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# VANSH SHASTRA

Advancing the Knowledge-base to Strengthen Asian Family Businesses  
*by Asians for Asians*

—  
MAIN STORY

## Health is Wealth

Interview with Dr. Tan Sri Lim, Owner, Top Glove

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## UPCOMING PROGRAMS

### BREAKFAST FORUM 2 Anchors of the Family Business: Women in Leadership

25th January 2018

Family businesses are beginning to question the tradition of having a male successor as they attempt to have women in the leadership positions to steer the family business towards long-term growth, cohesiveness, and overall well-being of the family. This forum will have women leaders in key family business leadership positions share their journey as an anchor of the business. They will share the learnings they had during their tenure and the challenges they envisage going forward.

### WORKSHOP 1 Glass Ceilings in Family Business: Myth or Reality?

22-23rd February 2018

Traditionally, family businesses have consciously or unconsciously favored a male successor. Further, a young successor, male or female is a threat to the culture and hierarchy driven older members of the firm. This paternalistic and hierarchy driven style of leadership can impact the family and the business, and create a barrier to an effective and sustainable family business. This workshop explores the impact of the gender and age-centric bias on family businesses and ways to address the same. The workshop will be composed of sessions with women and young male family business executives/ owners where they will share what helped them break through the glass ceiling, case studies, and lectures.

### WORKSHOP 2 Careers in Family Business: Views from Different Lenses

Family businesses today require collaborative effort across both family and non-family members. This requires addressing issues related to career paths for both to ensure the sustained growth of the business. This workshop will address the complexities of career models for family and non-family business members.

### WORKSHOP 3 Growing a Family Business in a Global Setting

Family business owners are continuously looking for strategies to successfully grow their business to ensure sustainability. Some of the strategies for growth include merger and acquisition, internationalization, innovative business practices, and digitization. This program will help participants explore the challenges associated with such opportunities, and various models adopted by family businesses to address the same.

For inquiries, please contact **BIRLA Team** at [Birla@aim.edu](mailto:Birla@aim.edu)



**BASANT AND SARALA BIRLA  
PROFESSORIAL CHAIR  
IN ASIAN FAMILY CORPORATIONS**

# VANSH SHASTRA वंश शास्त्र

What is **Vansh Shastra**? Both words have Sanskrit origin. Vansh means "Family Dynasty" while shastra means "compendium." Thus, we would like to build with you a compendium of literature that speaks of families who work together in businesses and who would like to build legacies for the common good. We hope we can become a platform through which you hear stories of other family business owners and also share your own.

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EDITORIAL

## CARING FOR EMPLOYEES: Growing The Business

by Prof. Dr. Andrea L. Santiago

Exponential growth is impossible without the support of human capital. Since the number of family members are finite, business owners need to rely on non-family members to provide the brain and muscle to advance the business. In small organizations, non-family employees are usually assigned the more menial and administrative tasks. In time, work requirements and processes multiply, necessitating the delegation of supervision and management to individuals outside the family.

There are those who believe that owners should treat their employees like their family. Anecdotal reports indicate that it is not uncommon for small businesses to consider such a strategy. The founder is often considered the "father" or "mother" of all employees, and while employees are not wholly treated as children, they do enjoy special considerations depending on their relationship to the owners. The continuity of "family" treatment when the business expands or moves to the next generation is subject to debate. Usually, structure is introduced as well as policies and procedures for greater objectivity and, hopefully, transparency. As the family nature of the business begins to fade, the personal relationship with employees should be replaced by a culture that respects the individual and upholds the dignity of all.

Employees can be very loyal and if they are productive workers, non-family employees, individuals can absorb some salary business owners should ensure that their well-being is kept in mind. As observed by Ramos and Mustafa in their article, business owners should ensure that their well-being is kept in non-family employees, individuals can absorb some salary differentials if they believe they are well valued. To demonstrate that they value employees, owners should invest in their professional growth and well-being. Professional growth is addressed by training and development programs, as well as opportunities to participate in decision-making, while well-being is enhanced with benefits. In his narration, Tan Sri Lim of Top Glove is convinced that a healthy employee is a productive employee and he invests accordingly by providing his employees with access to health facilities and incentives to remain healthy.

