Sustainable Growth in ASEAN: Singapore, Malaysia and Indonesia

Wharton Global Modular Course: LGST 899
May 16 – 21, 2018

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 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). Although there was substantial disparity among them, 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, $3,570.30; Malaysia, $9508.20; and Singapore, $52,962.50 (in current U.S. dollars 2016 World Bank data [https://data.worldbank.org/indicator/NY.GDP.PCAP.CD](https://data.worldbank.org/indicator/NY.GDP.PCAP.CD)).

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. Housing and rapid urbanization have and continue to be key challenges. 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 (5.6 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 Sumatra in Indonesia. Among the issues speakers will cover are:

- Corporate strategy: comparative/competitive advantage, emerging vs. established MNCs
- Government strategy: domestic political views on economic development, regional alliances, inter-governmental organizations
- Urbanization: movement of people from the land to cities, need for and financing of housing and infrastructure
- 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 -- 15%
- final paper offering reflections on what you observed and learned during the course submitted after your return -- 45%

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 on Canvas. If possible, we will have these briefings presented to the group (e.g., on the bus on the way to the company).

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 Monday, June 4 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*

<table>
<thead>
<tr>
<th>Wednesday 16 May: Singapore</th>
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</thead>
<tbody>
<tr>
<td>Start time</td>
<td>End time</td>
<td>Topic</td>
<td>Speaker</td>
</tr>
<tr>
<td>8:30</td>
<td>9:00</td>
<td>Orientation and Student Introductions</td>
<td>Prof Janice Bellace and Prof Tan Chin Tiong</td>
</tr>
<tr>
<td>9:00</td>
<td>10:30</td>
<td>“Political-Economic Challenges to South East Asia”</td>
<td>Prof Augustine Tan, Professor of Economics, School of Economics, SMU</td>
</tr>
<tr>
<td>10:30</td>
<td>11:00</td>
<td>Coffee break</td>
<td></td>
</tr>
<tr>
<td>11:00</td>
<td>12:15</td>
<td>“ASEAN: The impact of Chinese family business in the region”</td>
<td>Prof Tan Chin Tiong, Professor of Marketing, Lee Kong Chian School of Business, SMU</td>
</tr>
<tr>
<td>12:15</td>
<td>13:00</td>
<td>Lunch</td>
<td></td>
</tr>
<tr>
<td>13:00</td>
<td>13:30</td>
<td>Travel to URA</td>
<td></td>
</tr>
<tr>
<td>13:30</td>
<td>15:00</td>
<td>Visit to Urban Redevelopment Authority (URA)</td>
<td>Mr Wong Kai Yeng</td>
</tr>
<tr>
<td>15:00</td>
<td>15:30</td>
<td>Travel to SMU</td>
<td></td>
</tr>
<tr>
<td>15:30</td>
<td>16:00</td>
<td>Coffee Break</td>
<td></td>
</tr>
<tr>
<td>16:00</td>
<td>16:45</td>
<td>“The palm oil industry and its importance in the region”</td>
<td>TC Long, Hendricks Sutiono, and David</td>
</tr>
</tbody>
</table>
17:00 18:00  "Singapore as a Financial Hub: Role of DBS"  Wong, Vance Bioenergy Group  SMU

18:00 19:00  Break

19:00 19:15  Opening reception: Welcome  Prof Janice Bellace and Prof Tan Chin Tiong  University Lounge, 6th floor, SMU Administration Building

19:15 19:30  Keynote speech  Prof Arnoud De Meyer, President, SMU

19:30 21:30  Dinner Reception (Buffet Style)

