Sustainable Growth in ASEAN: Singapore, Malaysia and Indonesia

Wharton Global Modular Course: LGST 893
May 25 - 31 2015

Credit: 0.5 Credit Unit

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Course overview

At the end of 1945, the areas bordering the Straits of Malacca were facing recovery from wartime destruction and the sharp decline of colonial rule. Indonesia, the largest and most geographically widespread, in 1945 was the first to become independent. Formed in 1948, the Federation of Malaya became independent in 1957. The city state of Singapore broke off from Malaya and became independent in 1965. At this point, these three post-colonial countriers were at somewhat similar levels of development (although the British had treated Singapore as an urban center and a major port -- not an agricultural resource). All three were low income countries with per capita GDP ranging from $56 in Indonesia, $333 in Malaysia and $516 in
Singapore, Indonesia and Malaysia possessed significant natural resources, whereas Singapore (now cut off from Malaysia) was bereft even of water. Over the past fifty years, the political and economic choices made in the three countries have varied, and their growth trajectories diverged. Today, per capita GDP varies greatly: Indonesia, $3,475; Malaysia, $10,538; and Singapore, $55,182.

These three countries have pursued different pathways which to some extent can be explained by economic drivers, but also by government policy choices with regard to inclusive growth. The course will consider this in the context of business in Indonesia, Malaysia and Singapore, and will study it from multiple perspectives: government, corporate, and social impact. To examine this in a one-week timeframe, we will focus on the development of infrastructure, real estate (housing), education and health care.

Resource-rich environments attract investors, but managing today in countries such as Malaysia and Indonesia where governments are sensitive to issues of competitive and strategic sustainability raises challenges. Having moved from low income status to low middle-income status, Indonesia and Malaysia face the challenge of avoiding the “middle-income trap,” the situation where developing economies’ convergence to the development frontier comes to a halt once their income per capita reaches a middle-income level. In contrast, Singapore surmounted that challenge, but now as an advanced market economy, it faces the challenge of a small, high wage country (5.5 million): the need to innovate to remain competitive at this level.

This course will be an immersive learning experience with company and other visits followed by debriefings. Participants will visit Singapore, Johor in Malaysia, and Jakarta and Sumatra in Indonesia. Among the issues to be covered are:

- Corporate strategy: comparative/competitive advantage, emerging vs. established MNCs
- Government strategy: domestic political views on economic development, regional alliances, inter-governmental organizations
- Environment and natural resources: extraction and removal, re-planting, environmentally sensitive practices
- Stakeholders: governments, NGOs, unions, foreign investors, suppliers and customers
- Human capital: skill level of the labor force, decent work challenges in low wage industries, upgrading skills and developing talent

**Grading and assignments**

Grades are based on
- class participation -- 35%
- pre-course assignment analysis of company/public agency/industry -- 30%
- final paper offering reflections on what you observed and learned during the course submitted after your return -- 35%

See below for further details on these assignments.
Class Participation

This component is based on your constructive participation in all of the discussions that occur; that is, during class discussion, during Q&A with speakers and panelists, during briefings and debriefings. Besides mere participation, the grade will also depend on your ability to make connections between what you observe in the site visits and the conceptual material covered in the course.

Pre-trip Assignment

Before the trip commences, you will be assigned to write the briefing notes relating to a session or site visit during the trip. This may be about a company, a government/public agency, or an industry sector. Your briefing will be distributed to the other persons in the class.

Final paper

This assignment is designed to give you the opportunity to reflect on what you have learned in the course, both from formal readings and from hearing speakers and observing during site visits. You may choose to analyze and discuss the policy choices made by a government, the strategy of a company, or a social issue. You can confine yourself to one country, or seek to compare the countries we visited.

The paper should be 7 – 10 pages double spaced (including any tables you may wish to include). It should be footnoted where appropriate (include the URL for websites used as sources). The paper is due Monday, June 7 at 9 am Philadelphia time.
Course Schedule

Subject to Change

Monday, May 25

Arrival in Singapore

6:30 - 9:00pm  Venue: Carlton Hotel

Program Orientation
  Professors Janice Bellace and Tan Chin Tiong

Keynote Speaker:

Reception

Tuesday, May 26  ASEAN and Singapore overview

Singapore confronted certain challenges when it became independent in August 1965, such as housing, basic infrastructure, health care and a social safety net, at a time of significant instability in the region. By 1995 it was evident that it no longer could compete as a low cost supplier of electronic and other goods. It faced the question of how to attract higher value service industries, how to upgrade the skill level of its labor force.