Do share with us your views on how to motivate non-family employees by contacting us at [birla@aim.edu](mailto:birla@aim.edu). We will discuss your comments in future issues of Vansh Shastra. We are also happy to help you with any problems you may encounter as you grow your family business. This is part of our commitment to Hon. Mr. Basant Kumar Birla and his late wife Hon. Mrs. Sarala Birla who envision a strong Asian economy fueled by well-managed family businesses. We look forward to your engagement.





Dr. Tan Sri Lim, Owner, Top Glove

MAIN STORY

# HEALTH IS WEALTH

by Prof. Dr. Andrea L. Santiago

After our interview with Dr. Tan Sri Lim in Malaysia, we were given toothpaste, toothbrushes, and dental floss. Our takeaway bags contained other things — boxes of rubber gloves, brochures with information about the company — but the dental hygiene items stood out. It made sense, in a way. After all, Tan Sri had spent a lot of our conversation discussing the importance of health in the corporate setting.

Tan Sri is the owner of the largest glove manufacturing company in Malaysia, Top Glove Corporation Bhd, which supplies one-fourth of the world’s glove market. In 2001, he began the corporate health program. Says Tan Sri, “When you are not healthy, you cannot work. But we still pay [their] salary. Thus, it costs money. That is not good for business.”

With an employee base of 11,000, one sick day per employee per year would cost the company 7.8 million ringgits in actual medical costs and workplace downtime. Deciding that prevention was better than cure, Tan Sri hired five nutritionists to ensure that Top Glove employees had the right diet. An analysis of the sickness patterns among employees showed that sore throat was a common problem, so the company invested in dental hygiene kits.

Tan Sri purchased the rights to a gym that was operating in his building and offered free membership to all his employees, even expanding the gym’s services to after-office

exercise classes. He also invested in a mini-hospital in cooperation with Top Glove Global Doctors Medical and Dental Clinic, to provide one-stop ambulatory services.

“We must expect to prepare our staff for the next 30, 40 years,” Tan Sri said. “If they are sick, they are a liability. It’s bad for them, bad for their family, and bad for the company. If you want to help them, help them now.” He believes that people think clearer when they’re healthy, pointing out that it is difficult to feel motivated when you are sick.

Health is taken so seriously that anyone with a BMI beyond 25 is referred to a dietician and is monitored constantly. BMI is even considered when calculating year-end bonuses and incentives. Says Tan Sri, “My personal philosophy: work is my hobby; exercise is my duty; health is my wealth.”

CORPORATE HIGHLIGHT



**TOP GLOVE CORPORATION** supplies one-fourth of the world’s market for gloves. The growth was phenomenal. From three-production line company two decades ago, Top Glove is currently the number one glove manufacturing company in Malaysia, operating 499 production lines with a capacity of 48 billion gloves a year. In 2001, it offered its shares at KLSE (now Bursa Malaysia) for the first time at RM2.70 and is currently trading at RM5.80. An individual who invested 16 years ago would have a return of 4,773% after adjusting for bonus issues and stock splits. As of 2016, Top Glove reported revenues of US\$673 million and profits of US\$85 million. For its 25th anniversary last 2016, Top Glove pursued its second trade listing, this time at the Singapore Exchange.



Top Glove and its founder, Tan Sri Dr. Lim Wee Chai, has earned its share of accolades. Most recently, Tan Sri received the 2016 Malaysian Leadership Excellence Award from the Malaysian Institute of Management, the 2016 Business Excellence Person of the Year, the Sin Chew Business Excellence Award, and the 2016 FMM Icon Award from the Federation of Malaysian Manufacturers. In the same year, the company garnered the following: the 2016 MSWG-ASEAN Corporate Governance Award, the 2016 Best Companies to Work for in Asia from HR Asia, the Outstanding Global Venture Award from Malaysia Retail Chain Association, and the ASEAN Business Awards Malaysia 2016 Industry Excellence Award from the ASEAN Business Advisory Council.



