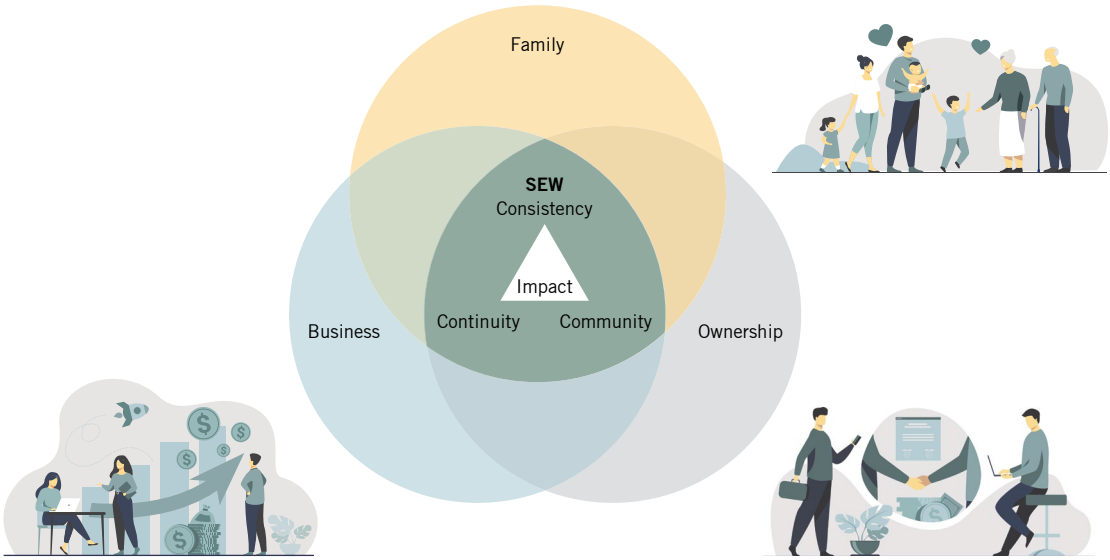
In essence, SEW connects with the Family circle through the preservation and alignment of the family and its values, and affects decisions to maintain family harmony. It also relates to the Ownership circle through its role in cultivating succession planning, building legacy, and ensuring business sustainability. SEW influences the Business circle through reputational and relational aspects, and impacts organisation structure and human relational aspects of staff welfare, employee satisfaction, and career growth.

The preservation of SEW in family businesses drives a longer-term sustainability focus for the family to engage in Business, Social, Causes and Personal Impact to achieve non-financial goals, such as reputational and relationship benefits, business sustainability, succession planning and legacy building.[9]

Ultimately, engaging in Impact brings about Consistency of the family through its values and history to build legacy, Continuity in the business through innovation and R&D, and Community through caring for staff like an extended family, and the family's role in society. (See Figure 4)

This research reflects the relationship between SEW and Impact in family businesses in Singapore.

[Figure 4]
Three-circle family business model, Social-emotional Wealth, Impact



Key Findings

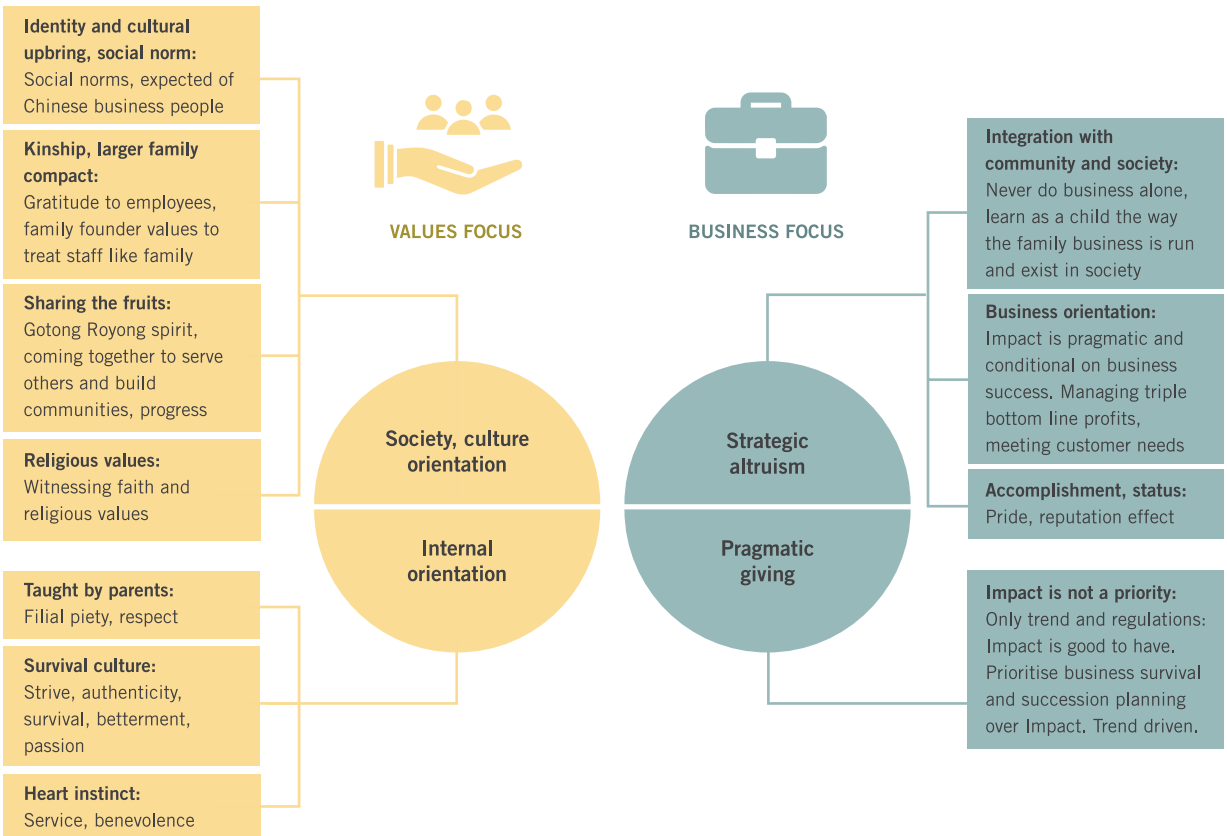
1. Drivers and Motivations for Impact

The drivers and motivations for Impact are diverse and encompass a wide range of factors. Given the wide range of Impact stakeholders, such as family, shareholders, employees, consumers, government, industry, and investors, the drivers of Impact straddle between being values versus business-focused.

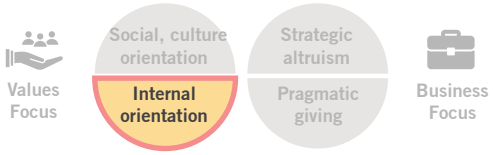
- **Values-focused drivers** reflect the internal moralistic orientation, or a societal and cultural orientation of a cultivated identity to do good.
- **Business-focused drivers** reflect the pragmatic needs of a family business where they consider "what will we get back", as well as the availability and priority of resources for Impact. (See Figure 5)

Framework of Motivations for Impact and Values

[Figure 5]



Internal orientation



Values are an integral key driver and motivation for Impact in family businesses. Impact, with its foundations in sustainability and ethics, resonates with families in their desires to prioritise and align Impact with their values, identity, and the enduring legacy they aim to leave behind. These values of tradition are often handed down through generations, passed from parents to the next, nurturing a heritage that's rooted in respect and responsibility. In some, these values are steeped in traditions like the Confucian ethos with a reverence for the elderly, filial piety, and the aspiration to uphold an honourable family name. In integrating values and Impact, family businesses retain their identity. The pursuit of Impact, when anchored in values, becomes a legacy in itself. These businesses leave an indelible mark on society while upholding the principles that define them.

"Respect is about giving everybody more ownership by having a share of voice. If anything, my mother and father taught me to be respectful to everybody. That is the most important thing for us. It is also ingrained in Asian culture, where everybody is called uncle and aunty"." - Nicholas Ng. MD, Foodxervices Inc

These values may also be formed through trials and tribulations the family goes through together to survive. Family businesses often rise from the migrant struggles of their founding members, whose individual dreams of progress, shaping values like hard work, honesty, and a drive for a better life infuse into the business. Values remind these families of their roots and guide them towards a future that is both successful and honourable. Resilience and perseverance are key to sustainable business, stewardship and building trust amongst employees, community, and customers.

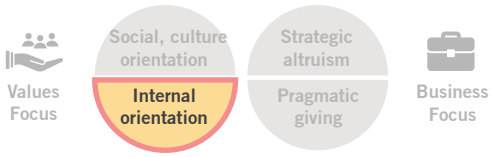
"My father had no money, so the way to grow was by borrowing money, working hard, and expanding; we are mindful of that. The need to create money and build with it is instilled in us." - An Executive Director of a public listed company

A part of this inner orientation is a sense of compassion, service, and benevolence. This may involve loyalty and care for staff and their welfare, and even making exceptions for difficult cases.

