

## **Sustainable Growth in ASEAN: Singapore, Malaysia and Indonesia**

**Wharton Global Modular Course: LGST 899**  
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**Credit:** 0.5 Credit Unit

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### **Course TAs**

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### **Participating Faculty**

Ziv Katalan, OPIM Department, & Director of Wharton Global Initiatives

### **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 countries 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 to \$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, \$3,491; Malaysia, \$11,307; and Singapore, \$56,284 (World Bank data).

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/family business, 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-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, workers/unions, foreign investors, suppliers, customers, and NGOs
- 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 -- 40%
- pre-course assignment analysis of company/public agency/industry -- 25%
- 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 briefing notes (2 -3 pages) 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 the **development of a sector**. You can confine yourself to one country or seek to compare the countries we visited. Please tie your observations to the broader themes of the course, and consider issues such as the below:

- What were the **strategic decisions** made by this company / government body?
- How do these relate to the **unique development challenges** of your country/ies of focus?
- What was the social / political / economic / environmental **context** of these decisions and who were the other stakeholders involved?
- What was the **broader impact** of these strategic decisions on sustainable development of the country / region?
- What are some **challenges** that they continue to face going forward and what are they doing to address these?

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 Wednesday, June 1 at 5 pm Philadelphia time.** The paper, as a Word file, should be submitted on Canvas. (Note: the deadline has been set based on past experience – if you do not write the paper very soon after the end of the trip, you will forget some of what you observed.)

## Course Schedule

### Subject to Change

#### Tuesday 17 May: Singapore

Arrival in Singapore / check in Carlton Hotel

#### Wednesday 18 May: Singapore

Start time	End time	Topic	Speaker	Location
8:30	9:00	Orientation and Student Introductions	Prof Janice Bellace and Prof Tan Chin Tiong	SMU Administration Building, Seminar Room 5.1, Level 5
9:00	10:30	<b>“The economic and political environment: Singapore, Malaysia, Indonesia</b>	Prof Augustine Tan, Professor of Economics, School of Economics, SMU	SMU
10:30	11:00	<i>Coffee break</i>		SMU
11:00	12:15	<b>“ASEAN: The impact of Chinese family business in the region”</b>	Prof Tan Chin Tiong, Professor of Marketing, Lee Kong Chian School of Business, SMU	SMU
12:15	13:00	<i>Lunch (Buffet Style)</i>		SMU
13:00	13:45	<b>“The palm oil industry and its importance in the region”</b>	Hendricks Sutiono, and David Wong, Vance Bioenergy Group	SMU
13:45	14:15	Travel to URA		
14:15	16:00	<b>Visit to Urban Redevelopment Authority</b>	Colin Lauw , Senior Manager, Community Outreach & Programing	Urban Redevelopment Authority
16:00	16:45	Travel to SMU		

16:45	17:45	<b>"Singapore as a Financial Hub: Role of DBS"</b>	Piyush Gupta, CEO, DBS Group	SMU
17:45	19:00	Break		
19:00	19:15	<b>Opening reception: Welcome</b>	Prof Janice Bellace and Prof Tan Chin Tiong	SMU Administration Building University Lounge, Level 6
19:15	19:30	<b>Keynote speech</b>	Prof Arnoud De Meyer, President, SMU	SMU
19:30	21:30	<i>Dinner Reception (Buffet Style)</i>		SMU

### Thursday 19 May: Johor Bahru, Malaysia

Start time	End time	Topic	Speaker	Location
7:00	9:00	Depart for Johor Bahru		
9:00	10:30	<b>Visit to Vance Group: "Downstream derivatives from Palm Oil"</b>	Tian Ching Long (ENG/W'95 and WG'99), Managing Director, Vance Group Ltd.	Vance Bioenergy Plant, Pasir Gudang
10:30	11:30	Depart for Pinewood Studios		
11:30	12:30	<b>"Iskandar Malaysia: A Model City for Sustainable Development"</b>	Haris Zakaria, Senior Vice President, Khazanah, & Low Mei Leong, Senior Vice President, IRDA	Pinewood Studios, Iskandar Malaysia
12:30	13:15	<b>Tour of Pinewood Studios</b>	Rezal Rahman (WG'02), CEO, Pinewood Studios	Pinewood Studios, Iskandar Malaysia
13:15	14:00	<i>Lunch</i>		Pinewood Studios, Iskandar Malaysia
14:00	14:15	Depart for Marlborough College		

