

Entrepreneur Asia-Pacific



The CACCI Entrepreneur Newsmagazine

A Publication of the Young Entrepreneurs Group of Asia-Pacific (YEGAP)

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Message from the Chairman



The Young Entrepreneurs Group of Asia-Pacific, or YEG-AP, started from a simple goal, born of a clear vision: to serve as a springboard for projects and activities geared towards entrepreneurial development among young entrepreneurs in the Asia-Pacific rim.

Through the years, CACCI has committed itself to transforming the Asia-Pacific economy to one that is vibrant, competitive and integrated to the world market. Crucial to this commitment is the promotion and development of the entrepreneurship movement, particularly youth entrepreneurship, in each member country of CACCI.

However, in view of the ever-changing global trends, the CACCI is fully aware of the critical challenges that the sector is facing at present such as the lack of management skills, inadequate marketing know-how, obsolete technology, underdeveloped labor force and insufficient marketing tools.

In cognizance of these legitimate concerns, the CACCI created the Young Entrepreneurs Group of Asia-Pacific to envision an agenda and plan of action for the purpose of encouraging more entrepreneurs from the region to take an active role in various sectors of the society, and also in equal importance, in government, business and socio-economic sectors.

We are confident then that the Young Entrepreneurs Group of Asia-Pacific will serve as an effective venue to implement suitable programs that are available to young entrepreneurs in Asia-Pacific. It is hoped that we will take advantage of this opportunity to achieve global competitiveness.

ANNA MARIE PERIQUET

YEGAP in Action

The Young Entrepreneurs Group-Asia Pacific (YEGAP) convened a breakout session during the 73rd CACCI Council Meeting held on July 24-25, 2007 in Perth, Western Australia. Some 30 CACCI members from 8 countries – including 16 from Japan - participated in the session.

The breakout session was chaired by **Ms. Anna Marie Periquet**, Chairman of the Young Entrepreneurs Group Asia-Pacific (YEGAP). **Mr. Teisuke Suzuki**, former Chairman of YEG-JCCI, served as co-chair.

Dialogue with Honorable Fran Bailey of Australia

The first part of the session featured a presentation by the **Honorable Fran Bailey**, Federal Minister for Small Business and Tourism of Australia, the state of entrepreneurship in the country. Minister Bailey shared her views on the challenges faced by Australian entrepreneurs, government policies and private sector measures adopted in Australia aimed at encouraging

entrepreneurship in the country, and possible areas of cooperation among CACCI countries to help promote the development and growth of young entrepreneurs in the region.

Minister Bailey noted that for entrepreneurship to prosper, the country must have a strong economic structure, there should be minimal or no government interference, and there must be continuing effort on the part of the businessmen to acquire and improve their business skills. She also

Continued on page 2

YEGAP in Action

... from page 1

stressed the need for a good business plan, which she said should cover the start-up phase of the business, the growth phase, and an exit strategy which will define, among others, possible new directions of the business. Lastly, she reported that 10% of the total businesses in Australia are owned by entrepreneurs aged 35 and below.

The participants also shared some of the challenges they face in promoting entrepreneurship in their respective countries. These challenges pertain to the economic conditions, the regulatory environment, the package of assistance to SMEs, and cultural aspects.

YEG-JCCI Presentation

The second part of the session was a brief presentation by **Mr. Takashi Harada**, Chairman of the Japan-YEG. Mr. Harada described some of the activities of the Young Entrepreneurs Group of the Japan Chamber of Commerce and Industry, and identified possible areas of cooperation between the Japan-YEG and the young entrepreneurs group in other CACCI member countries.

