

# Homegrown businesses spot openings

ASEAN is seeing the rise of entrepreneurs tapping opportunities and government support to launch innovative and successful enterprises

By **PRIME SARMIENTO** in Manila  
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After obtaining her business degree in Melbourne, Australia, Denise Chai returned to her native Brunei.

Encouraged by the advice of successful businesspeople, then 20-year-old Chai decided to follow in her parents' entrepreneurial footsteps.

So, in 2008, she partnered with her mother to open a boutique in Brunei's capital, Bandar Seri Begawan.

The boutique, Deseo, Spanish for "desire", was stocked with imported stylish clothes, home decorations and gift items and soon built up a loyal clientele.

Three years after setting up Deseo, Chai bought a Korean restaurant and revamped the menu to serve halal Korean dishes to a predominantly Muslim domestic market.

Almost a decade after her entrepreneurial foray with Deseo, Chai is now the co-owner of a boutique along with four restaurants.

Chai said her businesses were borne out of "curiosity and passion, (and of) wanting to do something different".

She is among a growing number of entrepreneurs in the 10-member Association of Southeast Asian Nations (ASEAN) tapping opportunities in their home markets to build their own businesses.

According to the Asian Development Bank (ADB), these "opportunity-driven entrepreneurs" help sustain growth in the region, which expanded by 4.7 percent in 2016. They will also enable middle-income ASEAN economies to become high-income countries.

The latest ADB flagship report, *Asian Development Outlook 2017*, published in April, noted that entrepreneurship turns new ideas or technology into innovation-based growth.

"As economies become more sophisticated, opportunity-driven entrepreneurship, which is often built on new ideas or technology, increasingly outweighs necessity-driven entrepreneurship, which

responds to existing market needs," the report said.

Quoting a paper published by the International Monetary Fund in April 2016, the ADB said "necessity-driven entrepreneurship is propelled by economic need when work opportunities are scarce, while opportunity-driven entrepreneurship involves the development of new ideas or technology".

The ratio of opportunity-driven to necessity-driven entrepreneurship is 1.6 times higher in high-income economies than in middle-income ones, the ADB said. This is why it is important for middle-income countries to encourage and nurture entrepreneurs who provide novel products or services.

## Adjusting to the pace

Pacita Juan, chairperson of the ASEAN Women Entrepreneurs Network, said these entrepreneurs usually start small- or medium-scale businesses that can serve as "laboratories for future big business".

"Entrepreneurs can adjust to the fast pace of business by being small. Even big companies now have to think fast and be agile and nimble," she said.

Juan has had firsthand experience in nurturing a small business into a large-scale operation. In 1993, she and her partners set up the Figaro Coffee Company in the Philippines. The cafe pioneered the specialty coffee trend in the country.

Figaro, which started with a single kiosk, is now among the Philippines' biggest coffee chains with more than 90 branches.

Juan later started another business, this time to promote her advocacies: Environmentalism and support for local products and communities.

The first outlet of the Environment & Community Hope Organization Store, or ECHOstore, launched in 2008. It sells organic produce, eco-friendly toiletries and upcycled artisanal crafts sourced from small farmers and poor communities.

ECHOstore now has seven outlets. Its success has spurred Juan to create related businesses such as ECHOcafe, a farm-to-table coffee chain, and ECHOfarm, an organic farm in Amadeo, Cavite province —



A delivery worker of Philippine fast-food chain Jollibee Foods delivers customer orders in Manila on Oct 14, 2015. Jollibee is one of many opportunity-driven enterprises in Southeast Asia that started small and managed to grow their businesses. AFP

about 60 kilometers south of Manila.

ASEAN is home to many opportunity-driven entrepreneurs who started small and managed to grow their businesses. They now cater not only to their respective home markets but international markets too.

These include the Philippine fast-food giant Jollibee Foods Corp, the Singapore-based ride-hailing app Grab (established in 2012 in Malaysia as MyTeksi), and the Thai luxury silk brand Jim Thompson.

But, according to Park Dong-hyun, principal economist of the ADB's economic research and regional cooperation department, ASEAN needs a level playing field to create more opportunity-driven entrepreneurs.

"New firms and smaller firms, and new entrepreneurs, are often the hotbed of invention and innovation. But, unless there is a level playing field, these new firms and entrepreneurs cannot flourish," Park told *China Daily Asia Weekly*.

He also stressed the importance of rule of law — specifically, intellectual property rights protection.

"Intellectual property rights protection prevents big incumbent companies from expropriating the innovations of new entrepreneurs. Second, new firms must have access to finance if they are to flourish. Not even the best ideas in the world can get off the ground without funding," Park said.

"Finally, strong competition laws prevent abuse of market power by big established companies to make life difficult for new entrepreneurs."

Park said he is yet to see an entrepreneurial hub in the region akin to California's Silicon Valley.

But that may soon change as several developing ASEAN countries are setting up policies and programs to encourage entrepreneurs to start and grow innovative businesses.

Malaysia is perhaps one of the most aggressive in promoting opportunity-driven entrepreneurship.

In 2014, it launched the Malaysian Global Innovation & Creativity Centre (MaGIC), which aims to make it the startup capital of Asia by increasing the number of enduring, high-growth startups to compete on a regional and global scale.

"Malaysia has an aggressive vision — she aims to become a high-income nation by the year 2020," a statement on the MaGIC website said.

"A key part of realizing that vision requires agencies like MaGIC to educate and encourage entrepreneurs to leverage technology and innovation in their business models and scale beyond Malaysia to remain competitive in the light of current global trends," the statement added.

MaGIC conducts coding bootcamps, dialogues, training workshops, mentoring sessions, study visits to Silicon Valley and grants to nurture Malaysian startups.

## Helping hand

In the Philippines, the Department of Trade and Industry has established more than 600 Negosyo Centers (business centers) nationwide to help entrepreneurs with business registration, monitor improvements in business processes and provide advice and training.

The Department of Science and Technology, together with Philippine tech leaders, also drafted a Philippine Roadmap for Digital Startups — a project to create at least 500 startups with a cumulative valuation of \$2 billion by 2020.

Thailand, meanwhile, has OTOP — the One Tambon One Product program. As part of this initiative, the government supports and markets unique locally made products from each *tambon*, or sub-district. Prod-

ucts include processed food, handicrafts and textiles.

The Community Development Department and the Department of Industrial Promotion are among Thai government agencies working with villagers to develop their products and provide skills training.

ASEAN is also working to create an ecosystem that remains more conducive to the startup and growth of businesses.

For instance, in its *Doing Business 2017* report, the World Bank ranked Malaysia and Thailand 23rd and 46th, respectively, for ease of doing business out of 190 economies surveyed.

Brunei and Indonesia were among the top improvers in the ranking. Brunei climbed from the previous year's position of 135 to 72, while Indonesia rose from 154 to 91.

The World Bank said Brunei made the biggest advance toward the regulatory frontier on the back of six business regulatory reforms.

These include increasing the reliability of power supply by implementing an automatic energy management system to monitor outages and service restoration, and improving access to credit by distributing consumer data from utility companies.

The World Bank said Indonesia made starting a business easier by abolishing the minimum capital requirement for small and medium-sized enterprises and encouraging the use of an online system for name reservation.

Indonesia also launched an online system for filing tax returns and paying health contributions, along with a fully automated geographic information system. Both initiatives help to reduce the time firms spend paying taxes and filing property registration details.