14:15	15:45	<b>Tour of Marlborough College: "World-class education in the Iskandar region"</b>	Mr. Robert Pick, Master, Marlborough College Malaysia	Marlborough College, Iskandar Malaysia
15:45	16:15	Depart for Forest City		
16:15	18:15	<b>Tour of Forest City: "Johor's Mega Projects: Catalyzing Johor's growth into a new economic powerhouse"</b>	Sales Team, Forest City Project Office	Forest City, Iskandar Malaysia
18:15	19:00	Depart for JPO		
19:00	20:45	<b>Dinner and Presentation: "Genting's premium outlet development strategy in Iskandar Malaysia"</b>	Mr. Jean Marie Pin Harry, COO, Genting Simon Sdn. Bhd. (Hosted by Donald Lim WG '86)	Kampachi, Johor Premium Outlets (JPO)
20:45	22:15	Depart for Singapore		Carlton Hotel

## Friday 20 May: Singapore / Pekanbaru, Indonesia

Start time	End time	Topic	Speaker	Location
8:30	9:00	Check out of Carlton & deposit luggage at Concierge		Carlton
9:00	9:45	<i>Debrief</i>		SMU Administration Building, Seminar Room 5.1, Level 5
9:45	10:45	<b>"An Overview of Iskandar Malaysia and Its Real Estate Market"</b>	Ryan Khoo, Regional Director (Malaysia), International Sales, ERA Realty Network Pte Ltd	SMU
10:45	11:45	<b>Young Entrepreneurs Panel Discussion</b>	Benjamin Twoon, Co-Founder of Fundnel, Lee Jun Kiat,	SMU

			Founder of Tick Tock and Walter Oh, Founder of BoxGreen	
11:45	12:15	<i>Bento Lunch</i>		SMU
12:15	12:45	Collect luggage and load into buses / Travel to 'HDB' Town Centre (Toa Payoh)		Toa Payoh
12:45	13:30	<b>Visit HDB Town Centre</b>		Toa Payoh
13:30	14:00	Travel to Changi Airport Terminal 2		
14:00	14:30	Check-in at Changi Airport <i>(Note: All should check-in online in advance. Online check-in is open 48 hrs prior to departure)</i>		Changi
14:30		Walk to Terminal 3		Changi
14:45	16:15	<b>"The World's Best Airport: Changi Airport"</b>	Ivan Tan, Senior Vice President, Corporate & Marketing Communications, Changi Airport Group	Changi
16:15		Return to Terminal 2 for boarding		Changi
17:40	17:45	SQ5228/MI252 to Pekanbaru		
17:45	18:45	Immigration / Baggage collection		
18:45	20:45	Bus from Pekanbaru to Pangkalan Kerinci		
20:45	21:45	<i>Check in, dinner &amp; program briefing</i>		

*Note: there is a one-hour time difference between Singapore and Indonesia. Singapore is one-hour ahead. Thus, when it is 5:45 pm in Singapore, it is 4:45 pm in Pekanbaru (which is why we depart Singapore and arrive in Pekanbaru at 5:45 pm).*

## Saturday 21 May: Pangkalan Kerinci, Indonesia

Start time	End time	Topic	Speaker	Location
7:00	8:00	<i>Breakfast &amp; Safety gear distribution</i>		Palm Restaurant
8:00	8:15	Transfer to RGE Technology Centre (RTE)		
8:15	8:45	<b>Tour of RTC 1st floor</b>	<b>Tour of RTC 2nd floor</b>	RTE
8:45	9:15	<b>Tour of RTC 2nd floor</b>	<b>Tour of RTC 1st floor</b>	RTE
9:15	9:30	Transfer to Paper Mills	Transfer to Nursery	RTE
9:30	10:30	<b>Tour of Paper Mills</b>	<b>Tour of Nursery</b>	RTE
10:30	10:45	Transfer to Nursery	Transfer to Paper Mills	RTE
10:45	11:45	<b>Tour of Nursery</b>	<b>Tour of Paper Mills</b>	RTE
11:45	12:15	Transfer to Jembatan Dusun 3 Desa Sering		
12:15	13:00	<i>Boat ride to Desa Pelawan</i>		
13:00	14:00	<b>Tour of Desa Pelawan (Fire Free village program)</b>		Desa Pelawan
14:00	14:45	Boat ride to Jembatan Dusun 3 Desa Sering		