Discussion on Future YEGAP Activities

The third part of the session discussed ongoing and future activities of YEGAP. Among the items discussed were the following:

a. Ms. Periquet announced the publication of the maiden issue of the YEGAP newsletter entitled the *Entrepreneur Asia-Pacific*. The newsletter is to be published every quarter, and is intended to serve as a platform for an exchange of information among members on the status of the entrepreneurship in the region as well as in individual CACCI member countries. The maiden issue was edited by Ms. Periquet, with the assistance of the CACCI Secretariat. The second issue will be edited by Mr. Teisuke Suzuki, Vice Chairman of YEGAP. Ms. Periquet said that the newsletter will be circulated by e-mail not only to YEG-AP members but to all CACCI



Minister Bailey joined by officers of CACCI, Japan CCI, and the Young Entrepreneurs Group of Japan in Perth, Australia for CACCI 73rd Council Meeting.



The Young Entrepreneurs Group of Japan CCI hosts a cocktail reception for its members and other young entrepreneur delegates from other CACCI member countries following the breakout session of YEGAP in Perth, Australia.

members as well for wider readership. She invited members to contribute articles for the subsequent issues of the newsletter. A copy of the maiden issue of the newsletter is attached.

b. Ms. Periquet also announced the launching of the **2nd Asia-Pacific Young Entrepreneur Award of CACCI**. A project of YEGAP, the Asia-Pacific Young Entrepreneur Award aims to recognize excellent young entrepreneurs in the Asia-Pacific rim who not only are successful in their business but also advocate corporate social responsibility for the good of their country. It is conferred every two years by CACCI in conjunction with the CACCI Conference and open to male or female entrepreneurs below 45 years of age nominated by any CACCI Primary

Member. The Award was first presented during the 21st CACCI Conference held in Taipei in November 2006, which also marked the 40th Anniversary of the Confederation. Mr. Mohammed Sulayman Rubel, Managing Director of Rare Group from Bangladesh, was the first winner of the Award. Ms. Periquet said that the Second Award will be presented during the 22nd CACCI Conference in 2008. Requests for nominees would be sent out to all Primary Members by November 2007.

c. The meeting agreed to create two sub-committees under YEGAP. The **Sub-Committee on Membership** is tasked to propose ways of expanding membership and strengthening networking among members. The

Continued on page 3

Integrating SMEs into Global ValueChains

by Mr. K.K. Modi
Immediate Past President of CACCI



The following article is the full text of the presentation made by Mr. Modi during the Eleventh Session of the Commission on Enterprise, Business Facilitation and Development of UNCTAD held on 19-23 February 2007 in Geneva. As Panelist, Mr. Modi was requested to give his views on how regional integration influences global value or supply chains and regional production networks by Asian firms. His presentation included references to specific cases on how Asian companies had helped host country suppliers or SMEs integrate into global value chains, as well as policy suggestion to help host country SMEs integrate into or upgrade in global value chains.

At the outset, I would like to thank the organizers for giving me this opportunity to speak at the Eleventh Session of the Commission on Improving the Competitiveness of SMEs Through Enhancing Productive Capacity

The theme is very contemporary. With the unprecedented rate of growth in the global economy, there is a need for dynamic businesses.

Importance of SME

For any country to grow, the SMEs of the country have to grow.

SMEs have always been the foundation for innovation and rapid adaptation of any economy. Therefore, to capitalize on these opportunities, we need a vibrant and innovative business environment.

In India, SMEs contribute 40% of the gross value added in manufacturing, around 35% to direct exports, and provide employment to 28 million people.

The share of SMEs in gross industrial output is 52% in Japan, 47.5% in Korea, and nearly 60% China.

Origins of SMEs

There are a number of reasons which lead to creation of small and medium size enterprises. For the proper development of SMEs, it is important to understand what leads to creation of SMEs. To develop these SMEs to become successful entrepreneur we need to understand their needs.

Who are the people who have created and still create SMEs? What motivates them to enter this kind of business? These are typically:

Continued on page 4

YEGAP in Action

... from page 1

Sub-Committee on Programs will be responsible for formulating and implementing YEGAP programs and activities, such as the Asia-Pacific Young Entrepreneur Awards and the YEGAP newsletter.

d. Ms. Periquet informed the meeting of YEGAP's plan to form an e-mail group to facilitate communication and exchange of information among members. She encouraged all members to take an active part in the e-mail group.

e. Ms. Periquet disclosed her plan to organize a YEG-Philippines, using the mandate and by-laws of YEG-Japan as model. She encouraged other members to also form a YEG chapter in their respective countries with the view to having a stronger YEGAP.