# FOUNDATIONS OF A STRONG FAMILY BUSINESS: Developing Human Resources

by Dr. Shweta Pandey and Patricia Anne L. Bongulto

## The strong focus on human - resource development has led to success for many family businesses.

In Asia, there are many leading family businesses that play a critical role in the rapid development of the economy. In fact, over 64% of 920 family-owned companies across 35 countries belong to the Asian region (Business Insider, 2015). Claessens et al. (2000), state that out of the nine East Asian countries (Hong Kong, Indonesia, Japan, South Korea, Malaysia, Philippines, Singapore, Taiwan, and Thailand), Malaysia has the third highest concentration of family-controlled corporations after Thailand and Indonesia. Twenty-seven out of the 40 richest people in Malaysia belong to family businesses (Ibrahim & Samad, 2010) and the top 15 families in Malaysia contribute to 76% of the country's GDP (The Economist, 2015). The most common business activities within the country are manufacturing (35%), retailing (12.9%), and construction (10%) (SJGT, 2002).

The Malaysian New Economic Policy (NEP) in 1971 was a key catalyst for the development of family businesses in Malaysia. Under the NEP, the government provided concessional fiscal and monetary support as part of the package for entrepreneurial development, including access to microcredit financing (Economic Planning Unit) and human resource development projects, which helped in the growth of Malaysian family-owned businesses (Tharawat, 2017).

As per a survey conducted by Shamsir Jasani Grant Thornton (SJGT), in partnership with the Malaysian Institute of Management (MIM), on 225 Malaysian family-owned businesses, 59% of the businesses in Malaysia are still run by the founder, and they are dominated by small-scale enterprises. With this, the question of succession comes into place. Family-owned businesses usually give the privilege to their close relatives and most likely, to their children. Having been managed for a long time by the founder, turning over to the successor will not be easy.

Family-owned businesses in Malaysia identify succession planning, continuous innovation, and attracting long-term talents as their key challenges over the next years (FBS, 2016). While effective succession is arguably the key to family business sustainability (Ghee et al., 2015), 31% of family businesses in Malaysia have no succession plan in place and only about 15% have a concrete, documented, and

communicated succession plan (PwC, 2016). Succession and attracting talent are often key issues faced by family-businesses as a large portion of family business people entrust their companies to family members and are hesitant to bring over non-family shareholders. However, 54% of Malaysian family businesses prefer acquiring non-family professionals to help run the business (FBS, 2016).

Because of a changing economy and the increased competition in both domestic and international markets, family business leaders in Malaysia face the challenge of globalization. Therefore, they have shifted focus to modernizing their facilities, upgrading their human resources, and expanding the business for more opportunities. Abdullah (1992) argues that investing in natural resources does not guarantee the success of a nation, pointing to countries such as Japan, South Korea, and Singapore which have limited natural resources but have managed to thrive and successfully develop their economy due to their investment in human capital. In line with the above argument, Malaysia is moving towards skilled labor rather than low-cost labor for the development of the nation and family businesses in Malaysia have been supported by the government through development plans for human resources.

Vision 2020, rolled out by former Prime Minister Mahathir Mohamad, has acted as a key catalyst for Malaysian family businesses' focus on human resource development. The policy endeavors to develop the nation economically, politically, socially, spiritually, psychologically, and culturally. The goal is to attain progress in human resources by providing equal opportunities for advancement and to narrow the ethnic income gap (Mohamad, 1991). It focuses on enabling an economically resilient and competitive Malaysian labor force by developing people — their potential, skills, and capabilities then leading to industrialization and economic growth (Abdullah, 1992).

Further, Vision 2020 has put focus on technological advancement. This is also in line with Malaysia's third outline perspective plan (OPP) in 2001, which aimed for the country to become a K-based economy, or knowledge-based economy, by 2010, i.e. focusing more on human capital development (Mustapha & Abdullah, 2004). The strong focus on human-resource development has led to success for many family businesses as exemplified in the following pages.

## The goal is to attain progress in human resources by providing equal opportunities for advancement and to narrow the ethnic income gap.

Tan Sri Yeoh Tiong Lay, founder of the family business YTL Corporation Berhad, is honored as the 7th richest person in Malaysia, currently having a net worth of US\$2.1 billion (Forbes, 2017). After over two decades of operation, the company was given a Human Resource Development Award in 2014. They were recognized for their exemplary employee training, along with their programs for HR management and employee welfare. Along with these benefits, the YTL Corp also grants scholarships for their employees, hoping to keep them motivated, consequently maintaining the company's success (Watson, 2004).