## Sunday 22 May: Pangkalan Kerinci / Jakarta, Indonesia

Start time	End time	Topic	Speaker	Location
7:00	8:00	<i>Breakfast and check out</i>		Palm Restaurant
8:00	9:00	Trip to DESA		
9:00	10:00	<b>Visit to DESA</b>		
10:00	11:00	Transfer to Pekanbaru Airport		
11:00	12:00	<i>Lunch at Pekanbaru Airport</i>		
12:00	12:55	Waiting Room		
12:55		Leave for Jakarta by GA 177		
14:45	15:30	Land in Jakarta		CGK airport
15:30	16:30	Travel to Old City		
16:30	18:00	Old city		Old city
18:00	19:00	Travel to Keraton		
19:00	20:30	<b>Cocktail reception with alumni</b>		Keraton

## Monday 23 May: Jakarta, Indonesia

Start time	End time	Topic	Speaker	Location
8:30	10:30	<b>Indonesia at a glance</b>	John Riady Ari Ariwibowo Pandu Sjahrir Edwin Utama	Keraton Maestro Hall (level 4)
10:30	11:00	<i>Coffee break</i>		Keraton Maestro Hall (level 4)
11:00	12:30	<b>Sustainable Economic Growth in Indonesia</b>	Ndiamé Diop (Lead Economist of The World Bank)	Keraton Maestro Hall (level 4)
12:30	13:30	<i>Lunch</i>		Keraton Bengawan Restaurant (level 7)
13:30	14:00	Travel to Governor's office		
14:00	15:30	<b>Blueprint of building Jakarta as a smart city</b>	Smart City program team Ahok (Governor of Jakarta - TBD)	Governor's office
15:30	16:00	Travel to hotel		
		<i>Free time</i>		
17:30	18:00	Travel to Bunga Rampai		
18:00	21:00	<i>Dinner</i>		

## Tuesday 24 May: Jakarta, Indonesia

Start time	End time	Topic	Speaker	Location
7:00	8:00	Travel to Zalora's fulfillment center		Warehouse ZALORA Indonesia, YCH
8:00	9:00	<b>Tour of Zalora's fulfillment center</b>	Anthony Fung	DistriPark. Jl Raya Kalimalang KM 2 RT/RW 02/07 Desa Sukadanau, Cibitung Bekasi - Jawa Barat 17520
9:00	10:30	Travel to Keraton		
10:30	12:00	<b>“Indonesian consumers – the emerging field of e-commerce and retailing in Indonesia -- similarities and difference with the rest of the world (ASEAN and beyond)”</b>	<ul style="list-style-type: none"> <li>• Andrew Kandolha</li> <li>• Danu Wicaksana</li> <li>• Anthony Fung</li> </ul>	Keraton Maestro Hall (level 4)
12:00	13:30	<b>Social Entrepreneurship panel Lunch</b>	<ul style="list-style-type: none"> <li>• YCAB [Education]</li> <li>• Oxium [Sustainable energy]</li> <li>• Viva Generik [Healthcare]</li> </ul>	Keraton Maestro Hall (level 4)
13:30	14:30	<b>Debrief</b>	Prof Janice Bellace and Prof Ziv Katalan	Keraton Maestro Hall (level 4)
14:30		Onward Travel back to respective countries		

Note: In planning flights out of Jakarta, remember that there is a one-hour time difference between Singapore and Indonesia. Although Singapore is west of Jakarta, it is one hour ahead of Jakarta. Singapore is in the same time zone as Beijing and Hong Kong. Indonesia has three time zones, with Pekanbaru and Jakarta in the western time zone. Bali is in the central time zone

**READINGS - *required***

The following are required readings. After this section, there is a long list of articles you may wish to read depending on your interests.