### Thursday 17 May: Johor Bahru, Malaysia

<table>
<thead>
<tr>
<th>Start time</th>
<th>End time</th>
<th>Topic</th>
<th>Speaker</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>7:00</td>
<td>9:00</td>
<td>Depart for Johor Bahru</td>
<td></td>
<td>Depart from Carlton Hotel</td>
</tr>
<tr>
<td>9:00</td>
<td>10:30</td>
<td>Visit to Vance Bioenergy Sdn Bhd: “Downstream derivatives from Palm Oil”</td>
<td>Hendricks Sutiono and David Wong, Vance Group Ltd</td>
<td>Vance Bioenergy Plant, Pasir Gudang</td>
</tr>
<tr>
<td>10:30</td>
<td>11:30</td>
<td>Depart for Pinewood Studios</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11:30</td>
<td>13:00</td>
<td>&quot;Iskandar Malaysia: A Model City for Sustainable Development&quot;</td>
<td></td>
<td>Pinewood Studios, Iskandar Malaysia</td>
</tr>
<tr>
<td>13:00</td>
<td>13:45</td>
<td>Lunch</td>
<td></td>
<td>Pinewood Studios</td>
</tr>
<tr>
<td>Start time</td>
<td>End time</td>
<td>Topic</td>
<td>Speaker</td>
<td>Location</td>
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<tr>
<td>13:45</td>
<td>14:30</td>
<td>Tour of Pinewood Studios by bus</td>
<td>Pinewood Studios</td>
<td></td>
</tr>
<tr>
<td>14:30</td>
<td>14:45</td>
<td>Depart for Iskandar Malaysia</td>
<td></td>
<td></td>
</tr>
<tr>
<td>14:45</td>
<td>15:45</td>
<td>Tour of Iskandar Malaysia by bus</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15:45</td>
<td>16:15</td>
<td>Depart for Forest City</td>
<td></td>
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</tr>
<tr>
<td>16:15</td>
<td>17:15</td>
<td>Tour of Forest City: &quot;Johor's Mega Projects: Catalyzing Johor's growth into a new economic powerhouse&quot;</td>
<td>Sales Team, Forest City Project Office, Forest City, Iskandar Malaysia</td>
<td></td>
</tr>
<tr>
<td>17:15</td>
<td>19:00</td>
<td>Depart for Singapore / Dinner on your own in Singapore</td>
<td>Carlton Hotel</td>
<td></td>
</tr>
</tbody>
</table>

**Friday 18 May: Singapore**

<table>
<thead>
<tr>
<th>Start time</th>
<th>End time</th>
<th>Topic</th>
<th>Speaker</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>8:30</td>
<td>9:00</td>
<td>Check out of Carlton &amp; deposit luggage at Concierge</td>
<td></td>
<td>Carlton</td>
</tr>
<tr>
<td>9:00</td>
<td>9:45</td>
<td>Debrief</td>
<td></td>
<td>SMU</td>
</tr>
<tr>
<td>9:45</td>
<td>10:45</td>
<td>“An Overview of Iskandar Malaysia and Its Real Estate Market”</td>
<td>ERA Realty Network Pte Ltd</td>
<td>SMU</td>
</tr>
<tr>
<td>10:45</td>
<td>11:45</td>
<td>Young Entrepreneurs Panel Discussion</td>
<td>Benjamin Twoon, Fundnel</td>
<td>SMU</td>
</tr>
<tr>
<td>11:45</td>
<td>12:15</td>
<td>Bento Lunch</td>
<td></td>
<td>SMU</td>
</tr>
<tr>
<td>12:15</td>
<td>12:45</td>
<td>Collect luggage and load into bus / Travel to Ng Teng Fong General Hospital</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13:00</td>
<td>15:00</td>
<td>Visit to Ng Teng Fong General Hospital</td>
<td>Ms Chee Thong Gan</td>
<td>1 Jurong East Street 21</td>
</tr>
<tr>
<td>Time</td>
<td>Action</td>
<td>Details</td>
<td></td>
<td></td>
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<tr>
<td>15:15</td>
<td>Travel to Changi Airport Terminal 2</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>16:00</td>
<td>Check-in at Changi Airport</td>
<td></td>
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</tr>
<tr>
<td>17:40</td>
<td>MI252 Singapore to Pekanbaru</td>
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<tr>
<td>17:45</td>
<td>Immigration / Baggage collection</td>
<td></td>
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</tr>
<tr>
<td>18:45</td>
<td>Bus from Pekanbaru to Pangkalan Kerinci</td>
<td></td>
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</tr>
<tr>
<td>20:45</td>
<td>Check in, dinner &amp; program briefing</td>
<td>Unigraha Hotel</td>
<td></td>
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</tr>
</tbody>
</table>

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).