Another noteworthy performance by a family-owned firm is the Hong Leong Group Malaysia, which was co-founded by

Tan Sri Quek Leng Chan. Founded in 1963, the company now holds a market cap of US\$4.2 billion (Forbes, 2017). As part of the organization's corporate social responsibility activities, they put up their own foundation in 1992, named Hong Leong Foundation. Aside from donations to healthcare and disaster victims, the Foundation provides scholarship grants, which employees' children can also apply for (Hong Leong Group, 2014).

Top Glove Corporation is known as the number one glove manufacturing company in Malaysia. It has operations in China, Thailand, Germany, and the United States. Top Glove has 32 factories, 550 production lines, and 12,000 employees of different backgrounds. Dr. Lim Wee Chai, Top Glove's founder, has received multiple awards, including the Malaysian Institute of Management's 2016 Malaysian Leadership Excellence Award. The company also emerged as a winner of the "Manufacturing – Chemicals and Heavy Industries" sector in Malaysia's 100 Leading Graduate Employers (Jaya-balan, 2013). Tan Kim Lian, general manager of human resources at Top Glove, attributes the success of the company to their holistic approach when it comes to catering for the needs of its staff. Top Glove is also acknowledged for their health programs, continuous learning programs, and well-represented workforce in terms of age and gender. By practicing employee inclusion and providing greater opportunities for members in companies, local firms can further progress and contribute to the Malaysian economy. Movements to address a constantly changing economy, such as human resource development and modernization of technology, can take Malaysia one step ahead of its competitors.

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### THEMED ARTICLE

# EMPLOYEE BENEFITS IN FAMILY FIRMS: The Good and The Bad

by Hazel Melanie Ramos and Michael Mustafa

Globally, family businesses form a significant majority of privately -owned enterprises, making up nearly 80% of private enterprise in the US and close to 85% in the emerging markets such as Southeast Asia, India, and China (IFERA, 2003; Kenyon-Rouvinez & Ward, 2005). In Malaysia, SMEs, comprised mainly of family businesses, contributed 36% (or approximately 386 billion ringgit) of the country's GDP in 2015 (Department of Statistics Malaysia, 2016). Family-owned enterprises play a significant role in employment creation, as they employ nearly 60% of the global workforce. Family-owned firms recognize that non-family employees play a very important role for the success of the business. Thus, family firms strive to build a talented, motivated, and loyal workforce by investing in their training, cultivating an inclusive work culture, and exercising stewardship toward the communities in which they operate.

Despite possessing specific knowledge, skills, and social capital (Sieger, Bernhard & Frey, 2011) and forming a source of competitive advantage for family-owned enterprises (Ramos, Man, Mustafa & Ng, 2014), the recruitment, retention, and development of non-family employees remain a unique challenge for many family-owned enterprises. For instance, family-owned enterprises are often perceived as highly conservative and nepotistic in nature, less professional and dynamic, and highly complex in nature compared to their non-family-owned counterparts (Allio, 2004). Such public perceptions about family-owned enterprises have also affected their image as employers. People generally perceive that there are inherently different treatments when it comes to non-family employees.

According to agency theory (Jensen & Meckling, 1976), the divergence of interests between owners and their employees, along with costly information, makes it difficult for owners to hire motivated employees and makes their supervision necessary. Typically, family-owned enterprises tend to have a propensity to engage in altruism towards family members (Schulze, Lubatkin, Dino & Buchholtz, 2001) which leads towards a natural bias against non-family



employees and the benefits that are afforded to them (Verbeke & Kano, 2012). With regards to employee compensation, family-owned enterprises on average pay lower wages (Carrasco-Hernandez & Sanchez-Marin, 2007) and rarely allow non-family employees to have shares in the business. Additionally, family-owned enterprises prefer to pay annual bonuses rather than incentive-based pay (Chrisman, Memili & Misra, 2014). Moreover, such bonuses are often lower than industry standards (Carrasco-Hernandez & Sanchez-Marin, 2007) and designed in such a way to ensure that the availability of rewards to family members is not diminished (Chrisman et. al., 2014).