## **INDONESIA**

“Jokowi’s moment,” The Economist, Special Report, Feb, 27, 2016

<http://www.economist.com/news/special-report/21693411-joko-widodo-was-elected-shake-up-indonesias-politics-and-make-his-country-richer-he>

“Roll out the welcome mat,” The Economist, Special Report, Feb, 27, 2016

<http://www.economist.com/news/special-report/21693405-secure-growth-it-needs-indonesia-must-resist-its-protectionist-urges-roll-out>

“A world on fire”, The Economist, Special Report, Feb, 27, 2016

<http://www.economist.com/news/special-report/21693412-until-politicians-call-halt-indonesias-forests-will-keep-burning-world-fire>

“Higher Interest Rates Lower Expectations in Emerging Economies,” NY Times, Dec. 21, 2015

<http://www.nytimes.com/2015/12/22/business/international/indonesia-economy-interest-rates.html?smid=pl-share&r=0> [Note: this includes material about RGEI / Tanoto]

## **MALAYSIA**

“Malaysia’s economic frailty is all too familiar,” Financial Times, Sept. 2, 2015.

<http://www.ft.com/intl/cms/s/0/96d3f610-50bb-11e5-8642-453585f2cfcf.html#axzz47XVkkLu4>

“Disconnect,” (editorial re racial politics) The Economist, April 11, 2015

<http://www.economist.com/news/leaders/21647972-thuggish-government-playing-racial-politics-najib-razak-should-be-dressed-down-disconnect?zid=309&ah=80dcf288b8561b012f603b9fd9577f0e> Repression in Malaysia -- linked article “Riding a Tiger” in the April 4, 2015 issue

<http://www.economist.com/news/asia/21647652-floundering-government-indulges-calls-toughen-islamic-law-riding-tiger?zid=309&ah=80dcf288b8561b012f603b9fd9577f0e>

“If you can’t beat them, charge them,” (sedition laws), The Economist, Sept 6, 2014

<http://www.economist.com/news/asia/21615633-archaic-law-prime-minister-promised-repeal-makes-ugly-comeback-if-you-cant-beat?zid=309&ah=80dcf288b8561b012f603b9fd9577f0e>

## **SINGAPORE**

Video:

“Singapore 50 years after independence.” May 7, 2015

Tharman Shanmugaratnam, Deputy Prime Minister and Minister for Finance of Singapore May 7, 2015 interview. Stephen Sackur, Presenter, BBC HARDtalk at the 45<sup>th</sup> St. Gallen Symposium. Video is 48:50 in length.

<https://www.youtube.com/watch?v=hpwPciW74b8>

“Singapore after Lee Kuan Yew,” *The Economist*, March 28, 2015  
<http://www.economist.com/news/asia/21647333-island-state-mourns-its-founding-father-its-politics-changing-after-patriarch>

“Singapore Strives to Become ‘The Smartest City,’” *Governing*, Feb 2013.  
[www.governing.com](http://www.governing.com)

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## **Additional Optional Readings**

### ***GENERAL BACKGROUND***

Ravi Ramamurti, “What have we learned about emerging-market MNEs?,” ch. 13 in Ramamurti & Singh, eds., *Emerging Multinationals from Emerging Markets*, Cambridge Univ. Press (2008).  
[pdf file to be distributed]

McKinsey Global Institute, *Southeast Asia at the crossroads: Three paths to prosperity*. November 2014 report. <http://www.mckinsey.com/global-themes/asia-pacific/three-paths-to-sustained-economic-growth-in-southeast-asia>  
(click on the above URL to download the full report)

### ***SINGAPORE***

Gavin Peebles & Peter Wilson, *Economic Growth and Development in Singapore: Past and Future*, (2002). Book review by Anne Booth (August 2003). [http://eh.net/book\\_reviews/economic-growth-and-development-in-singapore-past-and-future/](http://eh.net/book_reviews/economic-growth-and-development-in-singapore-past-and-future/)

Ho Kwon Ping, “The Future of Singapore: Politics and Governance,” Lecture delivered Oct. 20, 2014 [pdf file to be distributed]

Jeremy Grant, “Singapore jostles with Hong Kong for financial crown,” *Financial Times*, Oct. 16, 2014 <http://www.ft.com/intl/cms/s/0/b18372a6-5297-11e4-a236-00144feab7de.html?ftcamp=traffic/email/content/editor//memmkt&siteedition=intl#axzz3Gofe7iwY>