"We have a worker who has been with us since he was 18 years old. He worked at the warehouse and was a driver. He had to go home as his family needed him, and when he ran out of money, we welcomed him back to work." - Jamie Lim, CEO of Scanteak Singapore

In essence, Impact motivated by these inner drivers and values help the business cultivate an environment of trust, loyalty, stewardship and empowering every individual with a share of voice.

Society, culture orientation



Societal and cultural norms mirror the values and expectations of family businesses, shaping their roles within the community and environment. These norms provide crucial guidance for their Impact engagement.

As part of the Chinese diaspora cultural identity, successful Chinese business figures are expected to engage in civic society and contribute to the welfare of the less fortunate, particularly within their clan. This embodies a sense of sharing opportunities and the fruits of labour to uplift others. Social Impact naturally aligns with Chinese business families, reflecting their values. This compassion and unity manifest in areas like education, healthcare, employee well-being, heritage preservation, and community involvement.

Education also holds significant importance in driving Impact. In recognising the value of education and recalling past struggles, founders often fund scholarships or provide mentorship to students in need. Second and third generations also embrace this focus due to their awareness of education's transformative power.

Treating employees as extended family and collaborating with them to build the business is rooted in a two-way trust dynamic. The notion of kinship and familial care for employees is particularly strong, especially among longstanding staff who have been with the business since its inception. Gratitude drives this care, which ranges from employee welfare to personally understanding their aspirations. It transcends time, space, and relations, displaying a lasting commitment to employee well-being that can extend to employee's families too. Some businesses even offer shares to loyal staff, which may be passed down as an inheritance to their children.

"We treat our staff like family, with love and care. We take care of their overall well-being, including their life and family needs, relationships, and aspirations. When they know that they are well taken care of by the company, it removes the fears they have and gives them peace of mind to do their work well. There is also longevity in the care of employees. We gave them shares when they first joined which may be passed as inheritance to their children. When the staff work overtime, we also send cinema tickets to the wife or buy gifts for the families of overseas employees so there is a "heroic" welcome home when they return. They are a part of our family, and we look at them like our business partners. This builds trust, and when you treat them well, they will stay and serve you well with their expertise." - CEO of a Private Company

Health is wealth. The importance of healthcare historically prompted families, particularly during the early to mid-1900s, to establish hospitals and provide healthcare for the needy.

Beyond providing aid in social infrastructure and civic society in education and healthcare, family businesses extend their Impact to social and cultural dimensions by nurturing the community. Honouring societal and cultural norms, they care for their clan and embrace unity in community. Preserving heritage, particularly by founder generations, maintains ties and fosters opportunities within communities, which is sometimes facilitated by dialects. Supporting clans also showcases the family business's role in culture, economics, business, and society.

This social and cultural impetus towards Impact is akin to sharing prosperity and communal growth in the spirit of "Gotong Royong" (collective assistance). Businesses also promote volunteerism and generosity, encouraging staff to participate in CSR initiatives that aid poverty alleviation and skill development, reflecting their commitment to holistic societal progress.

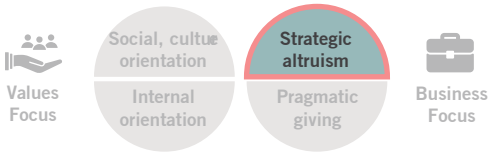
"We adopt a Gotong Royong (collective assistance) spirit in our impact. We give back and care for the community in areas of education, retraining, and building communities with farmers. This helps the community to grow beyond a kampong to a small village and more. We also built a chocolate vocational school that trains chefs and provides retraining for those who have forgotten the craft. It also provides employment opportunities. How a small village grows and prospers is through the collective effort of everyone." - An Executive Director of a public listed company

Family businesses that are driven by religious values may also be motivated to engage in Impact to witness their faith

and religious values. For some, this may involve working with integrity and honesty, loving, and caring for those in need in areas of humanitarian aid, social justice, and their day-to-day living and interactions.

"We hold on to our religious Christian values in treating suppliers and staff and our business ethics. Sometimes when there are humanitarian issues like earthquakes and tsunamis, we raise funds to help the countries as it is our social responsibility as Christians." - Jamie Lim, CEO of Scanteak Singapore

Strategic altruism



Whilst values are important in driving Impact, family businesses are pragmatic, and business dimensions drive their interaction with Impact. The integration of business with the community and society motivates Impact as one does not do business alone and may function in multi-stakeholder partnerships.

Impact is pragmatic, conditional on business success, and strategic in its altruism. Family businesses manage triple bottom lines of people, planet, and profit in its Impact consideration. Without economic and business growth, the fruits of social and environmental Impact will not be sustainable. It is also a dynamic process which requires integration with the growth of the company too.

Impact is intrinsically connected to business in future returns and human capital development, and is reflected in family businesses in their active integration of Social and Environmental goals with business growth and economic goals. This symbiotic relationship can be observed in several aspects.

One of the core tenets of engaging Social Impact is employee welfare. By addressing their basic necessities in food, shelter, and clothing, family businesses create an environment that fosters loyalty, productivity, and a sense of belonging. Moreover, investing in skills development enhances employee capabilities, which can lead to increased efficiency, innovation, social mobility, and business growth. Integrating social and environmental goals often extends beyond the confines of the business. Engagement in projects aimed at preserving heritage and betterment of communities not only creates a positive impact but also opens up new avenues for business growth. Investment in education initiatives not only benefits the broader community but also serves the family business's interests by grooming potential employees, generating fresh perspectives, and fostering innovation.

"We treat staff like family. Early employees are seen as our partners in business. My grandfather gave shares to the original employees as a tangible expression of his faith in them and a reward for their loyalty." - CEO of a Private Company

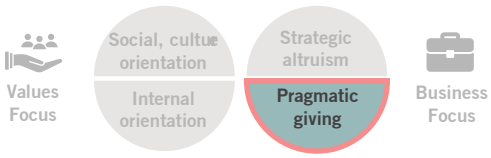
Environmental goals are hygiene factors. Integrating environmental goals with business goals makes economic sense as it leads to cost savings, new business opportunities, and fulfilment of necessary regulations. It draws environmentally conscious consumers, investors, and clients to bring a competitive edge for businesses to act as agents of change for good in the industry as well as the environment. Sometimes, this Impact necessitates innovation in their business models.

"Our response to the challenge of savvy e-commerce consumers, who can search and purchase items online at cheaper rates, is to change our business model from product distribution to service innovation. In our own small ways, we assist non-profit organizations' customers by providing some form of pro-bono or subsidised services. This helps them to maintain their costs, grow their business, and help them channel as much money to the beneficiaries as possible." - Melvin Tan, Executive Director of Sia Huat Pte Ltd and Managing Director of Flow Services Pte Ltd

Where financial or material benefits are absent, intangible benefits, such as having a sense of pride and accomplishment, and gaining reputation and status, take their place and act as crucial drivers in engaging Impact. The family business may derive brand equity and an outsized reputation through engaging Impact and may even be set apart to be seen as the leader of the pack, which then becomes crucial assets for business sustainability and control for the business. Regardless of its form, the need for a form of return drives Impact.

"Business impact on society is the sense of pride that the brand has become a "household brand name". We take pride in being a supply partner to almost every food service establishment in Singapore, even though ours may just be a small part of the end client's business. Now we are firmly a supporting partner to the F&B industry." - Melvin Tan, Executive Director of Sia Huat Pte Ltd and Managing Director of Flow Services Pte Ltd

Pragmatic giving



For some family businesses, Impact is not a priority; they tend to take an inward-looking perspective and a more conservative and spectatorial approach in engaging Impact. Impact is largely viewed as a peripheral achievement rather than a core mission for the business. Some of these businesses may be struggling to survive in evolving their businesses to meet changing technology and consumer needs. For them, pragmatism in ensuring security and stability in business survival and succession planning take precedence.

There is also a general sentiment that larger business and corporations should bear the onus of advancing Impact as the government plays a more participative role in these organisations. Smaller companies will only engage Impact if necessitated by regulation or encouraged by incentives.

When family businesses do engage Impact, it is more narrowly focused on establishing legacy, building a reputation as a household name for themselves in their industries. Any further thoughts and actions regarding social or environmental Impact may be driven by their own personal values or a sense of social justice in giving back to to marginalised segments of the community. By and large, motivations are pragmatic and transactional in nature.

"Each day has its own challenges. Achieving ESG goals is good when managed within our means; business viability comes first. Creating social and environmental impact is about not hurting others and the environment." - Melvin Tan, Executive Director of Sia Huat Pte Ltd and Managing Director of Flow Services Pte Ltd

Overall, business motivations are that of building long-term sustainability in business practices and risk management. It also ensures the meeting of shareholder and investor demands, as well as fulfilling customer needs. It builds in the brand through research and innovation for efficiency and competitive advantage. Ultimately, business growth and resilience are the goals, and Impact is a practice in pragmatism.

