SINGAPORE: A study by the NUS Business School found that more than half of companies listed on the Singapore Exchange (SGX) are family-linked firms.

The report, published by NUS Business School's Centre for Governance, Institutions and Organisations (CGIO) and Family Business Network Asia, showed that family firms make up 52 per cent of companies listed on SGX.

They also make up 30 per cent of SGX's total market capitalization, which is valued at about S$836 billion as at end February.

The study also found that such firms also perform better than non-family firms, enjoying an average of five per cent returns on assets, compared to three per cent for non-family firms.

After working for Olam International as Senior Vice President for the last 12 years, Rajesh Chopra moved over to the family-run Mewah Group as its Chief Financial Officer two years ago.

He said working for family-run firms does have its advantages such as quicker decision making and setting targets with long-term objectives in mind.

Other family-linked companies listed on SGX include United Overseas Bank, Wilmar and Qian Hu.

Mr Chopra said: "When you work with them (family-run businesses), the decision making is much easier and much faster. A lot of the decision which are being taken is really from the long term point of view. It's about how you want to grow the company. It's not about quarterly performance or the share boom that is happening every day. In non-family-run businesses which are run by professionals, the good parts are that you are taking care of the complete systems, processes and compliances to the outside shareholders."

Some risk management experts also note that after listing, family-run businesses may need to overcome the fact that they are now accountable to their shareholders in addition to their business being an income generator for their family.

Corporate governance remains an issue in family firms.

According to a survey by NUS Business School, 44 per cent of CEOs in family firms are also chairman of the board.

This is higher than the 16 per cent in non-family firms - a practice allowed under SGX listing rules but goes against the code of corporate governance.

"Family members tend to occupy quite a number of the important positions in the board therefore they have quite an influence on the firm, which translates into advantages. But it also has a couple of risks, which is why it is also important to have high quality independent directors on the board to give their objective and independent view," said Marleen Dieleman, Associate Director of CGIO at NUS Business School.

While succession planning varies between companies, experts note that talent management is crucial to maintaining a company's bloodline.

BPA Australia director Christopher Bennett, said: "The thing I would like to see most is boards having human capital on their agenda as an issue. The area of issue where governance, human capital and strategy come together in companies is the area where there is the most opportunity for upside, and also possibly the least action."

The survey was carried out on all 743 firms listed on the SGX in 2010.

- CNA/fa