

15.389A G-Lab Asia-Pacific

Session 23



Entrepreneurial environment and economic development

- Singapore case:
 - One success story without much bottom-up entrepreneurship
 - Top down government management
 - Industrial policy
 - FDI model (=Importing *foreign* entrepreneurship)
 - But even for Singapore: Rethinking of the new growth model (Biopolis)
 - A new competitive environment due to the rise of China and India
 - Is Singapore model replicable?

Entrepreneurial environment and economic development

- Indonesia case:
 - Hoped to emulate Singapore through an FDI development model
 - But too big to copy the Singapore model
 - Also the country lacks the quality of the government and strong enforcement power
 - A lot of corruption
 - Ethnic diversity
 - Low level of human capital
 - The new strategy is to emphasize entrepreneurial development
 - Government of Bojonegoro project

Entrepreneurial environment and economic development

- Vietnam case:
 - Also hoped to emulate Singapore through an FDI development model but too big for that
 - But many obstacles for entrepreneurial development:
 - Absence of rule of law
 - Financing constraints
 - Lack of information and transparency
 - Many coping mechanisms
 - Completely trust-based
 - Dealing with insiders and known and very familiar counterparties
 - Local transactions
 - Okay for “replicative,” subsistence entrepreneurship but probably not for science-based frontier entrepreneurship

Entrepreneurial environment and economic development

- Case on Google in China
 - Is this a political move or an infant industry policy to protect Baidu?
 - Is there a conflict between “frontier” internet entrepreneurship and political controls?
 - Is internet special that it requires “Western” institutions to flourish?

Entrepreneurial environment and economic development

- Case on India's patent law
 - How do you balance between protection of domestic entrepreneurs and need for competition to increase efficiency?
 - Curtailed foreign competition through the 1970 law and foreign exchange control act
 - But promoted domestic competition by allowing private-sector entry
 - A long left-tail of small firms: 50,000
 - But a few grew big, such as Ranbaxy and Biocon (a G-lab client)
 - India's pharmaceutical sector is an **ENTREPRENEURIAL** success story
 - Contrast with China: SOEs plus MNCs

Entrepreneurial environment and economic development

- How do you think YOUR project will affect the country?

THE G-LAB IMPACT

- *Some of the G-Lab success stories*
 - *Biocon*
 - *An early client of G-lab: 2002-3*
 - *Recommended to build a separate clinical research division*
 - *Today “Biocon is a research-driven, global healthcare company ...”*
 - *One of the most successful **R&D** pharmaceutical firms in India*
 - *IDEAS*
 - *A G-lab project in 2006-7*
 - *Helped United in Diversity (UID) launch a very successful education program, IDEAS Indonesia*
 - *I+Med*
 - *A G-lab project in 2008-9*
 - *Devised an international expansion plan for this biotech firm in Thailand*
 - *Grew from \$1.9 million IN 2008 to \$4 million in 2010*

Preparing for wows

- How will you affect the **entrepreneur**?
- How will the entrepreneur affect **you**?
- *How do you **anticipate** both?*

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