The families' continued involvement in the enterprise also means that family employees are preferred to non-family employees. For instance, to ensure the continuity of the enterprise, family-owned businesses may pay more attention to the development of family employees by designing roles and policies that favor them (Barnett & Kellermanns, 2006). Consequently, in family-owned enterprises, opportunities for non-family employees to undertake training are generally limited to informal on-the-job training (Kotey & Folker 2007) which may significantly limit their personal and cognitive development (Caspersz & Wu 2007).

Carneyrobus states that strong in-group/out-group perceptions among the family might lead to the adoption of practices that block opportunities for promotion of non-family members. Such findings in the literature suggest that family-owned enterprises provide little benefits to their non-family employees and may explain why they are often considered as less attractive to individuals who are well educated, those who live in urban areas, and those who have strong aspirations with regards to the development of their careers (Block et. al., 2015).

However, the family business landscape may not necessarily be all negative for non-family employees. The stewardship perspectives (Davis et. al, 1997) suggest that family-owned enterprises are good employers that provide many benefits to their non-family employees (Pittino et. al., 2016).

This is because they recognize that non-family employees can become "stewards" or caretakers of the business and intrinsically care for the welfare of the business. Thus, in recognition of the pro-organizational behaviors of its non-family employees, family businesses tend to provide competitive compensation and remuneration packages to attract and retain highly qualified staff, especially in emerging economies (Shen, 2010).

There is also growing recognition by numerous scholars that family-owned enterprises provide a range of non-financial benefits to enterprises are said to be less likely to downsize during an economic crisis (Block, 2010), and are more likely to offer their employees greater job security (Bassanini, Breda, Caroli, & Reberioux, 2013; Carrasco-Hernandez & Sánchez-Marín, 2007). Also, family enterprises are said to provide greater organizational support (Bammens, Notelaers & Van Gils, 2015) for their non-family employees in the form of employee training and participation programs (Miller & Le Breton-Miller, 2006). Family businesses also provide personalized mentoring (Distelberg & Schwarz, 2015) and are more likely to have family-friendly working environments (Block, 2010).

The question is not whether family firms are good employers and provide good benefits, but it is whether individuals perceive favorably the benefits being offered. In today's dynamic working environment, employees tend to look for jobs which not only provide them with financial security but also with the resources and benefits which allow them to maintain healthy work-life balance. Family-friendly work

environments and other opportunities are some of the benefits that family firms can offer employees, making them more attractive to future job seekers. So, while family firms may be at times seen as nepotistic, it's the same "family-ness" culture that it espouses which makes it more favorable towards treating non-family employees like part of the family.

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**CASE STUDY**



Peñalosa's "demonstration farm"

# PEÑALOSA FARMS: Retaining The Millennial Employees

by **Reiana Garcia** and **Dr. Shweta Pandey**

Suzanne, the eldest daughter of Ramon and Grace Peñalosa of Peñalosa Farms, stared dejectedly at the resignation letter from Jenny, one of the business's research and development (R&D) associates. It was the second resignation letter Suzanne received within two months.

Earlier that day, as Jenny handed over her resignation letter, Suzanne tried to understand the reason behind the resignation. "Please tell me why you are leaving. I felt that you liked working here with us and I am certain that you did not have any problems either with us or with your fellow employees," Suzanne asked.

After a few seconds of silence, Jenny replied. "I do like working here in the farm. Everyone is nice; the work is meaningful, and you and your family are fair and considerate employers. However, I want to seek opportunities in the city, where it is more exciting."

A few weeks back, Sandra, another R&D associate, had also resigned and the reason for her resignation was similar to Jenny's.

Suzanne conveyed the news of the latest resignation to her

parents, Ramon and Grace, and her siblings at dinnertime.

"I cannot comprehend why Jenny and Sandra would want to move and work in the city," Ramon remarked. "Traffic is becoming more and more unbearable, and everyone is always busy. It's a lot nicer here on the farm. You not only get to help other people, but the work atmosphere is more relaxed and stress-free."