2. Consistency: Family Values, Legacy, Succession

Observation 1: Family motivations of multigenerational values and family legacy drive Impact

In the realm of family businesses, the continuum of past, present, and future is guided by an unyielding commitment to preserve Consistency—nurturing the essence of family values, legacy, and succession. This narrative of continuity is a testament to what the family stands for, the embodiment of their values, and the projection of their vision into the future.

Multigenerational values and legacy infuse family businesses with Consistency. These become the bedrock for impactful endeavours, giving rise to Social-emotional Wealth (SEW) that enriches the very fabric of their existence. SEW thrives through family involvement. When family members are engaged in operations, guided by values and legacy, SEW flourishes. This intangible asset preserves the family's emotional well-being and goodwill.

The pursuit of Impact propels family businesses to champion social welfare, foster community and industry growth, and advocate for the greater good. Principles of Impact become catalysts for transformation, reflecting the deep-rooted values of family businesses. In time, Impact becomes more than a goal, and legacy gets transformed through Impact. Threading the past, present, and future into a consistent narrative, family businesses seamlessly transfer their values and vision, creating a continuum that resonates with purpose and progress.

Finding: Driven by multigenerational values and family legacy, family businesses are compelled to pursue Impact initiatives that resonate with their intrinsic beliefs, interests, and values. This encompasses Social Impact through civic involvement, staff well-being, and community support, Personal Impact reflecting personal and religious values, and Causes Impact addressing critical areas such as food security, gender equality, heritage preservation, poverty alleviation, waste reduction, and education, embodying a holistic commitment to meaningful change.

- *Education is an area of Impact of much importance to the sample (38.2%, ranked 1st: 5.9% and ranked Top 3: 20.6%).*
- *Close to 1/4 of the sample are interested in causes issues (social and environmental aspects) driven areas of Impact like preventing wastage, food security, poverty alleviation.*

Through these Impacts, family businesses contribute to the well-being of employees, support local communities, and address social issues to promote social welfare like food security and economic empowerment through education scholarships.

"Contributing to Social Impact is something that sits naturally with Chinese business families, especially given the characteristics of what is important to Chinese business people. Social Impact is naturally expressed in areas of education, healthcare, employee welfare, and heritage and business community engagement. It is a form of compassion and unity with the people. Contribution to education is especially important amongst the 2nd and 3rd Generation because they see the importance of education, versus the founder generation who saw education as a luxury. We take care of our employees like they're part of the family and see them as collaborators and partners in building up the business. We also support hospitals to help provide healthcare in earlier developmental times. Heritage is an integral part of cultural aspects of Chinese businesses, especially amongst founder generations, where dialects may still play a role in building kinship with the wider community and fostering business opportunities. It gives us an opportunity to further showcase our role in culture, economics, business and community." - CEO of Private Company

The role of family values is especially poignant in the realm of Personal Impact. Whether they are the founders or the next generation, they are frequently motivated by their personal values, which gears their participation towards Impact initiatives that yield advantages for both family and employees, aligning with the family's overarching value framework. When family values harmonise with business and Impact decisions, it fosters a strong sense of SEW within the family and, consequently, contributes to building a sustainable business.

"My brother and I decided we do not want our children around furniture with high formaldehyde, so we want this good for all our customers too, regardless of its higher cost. It is like a social responsibility, so we make sure that all of our products now hit the world standard whether it is significant or needs to be or not. We have a strong network of suppliers but not all of them can do this. Because it is from our hearts, as a social responsibility, we do what we can to help our suppliers to meet this request. However, not all were willing, so I think we had to say goodbye to three of our suppliers. It was very hard but it was a necessary thing to do." - Jamie Lim, CEO of Scanteak Singapore

Finding: Without multigenerational family values and family legacy, family businesses will not be driven to engage in Impact. When they engage in Impact that reflects their personal or religious values, they also expect it to be beneficial for the reputation of the family and bring family harmony.

- *More than 60% of our sample acknowledge the need to continue family's legacy and family values are key motivation to Impact.*

Family resilience builds business resilience. There may be times when businesses were not founded on specific family values. However, in the process of operation and overcoming crises, the family business may come to groom a particular mindset of prudence and risk aversion, as well as courage and resilience. These lived experiences mould the family and become the default "family values" and the guiding principles in business growth, decisions, and company culture.

"There may not be any specific family values in our business, but past and regular financial crises have come to define the core family values that drive our business. We are so scarred by crises that it has put us into a mindset of prudence to help lead the family build a sustainable business." - Joshua Koh, CEO of Commune Lifestyle Pte Ltd

Multigenerational family values and legacy play a pivotal role in driving Impact, encompassing succession planning, business continuity, and legacy formation. These values shape family identity and strengthen both the business and family foundations. Families, especially in Asia, regard themselves as responsible stewards of their businesses, emphasising positive attitudes and commitment.

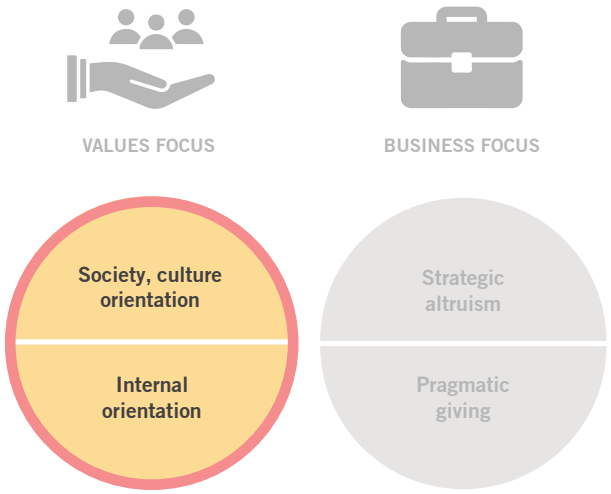
Legacy is unique for every family. It unifies business, family, and ownership. It intertwines business, family identity, values, and accomplishments, extending beyond financial wealth to encompass accumulated social-emotional values like traditions, beliefs, and family stories. Legacy fortifies sustainability by maintaining family cohesion through shared traditions, history, and values. This same legacy strengthens businesses, explaining entrepreneurship, customer loyalty, and longevity.

Legacy and its relation to Impact are especially poignant and come to the forefront as families prepare business and wealth transference to the next generation. The stock and flow of wealth through Asia are projected to grow exponentially over the next few years. China and India, both contributed close to US$1.6 trillion more in 2021 than in the year before (Forbes, The Countries with The Most Billionaires 2021, 2021)[10]. There will be close to 84 million millionaires and ultra-high-net-worth individuals (UHNWIs) should reach 344,000 in the region in 2025 (2021 Credit Suisse Global Wealth Report)[11]. According to Wealth-X Family Wealth Transfer 2021 report, the next generation will encounter a wealth transfer of nearly US$3 trillion in Asia-Pacific[12].

As new generations enter this landscape, two shifts emerge: from succession planning to legacy building, and a growing awareness of wealth and its purpose in engaging Social Impact. The influx of wealth, particularly in Asia, creates opportunities for next-gen wealth owners to embrace Impact perspectives. This perspective encourages the transition from succession planning to legacy building. The new generation engages Family Offices, Advisory Firms, Impact, and ESG to address societal, humanitarian, and climate needs.

In family businesses, succession planning involves leadership transference, skills development, and financial control transition. It addresses family members' well-being, alignment with values, control, rivalries, harmony, and the founder's dreams versus the next-gen's independence. Impact engagement safeguards reputation, transfers family values, and aligns actions with societal expectations, contributing to the family's legacy and ensuring long-term business sustainability.

[Figure 6]
Where does this sit in the motivations for Impact?



3. Continuity: Business Sustainability

Observation 2: Man does not live on love alone. Family businesses are pragmatic; family motivations for Impact do not exist without business considerations.

Observation 3: Business is business. Whilst multigenerational values and legacy are the heart to Impact, business motivations provide the will and rationalisation to engage in Impact.

Families approach Impact pragmatically and rationally, aligning it with business Continuity. Sustainable business growth is essential for Impact to take root. This symbiotic relationship between family and business, as seen in the ownership and business aspects of the three-circle model, underscores their interdependence. Without business sustainability, there is no impetus to engage Impact.

Managing the triple bottom line of people, planet, and profit within the domain of Continuity is crucial. Without sound economic and business growth, Impact efforts lack a foundation. While upholding multigenerational family values and family legacy are both key drivers of Impact, family businesses demand concrete benefits too.

Although family motivation is a main driving force for Impact, it cannot exist without business considerations. Continuity in the context of business perspectives, needs, and motivations, alongside family values, is vital for confident engagement in Impact.

Finding: Business motivations are a key driver to Impact rather than family-related motivations. Even if the values of family drive Impact, businesses will not engage in Impact without the rationality of business motivations like meeting customer needs, regulations, and new business models. When these business motivations are present, the business is more certain to engage Business Impact like sustainability, R&D, industry development, and Causes Impact.