Cherian George, *Singapore: The Air-Conditioned Nation*, Essays on the politics of comfort and control 1990-2000, (Singapore: Landmark Books, 2003). Pp. 15 – 24, 33-35, 159 – 164, 206-209  
[pdf file to be distributed]

Lam Peng Er & Kevin YL Tan, eds., *Lee’s Lieutenants*, (Sydney: Allen & Unwin, 1999). pp. ix-xii, 28-33, 40-44, 186-190 [pdf file to be distributed]

“PM Lee: Looking back on 10 years at the helm and ahead at new tensions and challenges,” interview, The Straits Times (Singapore), Jan. 17, 2015.  
<http://www.straitstimes.com/news/singapore/more-singapore-stories/story/pm-lee-looking-back-10-years-the-helm-and-ahead-new-te-0#sthash.Qa7lyc5o.dpuf>

## ***MALAYSIA***

John H. Drabble, “Economic History of Malaysia,” July 2004. (with extensive bibliography)  
<http://eh.net/encyclopedia/economic-history-of-malaysia>

“Malaysia: A Never Ending Policy,” The Economist, April 27, 2013.  
<http://www.economist.com/news/briefing/21576654-elections-may-could-mark-turning-point-never-ending-policy>

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

## ***INDONESIA***

McKinsey Global Institute, The archipelago economy: Unleashing Indonesia’s potential (Sept 2012). 116 page report [pdf file to be distributed]

Jeroen Touwen, “The Economic History of Indonesia,” March 2008.  
<http://eh.net/encyclopedia/the-economic-history-of-indonesia/>

Hamish McDonald, “Demokrasi: Indonesia in the 21<sup>st</sup> Century.” Book review by David Pilling. Financial Times, Jan. 25, 2015.  
<http://www.ft.com/intl/cms/s/0/bbda3738-a226-11e4-bbb8-00144feab7de.html?siteedition=intl>

David Pilling and Ben Bland, “Indonesia: No more Mr nice guy,” Financial Times, May 3, 2015  
<http://www.ft.com/intl/cms/s/0/5685edba-eda2-11e4-987e-00144feab7de.html?siteedition=intl#axzz3ZKCLXTqy>

Ben Bland, “Indonesia: Now for the Hard Part,” Financial Times, Oct. 13, 2014  
<http://www.ft.com/intl/cms/s/0/116da0a6-5081-11e4-9822-00144feab7de.html?siteedition=intl#slide5>

Arief Budiman, Heang Chhor and Rohit Razdan, “Understanding the diversity of Indonesia’s consumers,” McKinsey Insights, April 2013.  
[http://www.mckinsey.com/insights/asia-pacific/understanding\\_the\\_diversity\\_of\\_indonesias\\_consumers](http://www.mckinsey.com/insights/asia-pacific/understanding_the_diversity_of_indonesias_consumers)

Patrick McDowell et al, “Indonesian President Joko Widodo Pledges to Cut Investment Barriers,” Wall Street Journal Dec. 7, 2014  
[http://www.wsj.com/news/article\\_email/indonesian-leader-joko-widodo-pledges-to-cut-investment-barriers-1417988251-1MyQjAxMTE0MzAzODUwMDgxWj](http://www.wsj.com/news/article_email/indonesian-leader-joko-widodo-pledges-to-cut-investment-barriers-1417988251-1MyQjAxMTE0MzAzODUwMDgxWj)

“Indonesian Politics: Great expectations” The Economist, Aug. 30, 2014. Pages 35-36  
<http://www.economist.com/news/asia/21614236-indonesias-constitutional-court-has-confirmed-joko-widodo-will-be-next-president-he-faces>

Joseph Kirschke, “CSR, Sustainability and the Mining Business,” Engineering & Mining Journal, Sept 2013. <http://emj.epubxp.com/i/165843/31>

Arief Budiman, Kaushik Das, Azzam Mohammad, Khoon Tee Tan, Oliver Tonby, “Ten ideas to reshape Indonesia’s energy sector,” McKinsey & Company, September 2014. 9 page report [pdf file to be distributed]