No Retirement Age For Asia’s Billionaries

Asia's elderly dynamos aren't under as much pressure to step down as are their U.S. counterparts, but they'll eventually need successors

by Bruce Einhorn

In his eight decades in the media business, Sir Run Run Shaw has built the Chinese-speaking world's most successful film and TV empire. He was co-founder of Shaw Brothers, the legendary movie studio that made many of the most popular Chinese movies in the 1950s, 60s, and 70s. He launched Television Broadcasts, the Hong Kong TV station known as TVB that has produced the most popular Cantonese dramas and launched the careers of movie and recording heartthrobs idols like Andy Lau. He received a knighthood from Queen Elizabeth II and has become a noted philanthropist, donating money to local universities and following in the footsteps of Alfred Nobel by funding a prize in his own name to honor achievements in astronomy, math, life science, and medicine.

There's one thing Sir Run Run hasn't managed to do, though: Figure out how to retire. He turned 100 in October and is still going strong as chairman of TVB. O.K., he has started to slow down. Until a few years ago he was an active presence at TVB headquarters, though he no longer goes to the office every day. That said, the chairman remains the most important figure at the company. "He is still very influential," says Allan Ng, an analyst with BOC International in Hong Kong. "He's involved in the directional things rather than the detailed execution."

Aging Chiefs Abound

Other parts of the world have their long-serving tycoons, too. Sumner Redstone, chairman of Viacom (VIA), was born in 1923. Rupert Murdoch, CEO of News Corp. (NWS), turns 77 in March. But they're the exceptions in the U.S., where even family-controlled companies often have mandatory retirement ages for top execs. At American blue chips, it's rare to have septuagenarians at the helm, let alone octogenerians or nonagenarians.

Not so in Asia. Among the family-owned businesses in China and India, longevity in the chairman's office is the rule rather than the exception. Cheng Yu-teng, chairman of Hong Kong conglomerate New World Development, turns 83 next year. Malaysian-Chinese tycoon Robert Kuok, chairman of Kerry Group, a private company that controls Hong Kong's South China Morning Post as well as the Shangri-La hotel chain, turns 85. Philippine billionaire Henry Sy, who controls the country's top retailing chain, ShoeMart, will be 84. Basant Kumar Birla, chairman of Mumbai-based Birla Group, which has a hand in a variety of industries including cement, textiles, education, and commodities, will be 87.

Some, such as Hong Kong's richest man, Li Ka-Shing, chairman of property developer Cheung Kong and retail, telecom, and shipping conglomerate Hutchison Whampoa, show no signs of retiring. Li turns 80 in June. Others, such as Taiwan's top industrialist, Formosa Plastics founder Wang Yung-ching, 91 in 2008, have taken steps to give more control to younger executives, but they remain important figures.

More than a Figurehead

There are good business reasons for the old man to stick around, says Simon Ho, a professor at Hong Kong Baptist University who studies family-owned businesses.

In many cases, the company's brand is personified by the founder, and after spending decades building up the business, he can't easily hand over power without risking tarnishing that brand. "A lot of investors are still interested in the firm because the [founder] is in the position," says Ho. "That reduces uncertainty and makes them feel more confident that he is overseeing the business."

That's the case even when everyone knows the patriarch isn't handling day-to-day operations anymore. "The emperor doesn't get involved in the daily operation, but with his image he can stabilize the business," says Ho. "People think he's trustworthy and credible and that everybody will share his values."
Indeed, it's often the employees and customers who don't want to see a successor. "It takes two hands to clap," says Annie Koh, associate dean of Lee Kong Chian School of Business at Singapore Management University. "It's not just that the founder doesn't want to let go. It's also the people who have worked for the founder and the customers who have the relationship with him. They still want to see the founder's face."

Grooming Successors

Some tycoons in Asia might try to take a back seat, handing over power to the next generation. However, Koh says that the tactic often doesn't work. "People see that as a smoke screen," she says, "and that behind the scenes he's still the one running the company. On the big issues that count, the founder is still the one who calls the shots."

There are signs, though, that some of Asia's first-generation business tycoons recognize that they need to do more to groom their successors. Baptist University Professor Ho points to examples of family businesses where the founders resisted allowing the children control. "The longer he delays, the next generation has less time to learn," says Ho. "That creates even more chaos, and then leads to a power struggle among the sons" after the founder passes away.

In order to ensure stability, some top Asian bosses are planning ahead. Li Ka-shing, for instance, has his oldest son, Victor, as deputy chairman at both Cheung Kong and Hutch. Robert Kuok's son Khoon Loong Kuok is at the helm of the chain of Shangri-La hotels. In 2005, Birla officially designated his two daughters, Jayashree Mohta and Manjushree Khaitan, as his successors. TVB's Sir Run Run doesn't have any children in line to succeed him, but his second wife, Mona Fung, last year became acting managing director. As these moves show, change will come to Asia's family-run companies. But for now, many aging founders are in no hurry to step aside.