Message from Bangladesh

Ms. Periquet conveyed the message from **Mr. Mohammad Solyman Rubel** from Bangladesh, the winner of the First Asia-Pacific Young Entrepreneur Award, who could not arrive in Perth on time for the breakout session. In his message, Mr. Solyman introduced the Young Entrepreneurs Association of Bangladesh (YEAB) and its various activities, and sought the cooperation and assistance of CACCI and YEGAP members in implementing its action plan. He also invited CACCI and YEGAP members, especially those from developed countries, to invest in Bangladesh and help in the capacity building activities of YEAB. The complete text of Mr. Solyman's message is attached.

Closing Remarks

Before the meeting adjourned, several members of YEG-Japan who were present at the meeting conveyed their individual greetings to the participants and to other CACCI members, and expressed their continued support to YEGAP and CACCI.

In closing, Ms. Periquet thanked the Australian Chamber of Commerce and Industry for hosting the Breakout Sessions of YEGAP in Perth.

Cocktails

The meeting was followed by cocktails hosted by YEG-JCCI members to provide an opportunity for the Japanese young entrepreneurs to meet and network with their counterparts from other CACCI member countries. ■

Forum

... from page 3

o Traders – There is a need to increase their presence in the value chain by backward integration.

o Technical experts – SMEs should have worked in successful chosen business by working for many years in large enterprises before creating their own business.

o Businessmen - People located in the clusters where one kind of business flourishes. Businessmen can expand business in the same line by taking advice and support of successful units due to personal relationship.

As a result, SMEs are innovative, agile and create employment opportunities suited to the local environment. However, we must remember that most SMEs are the first generation entrepreneurs and they need support and input to succeed.

Having examined what motivates creation of new SME enterprises, we should divide the enterprises in different categories. The help required by these enterprises very much depend upon the profile, location and expertise of the entrepreneur.

Franchise SMEs

SMEs created with the initiatives of large companies to be operational as their supply chain, often have a better survival rate than others. My own experience has shown that when we promote enterprises to link with large companies, it is imperative for the large company to ensure success of the linked SMEs. One such example is of the 21st Century Printer which was created to supply packaging material to our company. We ensured that their unit uses all modern techniques like TQM, 5S, etc. The 21st Century Printer has become one of the leading Printers in India.

Another such example is of my own company Modicare, where we develop various FMCG Products such as toiletries, house cleaning products, cosmetics, etc. in our own laboratories. Production is done by different entrepreneurs where we ensure strict quality norms are followed. Such

enterprises are also encouraged to market their products to non-competing firms. Failure in such cases is negligible.

To strengthen my point further, I would like to share with you the success story of Hero Group. The group was set up by the Munjal brothers. A small SME “Hero Cycles Limited”, was set up in the city of Ludhiana, in Punjab in 1956. By the year 1963 it started exporting bicycles from India. The year 1984 was the turning point for the company, when the Hero Honda Motors Limited was established in joint venture with Honda Motors of Japan. Few could have imagined that the two would go to create history by becoming the world’s single largest motorcycle company, the most endearing and successful joint venture for Honda Motor Company worldwide. In the year 2003 it became the first Indian Company to cross the cumulative 7 million sales mark. The model “Splendor” emerged as the World’s largest selling model for the three years in row (2000, 2001, 2002) and Hero Honda became the world’s No.1 company in motorcycles and continues to retain this position till now.

The two critical inputs needed for success of an SME are technology and use of modern management processes. The Franchise model provides both of these.

Creation of Clusters and New SME Units opened in such clusters

Another traditional technique for infusing technology and management processes is the formation of Clusters.

Over the years different cities have become famous for the production of different products. In these clusters the supply chain for raw material, technical personnel and marketing channels naturally develop. Each enterprise may be small, but the combined production of the industrial cluster is many times larger than the large companies in the same sector.

