

05 NOV 2002
FAMILY-FDI
LARGE FAMILY BUSINESSES THE ANSWER TO FDI SHORTFALL

KUALA LUMPUR, Nov 5 (Bernama) -- Large family businesses which have formed a significant segment of Malaysia's corporate sector, are the answer to Malaysia's shortfall in Foreign Direct Investments (FDI), said accounting and business advisory firm Shamsir Jasani Grant Thornton managing partner, Datuk N K Jasani.

"Large family businesses have formed a significant segment of our corporate sector and with incentives, finance availability and direction, these companies can now fill the investment gap in this critical time for our nation," he said in a statement today.

According to Jasani, family businesses make up roughly 80 percent of the companies in Malaysia and have the high potential in filling up the investment gap.

The FDI into Malaysia have seen a substantial drop over the last few years. In the year 2000, the FDI amounted to RM14 billion whilst for 2001 it was only RM2.1 billion.

Jasani said the recent budget tabled by Prime Minister, Datuk Seri Dr Mahathir Mohamad highlighted more concern over the sharp decline in FDI and efforts should be made to increase domestic investment.

"This is where large family businesses can make up the major portion of the domestic investment. Our large family businesses range from large privately held groups to public listed companies which include YTL Corporation, Genting, Sapura, MTD, Muda, Boon Siew and Kamdar," added Jasani who is also chairman of the Family Business Panel in Malaysia.

Whilst multinational companies may move to other countries like China for the slightest advantage, Malaysian family businesses have more long-term relationship with the nation, he said.

The People and Relation Issues in Management (PRIMA) research conducted in Malaysia earlier found that a large extent of family businesses here placed a heavy reliance on family funds, thus posing a hindrance to those who do not have access to such resources.

Financing has been cited as one of the most pressing issues by business owners in Malaysia.

This concern is also echoed by family businesses around the world that are facing increasing pressure, with more worries about financing the firm and succession planning.

"It should be the government's objective therefore to provide greater incentives for them to increase their domestic investment and strategise their local operations with their overseas ventures," he said.

Banks should also be aware that large family businesses are lower risks than businesses whose significant equity is not owned by a family or a group. Their personal stake and strong drive to succeed are good ingredients for strong financial management and long term input to Malaysia's economy," Jasani added.

The PRIMA global research report is an international research study carried out among owner-managers of independent and family businesses in 26 countries around the world to explore the contemporary issues facing family-run and owner-managed businesses today.

The report is being launched simultaneously on Nov 6, 2002 around the world, together with its new website dedicated to various family business issues.

Malaysia is one of the 26 participating countries and completed the

research in January this year, teaming up with the Malaysian Institute of Management (MIM) and surveyed a total of 225 companies. The research is known as "The Family and The Business" survey in Malaysia. -- BERNAMA
SHI KTC