- *73.5% of our sampled business families aim to make an Impact in areas of sustainability (ranked 1st: 14.7% and ranked Top 3: 47.1%) and 67.7% in industry development (ranked 1st: 11.8% and ranked Top 3: 35.3%).*

Finding: Conducting Business Impact like industry development, R&D, and sustainability perpetuates the good name and reputation of the family. Some families have innovation and industry leadership in their DNA and the need to cultivate these family values and legacy drives Business Impact. It is critical that meeting customer and regulatory needs work in tandem with these family motivations to drive Business Impact.

- *Although more than 60% of our sample acknowledge the need to continue family's legacy and family values are key motivations to Impact, about 60% of our sample also engage in Impact due to customer needs and regulatory needs.*

This brings numerous benefits like increased business reputation and customer loyalty, and access to new markets and partners. In a family business, meeting customer needs also helps maintain a positive family reputation and promotes harmony and strengthens bonds within the family.

"Innovation and R&D have always been in our family business' DNA. The textile and dye industry is often associated with environmental pollution. Since the introduction of UNSDGs, we are committed to Goal 3 of ensuring healthy lives and promoting well-being, Goal 6 of ensuring availability and sustainability of water and sanitation, and Goals 11 and 12 of making cities and human settlements safe and resilient. We worked with clients to assess their needs and co-created solutions with them through open innovation to bring about this impact." - Dro Tan, Executive Director of Matex International Limited

Finding: Using Impact as a platform to try out new business models, family businesses find justification and peace of mind to put their support behind Impact that reflects their personal values and beliefs. When businesses try out new business models in tandem with family motivations to Impact, they reap the benefits of family harmony and improved family reputation.

- *Impact also serves as a platform for more than 60% of our businesses sample to try out new business models.*

"Whilst impact is not the focus of our business, I wanted to care for the employees on a more personal level. There were opportunities in using business model innovation to deliver impact in a different way. We set up FLOW, which takes care of the smaller marginalised customers and the drivers, to prevent them from being exploited by prevailing market systems. Versus gig economy workers, our drivers are paid according to performance but also enjoy medical leave and other forms of staff welfare. This improves the reputation of our business and allows me to express my personal values and beliefs." - Melvin Tan, Executive Director of Sia Huat Pte Ltd and Managing Director of Flow Services Pte Ltd

Finding: Engaging in Business Impact brings business benefits, like increased customer loyalty and business reputation, and opportunities for new markets and business partners. These business benefits, together with benefits in family reputation and family harmony, trigger the need to preserve SEW through activating family values and legacy needs to further drive Impact.

- *Impact also translates to benefits for new market opportunities for the business (50%) and customer loyalty. (58.9%)*

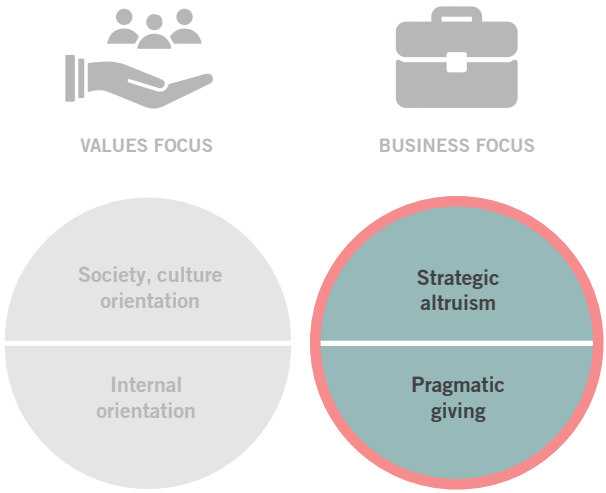
Finding: Whilst business seems functional, it is actually deeply relational and driven by human sentiments. If Impact does not bring benefits of staff loyalty and family reputation, the firm will not be motivated even by business motivations like customer needs, regulations and new business models to drive Impact.

More inward-looking and conservative family businesses will only consider Impact upon securing business growth and stability. They prefer to prioritise their resources to meet technological and industry challenges of the day. For such businesses, Impact is secondary to business. It is also likely that they will only engage Impact if the government regulates or incentivises it.

"We must be pragmatic. There are other issues to be prioritised like dealing with uncertain times or succession planning. Impact ESG is good to aspire towards, but business survival and profitability come first. We will only take up impact more formally if it is regulated by the government or incentivized through subsidies." - Melvin Tan, Executive Director of Sia Huat Pte Ltd and Managing Director of Flow Services Pte Ltd

A new paradigm emerges where one must balance building resilience and business sustainability with community and social capital development. Businesses have to contribute to the economy through their work and contribute to society with their values. For families to build sustainable and resilient businesses, they are called to integrate values, community involvement, and new social contracts for equitable sharing of economic burdens and benefits with the new generation of wealth in business activity. A family business leader in this new world order must go beyond efficacy to be a leader of values and be life-giving in love to the business, employees, and the larger community and humanity. But to be a sustainable family business and be able to contribute to Impact, one has to be pragmatic and ensure Continuity in business. Overall, the drive for business and family Continuity facilitates the family business' engagement in Impact for business sustainability and social responsibility.

[Figure 7]
Where does this sit in the motivations for Impact?



4. Community: Reputation and Relationships

Observation 4. Gratitude, belonging, loyalty: Staff welfare is naturally driven by family values and legacy. It is the unique human aspect that binds the family, business, and Impact as one.

Observation 5. Reputation and relationships, in both family and business, are the main beneficiaries of Impact.

For families to be motivated to engage in Impact, relational and reputational benefits that are rooted in Community are key. Both preserving SEW and enacting Impact recognise the importance of reputation and good relations for family businesses, the foundation of which is built upon community building and grounded on staff welfare and loyalty.

Engaging in Impact demonstrates the business's commitment to upholding respect, social responsibility, environmental stewardship and ethical practices. This reassures employees, the community, and customers, bringing benefits to business and family reputation, promoting family harmony, and bolstering employee relations. In doing so, family businesses can protect and enhance their reputation as responsible and sustainable entities, effectively safeguarding their social and emotional capital. Ultimately, Impact that stems from Community builds trust, collaboration, and reciprocal support among all stakeholders.

Finding: Staff loyalty is a key trigger for families to be motivated by multigenerational values and family legacy needs to drive Impact. This reflects the loyalty and gratitude of the founders and the business, who see employees as extended family and partners.

In the realm of Community, efforts are made through impacting management and organisation structure alongside human-relational aspects of employee welfare, employee satisfaction, career development, opportunities, and fair treatment of employees. It also seeks to foster open communication to promote trust, fairness, and transparency among staff and family members. Family businesses are motivated by their legacy and multigenerational values to create Social Impact. This is manifested through a personal approach to staff welfare, reflecting genuine concern for employees and their families' well-being.

> **"We treat our staff like family, with love and care. We take care of their overall well-being, including their life and family needs, relationships, and aspirations. When they know that they are well taken care of by the company, it removes the fears they have and gives them peace of mind to do their work well. There is also longevity in the care of employees. We gave them shares when they first joined which may be passed as inheritance to their children. When the staff work overtime, we also send cinema tickets to the wife or buy gifts for the families of overseas employees so there is a "heroic" welcome home when they return. They are a part of our family, and we look at them like our business partners. This builds trust, and when you treat them well, they will stay and serve you well with their expertise."** - CEO of a Private Company

Finding: Through Social Impact engagement, employees receive care and affirmation from the family and respond positively, as evidenced by enhanced staff loyalty and lower turnover. This includes informal governance and inclusive communication reaching all levels. Involvement in meeting customer needs, adhering to regulations, and implementing new business models also fosters employee engagement and commitment, bringing the business human capital benefits.

- *Relationships with staff are main beneficiaries of Impact. 67.6% of sample cited staff loyalty, and 50% cited lower staff turnover as a benefit from Impact.*

"We must be good role models, to put values into action and make them tangible and real. It is a very down-to-earth and hands-on, grassroots approach. The company culture reflects the family values of hard work, passion, and honesty. Be a humble leader, set good examples and get people to follow you, as one cannot work alone in business. We engage and communicate with everyone, even to the level of the shop floor, by giving them a chance to speak and listen to them. The family demonstrates to everyone how hard we work and how we value everyone, and it is not just about ourselves." - An Executive Director of a public listed company

Finding: Reputational benefits remain important in triggering Impact. Without benefits to business and family reputation, the family will not be motivated by values and legacy needs to drive Impact.

Finding: Family businesses are relational in nature and human aspects come to the forefront when engaging Impact. These come in three aspects. First, they seek relational benefits over reputational benefits; maintaining family harmony and good relations with staff through ensuring welfare take priority over the need for family reputation. Second, in considering reputational benefit, family reputation takes precedence over business reputation. Third, they seek human-centred and relations-focused benefits over business benefits. Whilst business motivations to Impact are key, benefits to family and staff without business benefits are sufficient to drive Social Impact.