It has been estimated that there exist 350 SME clusters in India. These SME clusters contribute to approximately 60% of the Indian

manufacturing exports totaling to appx USD 19,000 million. Some of them are so big that they produce upto 70 to 80% of the total volume of that particular product. For instance township of Panipat produces 75% of the total blankets produced in India. Tirupur, a small township of Coimbatore district of Tamilnadu contributes to 80% of country’s cotton hosiery exports. Similarly, Ludhiana in Punjab produces 95% of the country’s woolen knitwears, 85% of the country’s sewing machines and 60% of the nation’s bicycle and it’s parts. These Clusters in India not only produce very high quality products, but they effectively market their products in the international markets. Designers, fashion creators from all over the world come to these places to create new designs and fashion garments.

Similar clusters have succeeded in different parts of the world and different cities have become famous for particular type of products. It is, therefore important to develop new clusters for the growth of these SMEs in different part of the world.

Clusters have increased the success rate of SMEs by allowing combined learning and sharing of resources. It is possible to initiate creation of clusters with the positive initiative by the Government.

The formation of clusters may be natural or induced clusters. The natural clusters are formed based on the availability of critical raw material/specific skills like in case of “marble cutting” cluster at Kishangarh in Rajasthan.

The induced clusters are created due to policy incentives, infrastructure availability or a large buying public sector unit. The automobile component industry at Gurgaon in Haryana is created due to setting up of public sector manufacturing unit of “Maruti Udyog Limited”

I think the structural development of clusters and with the availability of necessary supply chain and marketing initiatives along with technical expertise can lead to successful world class products.

Continued on page 5

Other SME Units

A large number of SMEs are created outside the Clusters and Franchise Model. The amount of help they require vary from industry to industry and from entrepreneur to entrepreneur. These units are also necessary for the overall development of any national economy.

Plan to deal with failure

While we focus on increasing the chances of success of new entrepreneurs, we should also plan to deal with failures.

Success and failure are two sides of the same coin – Availability of funds at reasonable cost is the first problem that needs to be resolved. Often it is seen either the enterprises are under-funded or in case of problem there is no hand-holding resulting in premature death of a start-up enterprise.

As a member of CACCI I had a chance to witness a very successful programme which encourages SMEs by the City of Tokyo. The City Government created a scheme known as Collateralized Loan Obligation (CLO) Scheme in which Central Government, and City Government share the risks by providing guarantees to the extent of 75% of the funded loan to financial institutions. These financial institutions also participated in the hand-holding operations for improving the credit rating status of participating SME. Thus organized monitoring and strict financial standards are adhered by the participating SMEs. Witnessing the success of this experiment the municipal governments in Japan have started adopting this scheme.

As of 2004, fund raising of more than US\$345 Million has been achieved for about 9000 entrepreneurs in total. The CLO initiated in 2000 resulting in 6.3% default rate reduced to 50% within a year of participating SME units in Tokyo.

Safeguard against harassment of start-up SMEs

Often it is seen that many government officials, officials of

financial institutions who fund the start-up SME use aggressive tactics to recover funds in case the enterprise do not succeed. Such a harassment should be curbed and proper insurance or guarantee scheme be created to safeguard the young entrepreneur. Schemes such as Chapter 11 Bankruptcy Protection in the US are needed to protect the failed SMEs and allow the entrepreneur to start again.

Witch hunting of the entrepreneurs either by creditors/Govt. officials/suppliers should be curbed with necessary legislation. In the absence of any such legislation we cannot ensure growth of these SMEs.

Evolution of SMEs – Success Stories

Many great companies are born after failing initially. One such example is of Reddy Laboratories. Mr Anji Reddy, the promoter of Reddy Laboratories was a technical officer in a Chemical Company in India. He decided to start up his own enterprise with the help of 3 of his friends in Hyderabad. In the first instance, the enterprise failed. Mr Reddy's friends decided to part with his Company. Mr Reddy did not give up and continued his efforts. Today, Reddy Laboratories is one of the largest company which has been transformed from a failed SME to a most successful company of India.