Indonesia has three time zones, with Pekanbaru and Jakarta in the western time zone. Bali is in the central time zone.
<table>
<thead>
<tr>
<th>TIME</th>
<th>ACTIVITY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pangkalan Kerinci</strong></td>
<td><strong>Day 1  Friday, May 18th 2018</strong></td>
</tr>
</tbody>
</table>
| 17:45 – 18:45 | Arrive at Pekanbaru Airport by SQ 5228 (Silk Air)  
  * Immigration & Custom Check |
| 18:45 – 20:45 | Transfer to Unigraha Hotel                                               |
| 20:45 – 21:45 | Dinner and Program Briefing  
  Briefing by a representative from Tanoto Foundation               |
| **Pangkalan Kerinci** | **Day 2  Saturday, May 19th 2018**                                      |
| 06:30 – 08:00 | Breakfast at Palm Restaurant  
  * 7-8am Safety gear distribution at Bakung Room, 2nd floor, Hotel Unigraha |
| 08:00 – 08:15 | Transfer to RTC Technology Center                                       |
| 08:15 – 08:45 | Group A:  
  Tour of Lab Gallery, RGE TC  
  Group B:  
  Tour of RGE Exhibition Center (2nd Fl) |
| 08:45 – 09:15 | Group A:  
  Tour of RGE Exhibition Center (2nd Fl)  
  Group B:  
  Tour of Lab Gallery, RGE TC |
| 09:15 – 09:30 | Group A: Transfer to Paper Mill  
  Group B: Transfer to Kerinci Central Nursery                           |
| 09:30 – 10:30 | Group A: Paper Mill Tour  
  - Paper Machine & Finishing area  
  Group B: Kerinci Central Nursery (KCN)                                     |
| 10:30 – 10:40 | Group A: Transfer to Kerinci Central Nursery  
  Group B: Transfer to Paper Mill                                        |
<p>| 10:40 – 11:40 | Group A: Kerinci Central Nursery (KCN)                                   |
| 11:40 – 11:50 | Transfer to Hotel Unigraha                                               |
| 11:50 – 12:40 | Lunch                                                                    |</p>
<table>
<thead>
<tr>
<th>TIME</th>
<th>ACTIVITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>12:40 – 13:00</td>
<td>Transfer to Palm Oil Plantation and Mill</td>
</tr>
<tr>
<td>13:00 – 16:00</td>
<td>Tour of Palm Oil Plantation and Mill</td>
</tr>
<tr>
<td>16:00 – 16:20</td>
<td>Transfer to Community Development Center</td>
</tr>
<tr>
<td>16:20 – 17:20</td>
<td>Overview CSR – Tour of Rumah Batik Andalan – Tour of IFS</td>
</tr>
<tr>
<td>17:20 – 17:30</td>
<td>Transfer to Unigraha Hotel</td>
</tr>
<tr>
<td>17:30 – 18:15</td>
<td>Rest</td>
</tr>
<tr>
<td>18:15 – 19:30</td>
<td>Welcoming Reception and Overview of APRIL, Sustainability, and Conservation</td>
</tr>
<tr>
<td></td>
<td>• APRIL – Mr Rudy Fajar</td>
</tr>
<tr>
<td></td>
<td>• Sustainability – Mr Tim Fenton</td>
</tr>
<tr>
<td></td>
<td>• Conservation – Mr Brad Sanders</td>
</tr>
<tr>
<td>19:30 – 22:00</td>
<td>Dinner with APRIL Management (hosted by Mr Bey Soo Khiang)</td>
</tr>
</tbody>
</table>

Pangkalan Kerinci  Day 3  Sunday, May 20th  2018

<table>
<thead>
<tr>
<th>TIME</th>
<th>ACTIVITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>06:30 -07:00</td>
<td>Breakfast &amp; Check Out</td>
</tr>
<tr>
<td>07:00 – 07:45</td>
<td>Transfer to Desa Kuala Terusan (via Speedboat)</td>
</tr>
<tr>
<td>07:45 – 08:30</td>
<td>Tour of Desa Kuala Terusan</td>
</tr>
<tr>
<td>08.30 – 11.00</td>
<td>Transfer to Pekanbaru</td>
</tr>
<tr>
<td>11.00 – 12.00</td>
<td>Check In at the Novotel</td>
</tr>
<tr>
<td>12.00 – 12.30</td>
<td>Lunch</td>
</tr>
<tr>
<td></td>
<td>Afternoon site visits or speakers</td>
</tr>
<tr>
<td></td>
<td>Dinner (with speaker)</td>
</tr>
</tbody>
</table>
Monday 21 May: Pekanbaru, Indonesia

<table>
<thead>
<tr>
<th>Start time</th>
<th>End time</th>
<th>Topic</th>
<th>Speaker</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>8:00</td>
<td>9:50</td>
<td>Morning speakers at the hotel</td>
<td>Prof Janice Bellace</td>
<td></td>
</tr>
<tr>
<td>10:00</td>
<td>11:00</td>
<td>Debrief</td>
<td>Prof Janice Bellace</td>
<td></td>
</tr>
<tr>
<td>11:00</td>
<td></td>
<td>Depart hotel / get on buses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11:30</td>
<td></td>
<td>Check in at Pekanbaru airport</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13:05</td>
<td>14:55</td>
<td>Silk Air flight MI253 PEK to SIN</td>
<td></td>
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</tr>
</tbody>
</table>

Note: In planning onward flights, remember that there is a one-hour time difference between Singapore and Indonesia. Singapore is west of Pekanbaru and Jakarta, but it is one hour ahead. The fee for this course includes the flights between Singapore and Pekanbaru.

⇒ READINGS - see separate syllabus addendum file