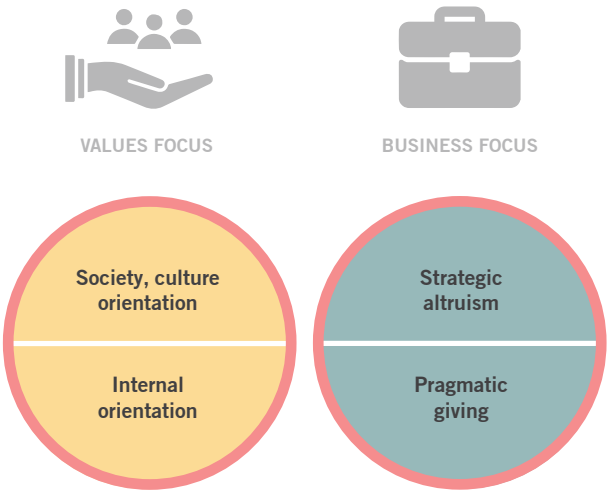
- *Reputation and relationships are main beneficiaries of Impact. Close to 70% of sample cited family's reputation (67.7%) and Business's reputation (64.7%), family harmony (60.6%) and staff loyalty (67.6%) benefit from Impact to a large extent or more.*
- *More than 60% of our sample notes that Impacts bring family benefits in harmony and reputation.*

"We support local industry and craftsmen in the home furnishings industry as part of building goodwill with the community. The home furnishings industry is like a kampong where there are people who are not very well off and their livelihood is to make furniture. But they do not have machinery needed, so they make one or two pieces which do not necessarily meet quality standards or consistency. We help create opportunities through creating small series, negotiating mutually beneficial costs, and providing factory coaching on how to make good, solid furniture for the international market." - Jamie Lim, CEO of Scanteak Singapore

Impact yields benefits for both family and business, particularly in the areas of reputation and relationships. Relationships hold immense value and significance, serving as cornerstones for reputation, community, and goodwill. The imperative to nurture and uphold strong relationships, coupled with safeguarding family reputation, underscores the fundamental desire to preserve and safeguard what has been established.

[Figure 8]

Where does this sit in the motivations for Impact?



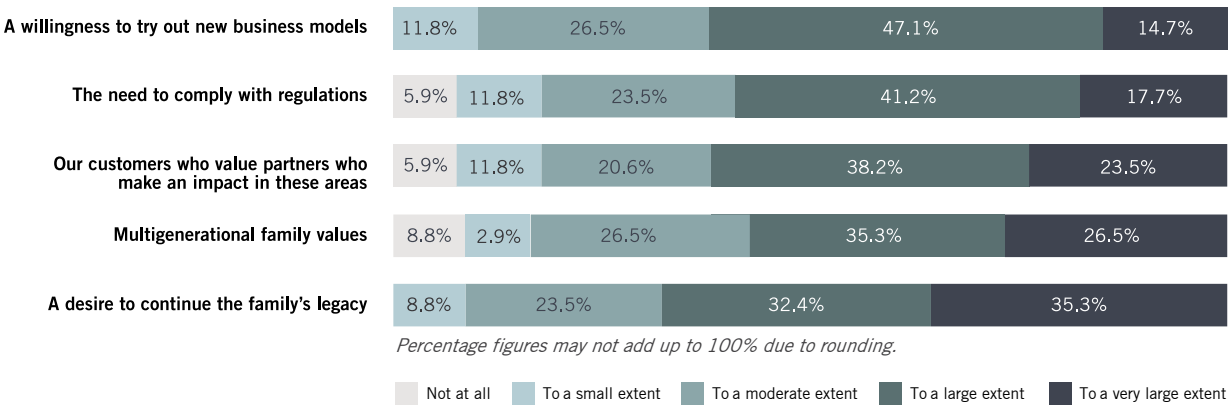
5. Making Impact

In committing to Impact, the family business seeks to build and achieve Consistency in the family, Continuity in the business, and Community especially among staff. There are four key areas of influence: external stakeholders like suppliers and partners, the family, the employees, and the community. These come through policies and aligning family values and legacy building in business and operational needs with end goals to accomplish business sustainability, strategic intent, and desired Impact outcomes.

Motivations for Impact

Family businesses are quite balanced between the Social-emotional Wealth (SEW) of the family and pragmatic business needs when it comes to motivations for Impact. More than 60% of our sample acknowledged the need to continue the family's legacy and family values as key motivations for Impact. On a more pragmatic front, about 60% of our sample engaged in Impact due to customer and regulatory needs. Beyond emotional motivations, Impact also serves as a platform for more than 60% of our sample to try out new business models. (See Chart 1)

[Chart 1]
Motivations for Impact

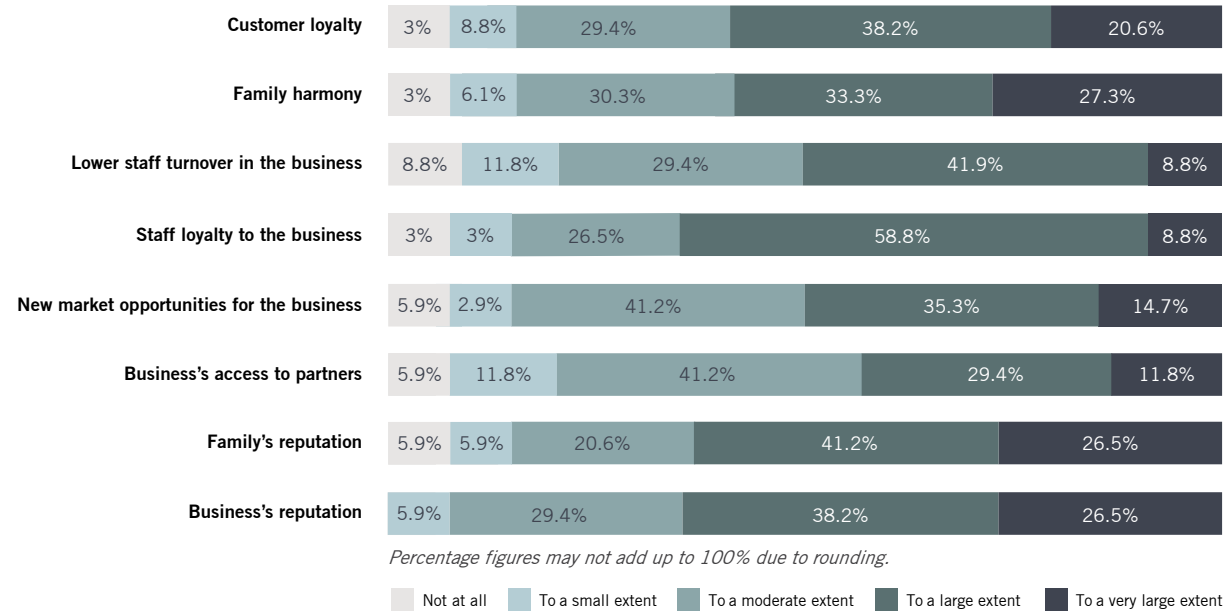


Percentage figures may not add up to 100% due to rounding.

Benefits to Impact

Reputation and relationships are the main beneficiaries of Impact. Close to 70% of the sample cited areas of family's (67.7%) and business's (64.7%) reputation, family harmony (60.6%), staff loyalty (67.6%), and lower staff turnover (50%) as benefits from Impact to a large extent or more. More than 60% of our sample noted that Impact brings family benefits in harmony and reputation. Impact also translates to benefits for new market opportunities for the business (50%) and customer loyalty. (58.8%) (See Chart 2)