John, the youngest in the family, replied. "Dad, Jenny and Sandra are around my age; we are in our 20s. Young people prefer the excitement of the city. I'm sure you felt the same view. "Notice that most of our employees who have been with us and whose families have been with us for a long time are still around. Those who want to leave are those who either have no family connections with our employees, or have attained higher levels of education as in the case of the children of some of our longtime employees, or both."

Ramon grudgingly agreed with his sons. Suzanne started talking about sending out job advertisements to fill the two research and development spots.

## Family Background

The Peñalosas have always lived in a small city, around 45 kilometers away from the metropolitan area. Ramon and Grace had five children, all of whom contributed one way or another to the family business. Suzanne, despite obtaining a pre-medicine degree, chose to be fully involved in the business as head of product development, designs, and souvenirs. The second child, Wilmon, was a lawyer who worked full-time with the provincial environmental management office, but made time to help with the legal matters of the family business. Andrew, the third child, was an architect and responsible for all construction-related matters in the farm. The fourth child, Kelly, graduated with a degree in hotel and restaurant management and led the catering aspect of the farm's training center as well as the delivery of the farm's produce to retailers such as supermarkets. The youngest John, who was pursuing his MBA degree, helped Grace with the finance matters, and the office and farm operations. Ramon, on the other hand, led the design of the farm and set its strategic direction. Ramon and Grace did not force the children to be involved in the family business, but all of them chose to take part in it anyway.

## Business History and Background

Like many agricultural family businesses, the farm started with only one product, sugarcane, planted in three fields in different towns. Over time, the business gradually diversified into various areas (Exhibit A). The present-day demonstration farm, which stood on a 9,000-square meter lot, used to be the location of the machine shop and garage for the farm's utility vehicles and fleet of buses the family used to run.

As time passed, sugarcane prices dropped worldwide and inorganic fertilizers became more expensive. In 2005, Ramon thought of planting water spinach in the extra space of the garage to help feed the farm workers. Ramon purchased four pigs, including a sow, to "help" eat excess water spinach harvested. After the sow gave birth to 16 piglets, Ramon discovered that the return of investment from selling the pigs was good and added other types of pigs for breeding. The farm lot then became a breeder farm and Ramon realized the positive effects of using probiotic feeds to feed the pigs. He also developed basal fertilizers utilizing the pig waste. By 2007, organic fertilizers were being used on all the sugarcane plantations.



The farm lot developed into a what the owner's termed as "demonstration farm" which was used to showcase and test different methods of organic farming for herbs and vegetables. The farm's produce was initially for the family's consumption only, but soon the family grew and distributed the produce commercially. They soon realized that the demand for organic produce was increasing. Farms in other areas were also converted from purely sugarcane farms into vegetable and rice farms that use organic fertilizer as well. As for livestock, the demonstration farm raised quail, chicken broilers and layers, ducks, and pigs; all fed on probiotics. In 2015, more sugarcane lands were converted into fields for growing the Napier grass that was used as biofuel for the sugar mills.

To diversify the products of the business, the family invested in research and development. They experimented with cultivating mushrooms and aquaponics in the demonstration farm. They also purchased a dehydrator and tea-making machine for product development by way of food processing using some of the produce. The farm sold salsa, crackers, dips, and sauces to complement the fresh produce. Aside from the produce and livestock, the demonstration farm developed into a center for training in organic farming. Ramon had been active in the province's organic movement since it started 12 years ago. When the governor learned of the demonstration farm, he sent the provincial agriculturists to the Peñalosas' demonstration farm for training. After some time, demand for the training came from schools as part of study tours. The training center was launched in 2010 and as demand increased and trainee needs evolved, the Peñalosas adapted by constructing a much larger training hall, a dining hall for the trainees' meals during the training period, and guest rooms to accommodate trainees from other places.

Ramon, Suzanne, Wilmon, and Andrew conducted the training sessions. The training program became a four-day event called "passion training" in organic agriculture. The family's goal was to promote agriculture as a viable career option in schools. Through the demonstration farm, the family showcased different methods and techniques of agriculture as a contribution to realizing Ramon's dream that, "no one should go hungry in his own native land."