When Dr Kiran Majumdar Shaw, founded a pioneering biotech company in 1985, no one would work for her. Bankers turned down her request for loan and raw materials vendors insisted she brings a male manager if she wanted their wares. Today she is called is the richest women of India. MD & Chairman of Biocon India, a company which has been transformed from a small enzyme maker into a drug that is challenging global insulin makers such as Eli Lilly and Novo Nordisk, She started this company from a garage in Bangalore with just Rs.10,000/- in her bank. Today her stake in company's networth is much above \$480 million.

Role of Trade Organisations and other Promotional Agencies

Besides finance and government support for starting the enterprise, it is important that the new enterprise should adopt modern up-to-date technology. Recently there has been a positive development of ISO 9000 type of initiative which leads to minimum standard of performance. Federation of Indian Commerce and Industry (FICCI) has been giving help to SMEs in the field of Technology, energy saving and Quality Improvement. The result of these initiatives has been positive and participating enterprises are able to reduce failures.

For small and medium size enterprises it is not possible to hire different experts to carry out different tasks. One has to learn multi-skills. Therefore, they require training in various aspects of Management Techniques such as managing manufacturing, Human resource, creation of robust supply chain, sales and marketing, etc. These skills can be learnt by undertaking management studies.

In USA, one of our partners, Apollo group, through University of Phoenix provide education to working adults. They have currently more than 400,000 such students who learn either in classrooms or online on the internet. Many of these students are coming from small and medium size organizations. These management programmes such as carried out by the University of Phoenix for young entrepreneurs should be widely promoted. This will enable them to manage their businesses more successfully by acquiring the requisite skills.

The trade organization, government and educational universities should ensure constant flow of information, impart necessary knowledge to the young entrepreneur, this will lead to more successful units becoming operative. Development of SMEs will improve total economy and put it on sound pedestal.

Continued on page 7

Entrepreneur Idol



Interview with Mr. Jay Aldeguer President, Island Souvenirs, Inc.

Mr. Jay Aldeguer, one of the three finalists for the first CACCI Asia-Pacific Young Entrepreneur Award, shares some of his ideas, experiences and advices on starting a business, who his mentors and sources of inspirations were, and what lessons he learned from his initial ventures.

What was your first “business venture” and what was the biggest lesson you learned from it?

I had my first venture in college when I was walking around campus selling shirts. My backpack was filled with samples of shirts instead of books. And in retrospect, the most important lesson I picked up from that was to take care of your suppliers. So years after, when I was all set to establish my retail business, they remembered me and gave me full support in terms of stocks and credit. That had a big impact on my start up business.

Who is your business mentor? Or, who had the greatest influence in your business life?

Both my parents have been highly instrumental in my interest in business. While they were never the type to sit you down and preach business principles, they influenced me by example and by creating an atmosphere of being enterprising especially in the home.

Who gave you the best business advice and what was it?

No one advice really stands out. I listen and take advices from anyone and everyone very seriously.

What advice would you give someone starting out a business today?

Start small but dream big.

Do you have a favorite business book?

The book entitled “Positioning” by Al Ries and Jack Trout was my “business bible” for years. It taught me to understand the customer’s mindset better. And in this overpopulated world of brands, products and services, it important to find your “niche”. These days, the books on Steve Jobs have been a great influence on me. The fact that he and his products have been able to revolutionize a number of industries is simply outstanding. To produce a successful product is one thing; to have that product influence an entire industry is phenomenal. Lastly, how his products affect people’s lifestyles is the epitome of giving your customer what they don’t even know they want.

What principle of entrepreneurship do you wish you knew when you were first starting out?

I now appreciate the concept of research. I used to rely mainly on my “gut feel” and intuition but in the recent years, I feel that I would have made better decisions if I had more facts and data.

What has been the most satisfying decision you’ve made as a businessman?