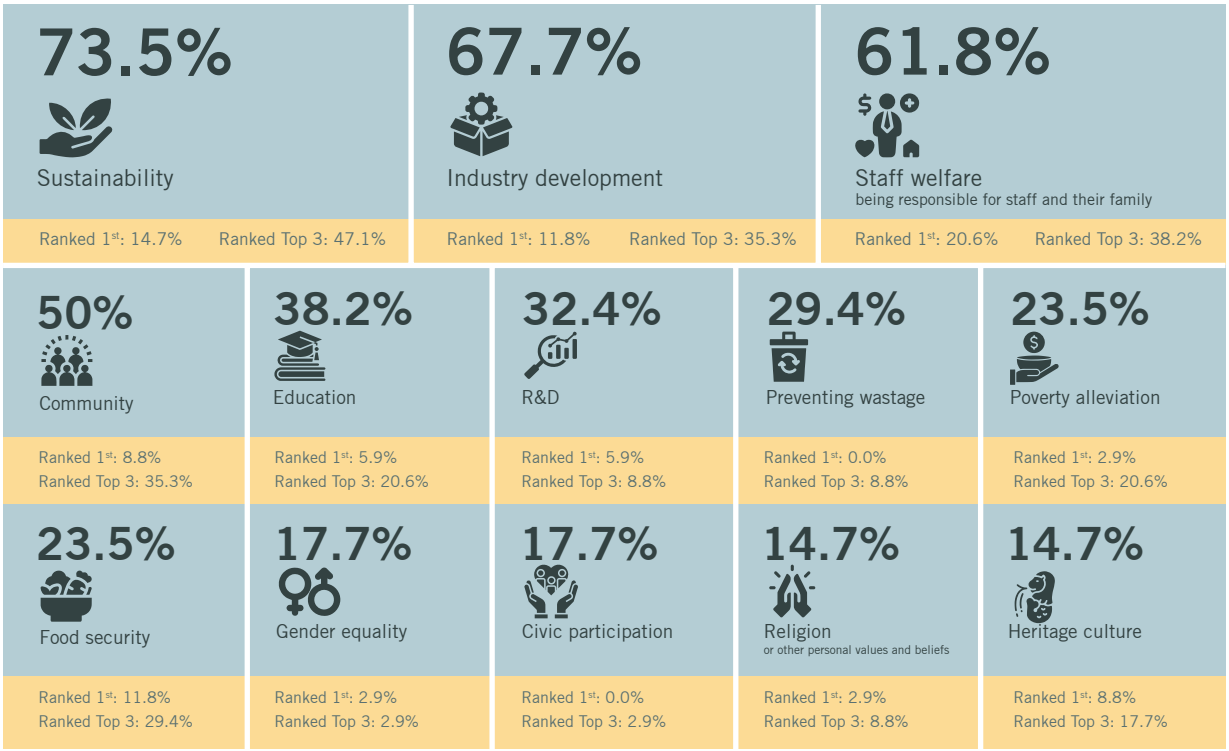
[Chart 2]
Benefits of Impact



Areas of Impact

73.5% of our sampled business families aim to make an Impact in areas of sustainability and 67.7% in industry development. Social aspects of staff welfare (61.8%) and community (50%) are also important Impact areas. Education is an area of Impact of much importance to the sample (38.2%). Close to 1/4 of the sample are interested in causes issues (social and environmental aspects) driven areas of Impact like preventing wastage, food security, poverty alleviation. (See Chart 3)

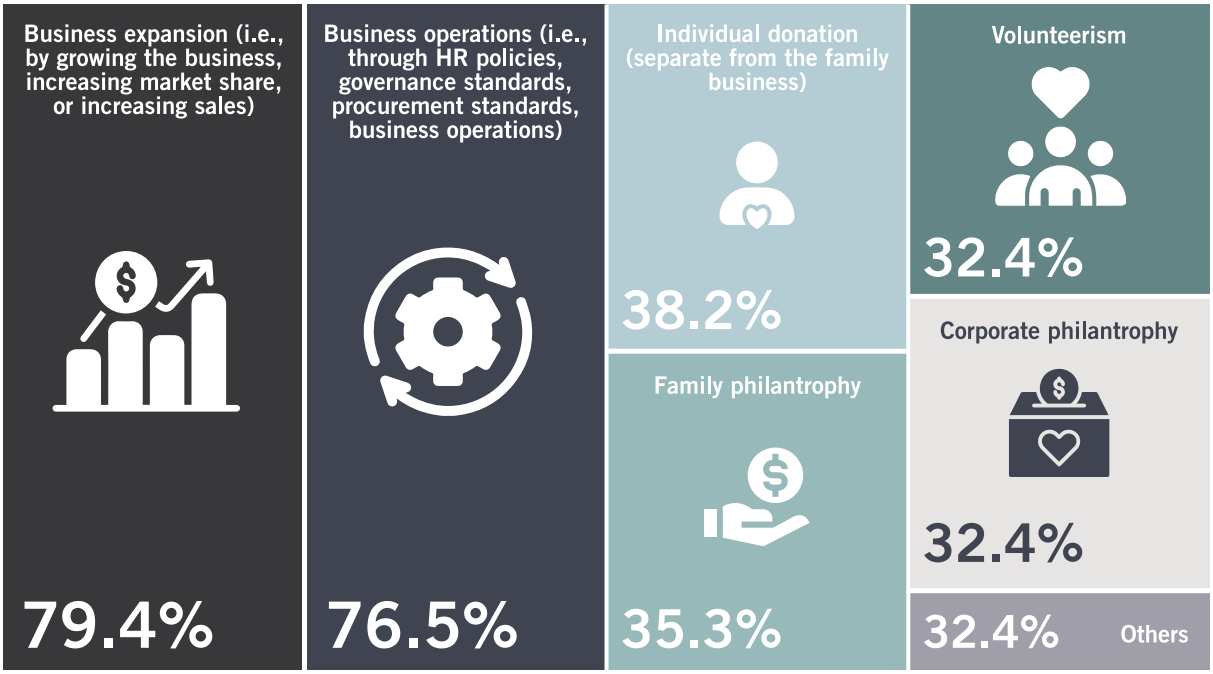
[Chart 3]
Areas and Ranking of Impact



Conduits for Impact

Business expansion (79.4%) and business operations (76.5%) are the main conduits to bring about Impact. Close to 35% of the sample also engage in individual donation, corporate and family philanthropy and volunteerism to bring forth Impact. (See Chart 4)

[Chart 4]
Conduits for Impact



Strategies for Creating Impact

Intent

On the journey to Impact, it all begins with intent. For long-standing businesses driven by founders' values and struggles, the need to continue the legacy of giving and espousing gratitude sets the foundation for intent for Impact.

In addition to this founder's impetus for Impact, businesses may also be triggered to engage Impact to meet regulations and customers' requests for sustainable practices, or human capital development. They may formally record Impact outcomes in formalised ESG reporting standards if one is a listed company; otherwise, there may not be any formal tracking of Impact beyond its implications on revenue, customer and staff loyalty.

More importantly, among Singapore SMEs, there are businesses with no history of giving and Impact is not in the family or business culture. With no role models and no clear path or motivation in Impact, how do they get into Impact?

With no prior emphasis on Impact, how do family businesses get started?

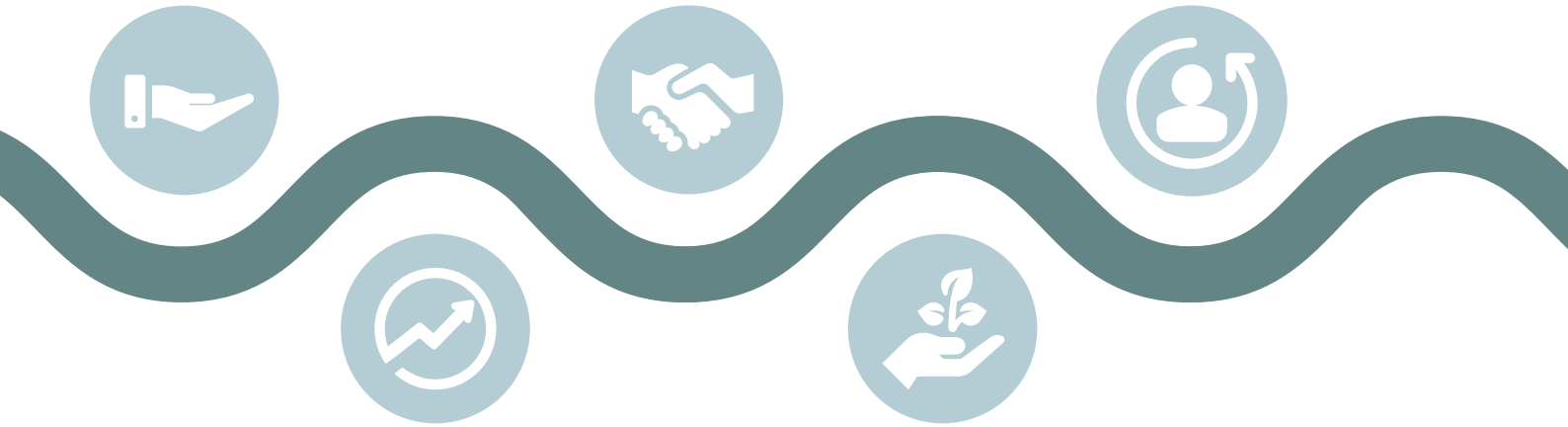
1 Intent may start off with responding to a business request. The next generation may adopt a similar attitude towards Impact as just responding to such business requests.

2 Without family business or the founder's influence on Impact, the next generation may also be inspired by peers to engage Impact if it is a "trendy' thing to do with lifestyle aspects to it. They may also be inspired when seeing their friends contribute to charity.