## Are there other ways to keep our employees with us?

### Employee Retention

Most of the employees worked at the farm "from womb to tomb." For example, the head secretary was already 70 years old and the head of the farm workers was 65 years old. Many workers came from families who had been employed at the farm for generations. Some of the key farm positions were even handed down from one generation to the next. The farm also employed security guards who were former rebels in the province. Most of the workers and their families came from the rural areas and were not able to attain a college education. Therefore, they did not have any alternative job opportunities. This coupled with a strong sense of loyalty were the reasons why most of the employees stayed in the farm's labor force.

The workers received government-mandated benefits including 13th-month pay and Christmas gifts in kind such as groceries. They were also sent to other places for training in poultry, livestock, and post-harvest methods. Every year, Ramon and Grace conducted employee training with emphasis on reminding the employees on the mission, vision, and values of the farm.

As the Peñalosas embarked on more innovative activities in the farm, they brought in younger people who were educated in colleges and universities. Undergraduate interns were circulated around the different areas of the demonstration farm — such as the piggery, livestock, orchard, and mushroom cultivation — and the fields in the other towns so they could gain a wide range of skills. The business also hired a consultant food technology graduate for research and development of mushroom cultivation, aquaponics, and food processing techniques. The consultant eventually brought in food technology graduates, Jenny and Sandra, who were his former students from a nearby state university, to work research and development since the positions required technical and science-based skills (Exhibit A).

Jenny and Sandra oversaw the production processes including product development and operating the machines that created dried fruit, salad dressing, dips, and sauces from the farm's produce.

In the day-to-day operations of the farm, longtime farm employees were empowered to make decisions. The supervisors in the different areas of the farm were given autonomy over their respective areas, and they consulted with the Peñalosas only for major decisions. The family members also tried to set a good example for their employees in terms of work ethic and cleanliness through their conscious efforts to exhibit these values themselves.

### Moving forward

Back at the family dinner, while discussing ways to circulate the job advertisement, Kelly spoke up. "John and Andrew made good points about the age and educational attainment as being the probable factor in the resignations. Remember, our two remaining R&D associates are also college graduates in their 20s. How do we ensure that these two will remain with us? Also, the new R&D associates that we will hire soon will surely be young and well-educated as well. How do we ensure that the new hires will stay longer in the business?"

Suzanne answered, "I think we should increase the salaries of the positions that require a degree, so that employees are more likely to stay. I cannot afford to have a high turnover of staff in product development because I want to keep coming up with innovative products from the farm."

To this, Grace replied, "Wouldn't that be unfair to our older farm employees, though? Are there other ways to keep our employees with us? What if we develop a training and certification program for our R&D associates, like the way we certify those who have undergone our passion training workshops? They can be trainers of other food technology graduates in the future." The whole family fell silent. This was a new challenge for the family business.

Exhibit A: Timeline of Business Activities at Peñalosa Farms

ACTIVITY	2004 & Earlier	2005	2010	2015
<b>AGRICULTURE</b>				
Rice	■	■	■	■
Sugarcane	■	■	■	■
Vegetables	■	■	■	■
Fruits and Herbs	■	■	■	■
<b>LIVESTOCK</b>				
Pigs		■	■	■
Chicken, Duck, Quail		■	■	■
Vegetables		■	■	■
<b>RESEARCH &amp; DEVELOPMENT</b>				
Mushroom Cultivation				■
Aquaponics				■
Tea-making				■
Dehydrator for fruits and vegetables				■
<b>TRAINING CENTER</b>				
Training Program			■	■
Kitchen for catering during training			■	■
Accommodation of trainees			■	■
Day tour			■	■

## Snapshots



The Asian Family Business: Mainly About Business or Mainly About Family?

Family Business Dialogue; 9th May 2017; Kuala Lumpur, Malaysia  
 Prof. Dr. Andrea L. Santiago with Mr. David Tai Wei of Pansar Group, Dato Timothy Ong of Asia Inc. Forum (co-organizer), Tan Sri Dr. Lim Wee Chai of Top Glove Corporation, Simon Chua Sai Men of CMY Capital Group, and AIM President and Dean, Jikyeong Kang.