Morning  Venue: Singapore Management University

ASEAN: The economic and political environment
  Augustine H.H. Tan, Professor of Economics, SMU

ASEAN: Demographics / the consumer market
  Industry speaker

Singapore: Knowledge Hub planning 1990s & implementation
  Panel discussion

  Panelists to discuss what was needed to broaden and deepen the financial services sector, what attractions were needed to create a tourist industry, housing, whether to increase immigration and of what type, and how to upgrade the skills of the labor force.
Lunch                                     The Palm Oil Industry
Speakers:  T. C. Long,  Hendricks Sutiono, and David Wong
Vance Bioenergy Group

Afternoon  Providing Private Health Care alongside public health care system
Site visit: a private medical facility
Guest speaker: leader from the private health care industry

Infrastructure: Transportation
Site Visit: Port of Singapore

Evening                   On your own

Wednesday, May 27        Malaysia

After Singapore split off in 1965, Malaysia pursued a nationalist economic policy. Within the past decade, the state closest to Singapore, Johor, has pursued an ambitious economic development policy with the aim of creating a new area that will attract businesses, residents and students from outside Malaysia. Workers will be mostly Malaysian.

Morning                   early departure for Johor
Site Visit:  Vance Group palm tree plantation & palm oil mill

Lunch                     Economic Planning
Speaker: from Iskandar Development Authority

Afternoon Site visit: Marina Cove (luxury real estate development)
Site visit: EduCity - Netherland Maritime Academy (port management)

Late afternoon  return to Singapore
Evening:  Class debriefing followed by dinner

Thursday, May 28          Singapore & Indonesia
Morning  check out of hotel – depart for Changi Airport

Infrastructure:    Air Hub
                   Discussion while at Changi Airport
                   Tan Chin Tiong,  Professor of Marketing, SMU

Arrive Jakarta   midday

Afternoon         Site Visit:  Lippo Karawaci (new city)
                   Universitas Pelita Harapan
                   Siloam Hospitals and Siloam Public Hospitals
                   Matahari Department Store and Hypermart

Evening          Drive into central Jakarta
                  Check-in at hotel:   Keraton at the Plaza, Jakarta
                  Dinner in mall area

**Friday, May 29**       **Indonesia**

*Under Sukarno and Suharto, crony capitalism promoted some types of development. Since 2000, Indonesia has faced the challenge of promoting economic development while maintaining a nascent democracy in a very geographically dispersed nation of 230 million.*

Morning          Government --
                  *Site visit:*  Governor of Jakarta

                  Natural Resources and Mining
                  Panel discussion

Afternoon        Confronting the Challenge of Sustainability:  Environment and Labor
                  Panel discussion
                  Panelists will discuss responses to deforestation, problems caused by the clearing of trees by burning, land degradation, strategies for sustaining natural resources, and human resource management practices and the labor force in light of the UN Global Compact.

Evening         Dinner at the Hermitage Hotel
                  *Hosted by John Riady and the Lippo Group*
Saturday, May 30

Indonesia

The contrast between old Jakarta and new Jakarta is large, and it highlights the challenge confronting the government of bringing up the bottom half of the population while not restricting growth opportunities. Indonesia is endowed with enviable natural resources, but concerns over protecting the environment lead to differences over how certain resources, such as forests, should be exploited.

Check out of Keraton Hotel

Morning

Site visit: Port and Old Jakarta (Batavia)

Sinarmas, refinery

Afternoon

Flight to Riau, Sumatra

arrival in Kerinci

Site visit: RGEI pulp & paper mill

Dinner

RGEI company hotel

Sunday, May 31

Indonesia

Indonesia is a low wage country, one with the government formally committed to implementing the Millennium Development Goals. Company sites in remote locations employing large numbers of people present logistical issues. Consideration will be given to how a company’s own Corporate Social Responsibility stance operates in practice.

Morning

Site visit: RGEI tree nursery, forest clearing, company housing

Late afternoon

flight to Singapore

Arrival at Changi Airport, Singapore

*** Class participants depart Singapore ***
Readings:

SINGAPORE


Lam Peng Er & Kevin YL Tan, eds., Lee’s Lieutenants, (Sydney: Allen & Unwin, 1999). pp. ix-xii, 28-33, 40-44, 186-190


MALAYSIA


Malaysia population 2010, ethnic breakdown. [pdf file to be distributed]

INDONESIA

IMyQjAxMTE0MzAzODUwMDgxWj

joko-widodo-will-be-next-president-he-faces