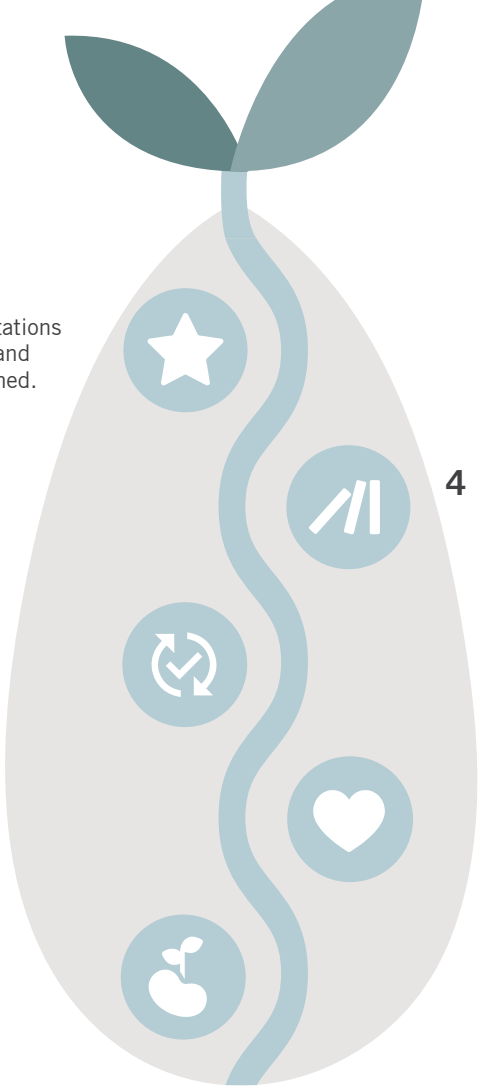
3 They typically start small, with no rules and just go with the flow of the spirit of giving, doing what feels right. Encouragement drives momentum to Impact: The action grows in momentum and conviction with recognition and encouragement of the good work done.

4 In time, it grows into concrete action and starts to inculcate the motivation of moving from cost reduction to value creation: Seeing the value of making right an action.

5 Over time, a new mindset of Impact is cultivated. Doing right which leads to sustainability becomes second nature. This cascades into collective change.



Growing confidence in engaging Impact



5 Learning by doing, with no expectations and they start to see its benefits and reap rewards in ways never imagined.

4 The starting of one thing leads to another. This cultivates new behaviour and over time, a collective change.

3 Doing small things while following the spirit of doing what feels right, even if not commercially sound, becomes second nature over time.

2 Respect for family members, respect for employees, respect for the needy, and respect for the environment.

1 The seed of a simple intent of goodness. Grown out of respect.

"In the past, we took care of excess food by getting rid of them as it was the cheapest and most efficient way out, not realising that we could give it away instead. We sent emails out to the non-profits and distributed food to them. When people wrote or called us back and said thank you, it was heart-warming and encouraged us to continue." - Nicholas Ng. Md, Foodxervices Inc

Collaboration

In assessing Impact, businesses will conduct a feasibility check to ascertain if they have resources to support the initiative and desired Impact. While low-involvement family businesses may not proactively initiate Impact efforts, they could respond to external requests. In their response, these businesses often apply their familial values of risk aversion and prudence to their Impact endeavours and opt for a pragmatic approach.

Collaboration stands as a pivotal factor in driving Impact. Family businesses recognise that solitary endeavours are rare in the business landscape. Collaborative efforts begin within the family in its preservation of SEW through strong familial ties. This sense of unity extends to the broader family of staff and employees, perceived as integral "partners" in the business. Sometimes, these individuals are rewarded with shares in the business, fostering a shared vision of growth.

Moving outward, collaboration takes the form of interactions with industry and trade association chambers, and cultural clans. This engagement fosters goodwill, rapport, and even a degree of "political" influence. This collective voice also extends to driving Social Impact by shaping the industry landscape through active participation and leadership in industry associations. In engaging Impact, family businesses may support causes and engage marginalised communities that are aligned with their brand and product category. In doing so, they not only lead in their sectors but also contribute to the greater business community.

"We typically support causes which have synergies with the brand and product category, and that helps build our leadership in the business community. We took part in the Pathlight initiative as my mother's friend introduced us to autistic children who are good in design. We gave them a space in our shop to sell their products, proceeds of which are given back to them. We followed up with requests to deliver furniture to be donated and help clean up houses as part of CSR and encouraged our employees to participate too. All these are synergistic with our brand in being a part of community." - Joshua Koh, CEO of Commune Lifestyle Pte Ltd

Professionalising Impact

In time to come, as Impact gains momentum, it moves from an inspiration of doing good to formalising it as a commitment and culture of engaging Impact in the business. The thought starts to have a life of its own and grows. Businesses may then consider professionalising Impact by formalising it as a new business, or new business model.

"Then we said, we feel that there were legs to this, and that's why we registered the food bank. We didn't know how big it could get apart from being a CSR project. We thought we should do it more professionally, and that's why we set up a separate organisation." - Nicholas Ng. MD, Foodxervices Inc

Worksheets

Preparing for Impact

Family businesses hold a unique position in championing Impact and principled action. Their long-term perspective, prioritising lasting outcomes over short-term gains, distinguishes them as leaders aiming not only for present success but also a lasting legacy. The ownership mentality central to sustainability stewardship drives creative resilience, urging them to innovate for positive change through their work and business, spurred by the motivations of ownership, succession planning, and legacy building.[13]

Recognising the interconnectedness between their actions and society, family businesses forge partnerships that align profitability with values and societal progress. Their steadfast commitment to upholding values and ESG principles leads to higher trust than other sectors, solidifying their role as sustainability stewards, crucial in fostering a more equitable world.

By incorporating long-term Impact goals into all aspects of the family business, and converting them into a concrete set of measurable actions in daily operations, family businesses can begin working towards pursuing profits sustainably.[14]

Laid out in the next few pages are worksheets that aim to prepare family businesses for engaging Impact through Continuity, Consistency, and Community.

1. Consistency: Family Values, Legacy, Succession

History, purpose, vision, and mission

Your company's history, purpose, vision, and mission are integral to defining the business' identity, providing direction, motivating stakeholders, differentiating the business, and ensuring long-term sustainability. They collectively shape the values, culture, strategy, and Impact engagement of the business on its stakeholders and society at large, ensuring Consistency and threading the past, present and future as one.

Adapted source* : Refer to endnotes 15, 16, 17, 18

HISTORY	• What is the family's history and what are the milestones in the journey?
PURPOSE, VISION, AND MISSION	• Purpose: What is the core purpose of the business? What Impact do we want to enact? • Vision: What dreams do we have for our business? What are we hoping to achieve together? • Mission: What do we do to achieve our purpose?
GOALS	• What are your short-term, mid-term, and long-term goals?
PURPOSE, VISION, AND MISSION	• What are the founder's values to the business? How are these passed on? • How do these values guide the way we work in business? How are they transferred to employees, to suppliers, to customers? • What are the principles or unspoken rules the family business has? Why are these important? • How do these values and principles affect the Impact the business seeks to create? Generic values list to select from*: Work-life balance, Independent, Tradition, Conformity, Curiosity, Passion, Innovation, Teamwork, Adaptability, Leadership, Power, Achievement, Recognition, Fun, Enjoyment, Excitement, Happiness, Cheerful, Commitment, Honest, Trust, Responsible, Integrity, Responsible, Self-control, Open-mindedness, Respect, Accountability, Humility, Challenge, Cost-conscious, Determination, Drive, Empower, Growth, Hard work, Ownership, Accessibility, Boldness, Creativity, Imaginative education, Ethical, Environment, Impact, Innovation, Sustainability, Prosperity, Power, Compassion, Empathy, Social responsibility, Social justice, Fairness, Creativity, Loyalty, Excellence, Gratitude, Spirituality, Balance, Peace, Freedom, Dignity, Belonging, Comfort, Security, Friendship, Helpful, Beauty, Pleasure, Comfort, Courage, Forgiveness, Kindness, Self-expression
ALIGNING FOR SUCCESSION	• How does the next generation view values differently from the current generation? • What are their dreams and aspirations for the business? For their personal lives?

*this list of generic values is non-exhaustive.

2. Continuity: Business Sustainability

Identifying external forces that affect the business

Identifying external forces impacting a business is crucial for effective strategic planning and risk management. In systematically analysing and monitoring these external forces, businesses can make informed decisions, develop contingency plans, and proactively adjust strategies to navigate potential challenges and capitalise on emerging opportunities. In the domain of Impact, understanding these moving parts allows businesses to align Impact engagement to their needs and is the cornerstone in ensuring Continuity through business sustainability.

Adapted source* : Refer to endnotes 19, 20, 21, 22, 23

PESTLE analysis

One way to gain a holistic understanding of these external factors is by conducting a comprehensive PESTLE analysis. It is a strategic framework used to assess external macro-environmental factors that can impact business operations, strategies, and decision-making.

Political (e.g. current tax policies, trade policies, political policies)	**Economical** (e.g. inflation rate, exchange rates, unemployment rates)	**Social** (e.g. lifestyle attitudes, cultural barriers, target demographics)	**Technological** (e.g. level of innovation, automation, A.I.)	**Legal** (e.g. labour laws, health and safety, consumer rights)	**Environmental** (e.g. climate change, sustainability, environmental policies)

Prompts:
- What are each of these factors about as it relates to the business?
- How would these factors affect your business directly and indirectly?
- What challenges and opportunities do these factors offer your business?