Sustaining Family Business in the 21st Century: Nurturing the Seeds of Trust

October 12-13, 2017; Asian Institute of Management  
 Prof. Dr. Andrea L. Santiago with workshop participants.



Next Generation Leaders: Advancing the Family Business

1st Birla Breakfast Forum; 14th September 2017; AIM Conference Center Manila  
 Prof. Dr. Andrea L. Santiago with Kevin Tan of Megaworld, Kenneth Yang of McDonalds Philippines, and Anthony Huang of SSI Group Inc. at the podium is Bryan Gerard Cabrera of AIM Scientific Research Foundation.



Calcutta Visit

Manjushree Plantation, Industry House; 11th September 2017; Kolkata, India  
 Prof. Dr. Andrea L. Santiago with Birla School Heads



# About Basant and Sarala Birla



## PREFACE

From a mere surname, the name Birla has morphed into a known global brand. The business has grown into a legacy exemplified by grit and determination across four generations and a solid foundation based on values and strong business acumen.

## ORIGINS

On 9th July 1918, Mr. Ghanashyam Das Birla (1894-1983), a noted philanthropist, freedom fighter, “Padma Vibhusan” (the second highest Indian civilian honor) recipient, and one of the closest associates of Mahatma Gandhi, established Birla Brothers and under its aegis set up a jute brokerage firm and jute mills in West Bengal, thus laying the foundation for the beginning of the Birla industrial group.

Mr. Basant Kumar Birla is the youngest son of Mr. GD Birla, born on 16th February 1921. His journey into the world of business started at the age of 15 in the offices of Birla Jute Mill, Kesoram Cotton Mills, and Bharat Sugar Mill. In the next two decades, he set up many companies including Bharat Air, which was later nationalized and merged with Indian Airlines on 9th August 1953; Bharat Commerce and Industries Ltd.; Jay Shree Tea & Industries Ltd.; and Century Enka Ltd., and acquired various companies including Manjushree Plantations Ltd. and Century Textiles. In 1959, he established the Indo Ethiopian Textiles Shares Company, which was the first major venture by any Indian industrialist. Thus, the family business became one of India’s first truly multi-national corp. with a wide array of various business categories.

## PERSONAL LIFE

On 30th April 1942, Mr. Basant Kumar Birla married Madam Sarala (1923-2015), the daughter of freedom

fighter Mr. Brij Lal Biyani. She came from a very emancipated family and was very well educated. She studied at Fergusson College and was an active sportsperson of repute especially in ‘Kho-kho’ and badminton.

The union of Mr. Basant Kumar Birla and Madam Sarala Birla became a partnership that shaped the dynamics of the BK Birla group. The foundation they laid, based on strong Asian family values, enabled future generations to bring the Birla legacy to greater heights. Mr. Basant Kumar and Madam Sarala raised three children; a son, Mr. Aditya Vikram Birla (1943-1995), AIM Governor (1991-1995) and founder of USD 41 Billion Aditya Birla Group; and two daughters, Mrs. Jayashree Mohta and Mrs. Manjushree Khaitan (current Executive Vice Chairperson of Kesoram Industries), to whom they passed on the Birla family values of honesty, dependability, and hard work.

Apart from the business, Mr. Basant K. Birla and Madam Sarala Birla are both very active and well-known in community outreach initiatives for promoting social causes. Mr. Basant K. Birla is the Chairman of the Birla Education Trust, Shree Krishnarpan Charity Trust, BK Birla Institute of Engineering & Technology (BKBIET), and various educational trusts and institutes such as the Sangeet Kala Mandir and Birla Academy of Art & Culture. Madam Sarala pioneered education for girls and was actively involved in the running of several schools in different parts of the country till her demise. They established more than 30 leading educational institutions that imparted education to more than 50,000 students in India and abroad.

Today, while Mr. Basant Kumar Birla is the Chairman of the group, Mrs. Manjushree Khaitan as the Executive Vice Chairperson of Kesoram Industries Ltd. manages the business affairs, aided by a team of trusted professionals. She ably carries forward the BK Birla group mission of adding value to stakeholders, namely customers, shareholders, and society with integrity, commitment, zeal, seamlessness, and speed.