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# Editorial Insights: How Family Business Traits Helped Companies Adapt and Thrive During the COVID-19 Pandemic

Many of the companies that appear in this report are family businesses or possessed qualities typical of family businesses. Collectively, profiled companies showed remarkable adaptability, resilience, and the desire to give back to society – traits that typically mark Asian family businesses.

## Adaptability

The companies we studied showed the ability to quickly adapt to fast-changing situations. Whether it was the Lotte Group digitizing its business, the Yoma Group embracing mobile money, DatVietVAC growing its media and technology arms, or the Esquel Group entering the mask making business as a cotton house, these companies were forced to part from tradition and rethink their business models. All of them underwent an epidemic-driven transformation that forced them to adapt to new circumstances.

It is important to note that these businesses were able to adapt quickly for several reasons. First, many of them had previously invested in research and development. This meant that they could embrace new technologies, innovate quickly, and come up with plans to refocus their businesses, giving them a distinct advantage during the pandemic.

Second, these businesses tend to have cohesive family business structures, as well as flexible management and governance models which smoothen out the decision-making process. This means that in critical times, they can execute ideas and adapt quickly as the situation demands.

In our study, even non-family businesses exhibited these qualities. Multi-national technology company Lenovo was able to redirect its investments into its virtual learning and e-education businesses, and global investment firm Temasek was able to redirect its resources toward manufacturing medical supplies.

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## **Resilience**

Resilience is another trait that is common among longstanding family businesses. The typical age of these businesses means that they have gone through numerous trials, tribulations, and crises. Their very survival over the times has made them more resilient. Ayala Corp, for example, started in the 1830s and is a prime example of a business that has survived by innovating and adapting.

It is interesting to note that these businesses also exude the confidence and flexibility to roll out short-term plans that can be easily converted to long-term gains, thereby turning a crisis into an opportunity. DatVietVAC is a case in point. In light of the pandemic, it plans to grow its media business by acquiring companies that complement its existing platforms, consolidating its role as a cultural trend setter.

Yet another reason why family businesses can withstand risk and volatility is because they tend to be more conservative. Most family businesses in Asia regulate their business sizes as a self-defence mechanism to withstand external shocks. In good times, they would be less likely to over-borrow and often make sure there is enough cash and assets on hand.

Dire times are seen as a good time to complete any mergers and acquisitions or roll out strategies that might have been in the pipeline. This was certainly the case for the Lotte Group. Its Lotte On app was two years in the making but its launch was accelerated because the pandemic caused such a surge in online shopping in South Korea.

## **Giving back to society**

Finally, of all the character traits of Asian family businesses, philanthropy is perhaps the most common. In fact, philanthropy could be classified as a defining characteristic of family businesses during times of crises. In our study, all the companies, without exception, made generous contributions to the societies in which they operated.

There is a long tradition of giving in Asia, which is deeply rooted in Confucianism and Buddhism. Asian family businesses highly value these values and see philanthropy as a way to preserve family legacies across generations. Actively engaging family members in philanthropic efforts can help enhance family harmony while having positive social impact. They are also able to do this thanks to the financial strength they have built over the years.

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Notably, the contributions of the companies profiled in the study extend well beyond epidemic relief to champion causes such as the environment, women empowerment, and poverty relief. Indeed, philanthropic endeavours allow companies to reflect and redefine their values and their commitments to society. They are also able to consolidate their legacy and reputation and rethink the traditional boundaries around philanthropy and social responsibility.

### **Conclusion**

While many companies took a tumble when COVID-19 swept across the globe, there were many family businesses that bucked the trend. It is apparent from our case studies that they were able to do this because they had certain traits that are typical of family businesses.

Not only was the pandemic an opportunity to exercise flexibility in redirecting resources towards new investments and acquisitions to support existing functions. Companies also demonstrated resilience, adaptability, and a keen desire to give back to society. It is safe to say that these traits helped these companies navigate the stormy times of the pandemic.