Analysing business factors

Understanding various business factors, including operations, financial aspects, and stakeholders, is crucial for effective management and strategic decision-making. It helps optimise processes, ensure financial stability, meet stakeholder needs, and navigate regulatory landscapes. A comprehensive understanding of these factors enables businesses to make informed decisions that contribute to their success and long-term sustainability.

Prompts:
- What are each of these factors about as it relates to the business? What are the drivers?
- How would these factors affect your business directly and indirectly?
- What challenges and opportunities do these factors offer your business?
- What are the changes in strategics, human and financial resources, networks and technology needed to capitalise on this?

Megatrend analysis

Megatrend analysis involves identifying and assessing significant, long-term global trends with far-reaching impact on society, economies, and industries. These trends emerge from various factors, have a global scope, and affect multiple dimensions of life. Understanding these trends allow businesses to adapt to changing landscapes, seize opportunities, and ensure long-term success while navigating challenges.

Prompts:
- What are current megatrends that may affect the business? How is it connected with other trends?
- Using a SWOT analysis, what are the implications and opportunities for your business?

Assessing the role of Impact

Just as different businesses face different challenges, Impact serves different roles in different businesses and requires engagement triggers that are unique to each business. In understanding these roles, businesses can build a framework in preparation for Impact engagement.

Prompts:
- What role does Impact play in a long-term view of business?
- What are the areas of risk and opportunities in engaging Impact in your business?
- What are targeted areas of Impact and their desired outcome?
- What are some best practices of Impact in your industry?

Engaging stakeholders

Understanding stakeholders' needs in engaging Impact involves recognising the diverse interests and expectations of various stakeholders and aligning Impact strategies to address their concerns. This allows businesses to integrate stakeholder perspectives into their Impact strategies, fostering meaningful relationships, enhancing stakeholder trust, and creating positive outcomes for both the business and society at large.

Prompts:
- Who are the different stakeholders to engage with to enact Impact?
- What are their needs and dreams for Impact?
- What are the key challenges and barriers the business or stakeholders face in adopting Impact?
- What areas of Impact needs to be communicated to them?
- What are the things you can do to engage stakeholders?

Impact engagement encompasses a comprehensive spectrum of issues that can profoundly influence the sustained value of a business, which will inevitably affect various stakeholders. These can include strategy, capital structure, operational performance and delivery, risk management, remuneration policies, and corporate governance. In this endeavour, a thorough assessment of operational performance involving stakeholders stands as a cornerstone in identifying the opportunities and challenges Impact engagement may bring. Intertwined with the business's financial performance and consideration of other Impact goals that resonate with stakeholders, areas of Impact should be prioritised based on fit with the family values, business mission and vision, feasibility check based on ease of execution, and the strategic importance of family business.

Prompts:
- What aspects of the business be affected when engaging in these identified areas of Impact?
- What are the areas of Impact that align with family values and business mission and vision?
- What are the challenges and opportunities of these areas of Impact?
- What material resources are required to engage in these areas of Impact?
- What value and benefits do these areas Impact bring?

Defining and drawing up Impact strategy

Defining a clear and effective strategy for Impact is of paramount importance. This strategy sets the foundation for how the business will navigate Impact considerations and identify key Impact initiatives. A well-thought-out strategy aligns with family values, mitigates risks, fosters innovation, and influences the business's reputation, resilience, and long-term success. A suite of three key analyses and assessments can help the business define this strategy.

SWOT ANALYSIS	RISK ANALYSIS	MATERIALITY ASSESSMENT
• What are the Strengths, Weaknesses, Opportunities, and Threats of the identified areas of Impact? • What is the current position and future prospects of the business?	• What are the challenges and risks involved in engaging these areas of Impact? • What are the potential impacts of these challenges and risks? • How can they be mitigated?	• Engage stakeholders to get perspectives across the value chain • Identify and rank relevant Impact topics • Prioritise material topics based on the strategic importance to the business, importance to stakeholders, and set boundaries for materiality assessment • Identify Social, Personal, Business and Causes Impact for each topic

In defining the Impact strategy, further considerations need to be addressed to solidify the business's Impact strategy.

Prompts:

- Consider your existing programmes - are there 2 to 3 strategies in use in engaging Impact?
- Consider new programmes – what are 3 strategies you would want to consider exploring for your future Impact? What are the short-term, mid-term, long-term key performance indicators (KPI)? What outcomes it will have on 17 UNSDG goals and ESG aspects?
- How is Impact embedded within the business process?
- What are the programmes, resources, IT, services that are required to support this Impact strategy?
- Has a committee been set up to oversee the sustainability agenda? Is there a specific strategy that you want to focus your efforts on?
- Who else is working on these issues? Can you play multiple roles in pursuing this strategy? How can you demonstrate expertise in this area?

Evaluating and tracking Impact

While the concept of ESG and Impact and their many permutations have been widely adopted by innumerable countries the world over, a uniform standard of measurement and assessment has not been set. Nonetheless, the importance of tracking and evaluating Impact cannot be overstated and is integral to demonstrating a commitment to sustainability, managing risks, driving improvement, and aligning with stakeholder expectations.

Prompts:

- What is the accountability and governance structure?
- Has a committee been set up to oversee the sustainability agenda?
- Which aspects of Impact will be tracked?
- How will it be tracked?
- What are benchmarks used for tracking e.g., industry practices? (For list of metrics to choose from - Refer to WEF report: Measuring Stakeholder's Capitalism: Towards Common Metrics and Consistent Reporting of Sustainable Value Creation)

3. Community: Reputation and Relationships

Adapted source* : Refer to endnotes 24, 25, 26

Assessing the role of the family business in society and community building

In the realm of Community, family businesses' roles in society are shaped by their values, vision, and the needs of the community. By identifying areas where their business, relationships, networks, talents, and resources intersect with societal needs, family businesses can create a meaningful and positive impact, contributing to the well-being of both their stakeholders and the broader community. In turn, the family reaps reputational and relational benefits, contributing to its Consistency in succession planning and legacy building, as well as Continuity in business sustainability.

Prompts:

- What role does the family business want to play in society?
- What needs in the community can it serve? Which segment does it want to serve?
- What does it have in its business, relationships, networks, talent management, and mentoring assets? Does it have to give back to society?
- How can we take on the role of industry leader to influence positive change across the sector?

Understanding the Impact perception, expectations and needs of the next generation

Understanding the Impact perception, expectations, and needs of the next generation involves active engagement, education, collaboration, and flexibility. By bridging generational perspectives and aligning on Impact goals, family businesses can ensure a sustainable and purpose-driven legacy that resonates with current and future generations.

Prompts:

- What do 4Ps of People, Planet, Profit and Passion mean for the next generation vs current generation?
- What are the similarities and differences?
- How can they bridge the gap?
- What are their visions for Impact for the business? Why are these important to them? How does this fit with their passion and purpose in life?
- What role do they see for themselves in transforming the business for good? What skills and support do they see they will require?
- How do they want the current generation to help them?

Meeting the needs of employees

Meeting the needs of employees and ensuring staff welfare holds special significance in family businesses due to the unique dynamics and shared values. Employees in family businesses are often regarded as an extension of the family. This intertwining of family and business dynamics underscores the importance of meeting employees' needs. This practice not only promotes a positive work culture but also sustains the family's values, legacy, and the overall success of the business across generations.

Prompts:

- What are the needs of the business in talent development? What is being done to meet these needs?
- How can we cater to the physical, emotional, and mental well-being?
- Are there ample opportunities for career development and employee social mobility?
- To what extent do the business and staff support the Impact initiative? How are they currently involved and what can be done better?
- Do employees understand and share the same values as the business? How can we foster this shared vision?

5 Key Takeaways

1. Engaging Impact contributes to nurturing Social-emotional Wealth in the family. This benefits both financial and non-financial aspects and builds sustainability in the family and business.

2. Engaging Impact consolidates and transmits the family's identity and values. Multi-generational values and family legacy are sufficient to drive family businesses' engagement in Social, Causes and Personal Impact. This drives Consistency of values across generations for legacy and succession planning.

3. Family businesses are pragmatic. Maintaining Continuity in business sustainability is the key objective. They will not engage in Impact without managing the triple bottom line of people, planet and profit, with sound economics and business growth. Business motivations like customer needs, adhering to regulations and trying out new business models are both necessary and sufficient for engaging Social, Business and Causes Impact.

4. Staff welfare and staff loyalty contribute to strengthening the core of Community in the family business, and are key triggers to Impact engagement. This sense of kinship reflects the gratitude the family has for employees who are seen as pivotal in building the business together.

5. Whilst values, kinship, relations and kinship are important in motivating Impact, family businesses in Singapore are pragmatic. Reputation benefits and actual business benefits provide the will to act on this motivation. The pursuit of Strategic Altruism rules the day.

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