The most satisfying moment is always the minute you decide to pursue a business idea or a dream. It even becomes more satisfying when it becomes successful and you look back at the very day you decided to make a go for it when no one else believe it would succeed.

What do you think are the most important attributes of a good and successful businessman?

I think clarity of vision and discipline are essential in making one successful in business.

Are entrepreneurs born or made?

I used to think entrepreneurs were born but more and more I believe that even one who is not innately enterprising can be molded into becoming a successful entrepreneur.

Would you recommend someone starting out a business to attend a business school, or skip the degree and learn along the way?

Yes indeed. Anyone who is equipped with more knowledge almost

always becomes more “armed” to make better decisions. But at the same time, many entrepreneurs have this built in “opportunity indicator” that tells them when the time is hot and when it is time to defy all forms of reason and structure, thus the cliché of college drop outs becoming successful entrepreneurs. But then most of these drop-outs who’ve become successful eventually choose to go back to school and try to acquire more knowledge to move their business forward.

Is there any difference between the Philippines and the rest of the world in your industry?

While the nature of my business is in retail, I consider myself deeply immersed in the tourism industry. The Philippines is blessed to have the perfect ingredients to be a premiere tourist destination in Asia and I know we are getting there. My frustration is that we are not getting there quick enough. We have been overtaken by relatively new players like Bali, Cambodia and even Vietnam.

What’s the biggest change you’ve seen in business?

Sustainability. In this age of innovation and ever evolving trends, it has been difficult to predict the lifespan of your product or brand. The zip drive and Palm pilot were the considered the products of the decade, but after a couple of years, they vanished. This is applicable to almost any industry and brand if we do not continue to innovate and evolve.

What are the challenges facing your industry and how do you manage them?

The issues that are considered challenges in tourism are the same things I consider opportunities. The lack of infrastructure, basic services and activities in our industry are the ones I am curiously looking into to capitalize on. I manage these challenges by hoping to offer solutions through my businesses.

What do you do in your free time?

Ever since I set up my new Banca business, I’ve been able to visit the nearby islands a lot. This allows me to go scuba diving and kayaking more often. I love anything that has to do with the ocean. I also dabble a little bit in photography. ■

From the Officer's Desk

Entrepreneurship and Corporate Social Responsibility

Corporate Social Responsibility, or CSR, has been around for a long time. Some firms have been practicing CSR even from the time it was not yet acknowledged as a business tool. In these recent times, however, in the face of an increasing demand for openness and transparency and for companies to account for their environment and social impacts, as well as proven benefits brought about by CSR, more and more businesses have begun institutionalizing CSR.

CSR is often expected of large companies. Indeed, it is multinational corporations that have detailed CSR programs staffed by employees with specific responsibilities and decision-making capacities. Small and medium-sized enterprises on the other hand, even though these are recognized as the “growth engines” of the economy, and having considerable impact on job creation and economic development, are not expected to have social responsibility on their agenda.

But SMEs grow to become large companies, and then they have an even greater impact on the local and



*by Anna Marie Periquet
Chairman, YEGAP*

even global communities. It would be more complicated then to start a CSR program on that much bigger scale. It is therefore important to instill CSR into entrepreneurs while their businesses are still SMEs in scale.

Another good news for us is that there is a growing awareness and appreciation for CSR or in the case of SMEs, Social Responsibility, or SR. As I noted earlier, more and more firms are engaging in CSR. Even SMEs have incorporated SR into their

businesses, in the form of community involvement and other activities.

One of the positive changes in the priority programs of various governments in the Asia-Pacific region in this time of rapid globalization and industrialization is the focus on small and medium enterprises. If before the concern was with huge foreign direct investments and large corporations, governments now look towards SMEs as the engine of growth of the country.

CSR in the Philippines

The Philippine Chamber of Commerce and Industry has been promoting CSR to its members and has itself embarked on CSR-related projects.

The **Adopt-A-Business Program** is a project geared towards enriching the knowledge and at the same time developing the business capabilities of student entrepreneurs. A series of lectures leading to a search for the best business plan is the flagship project of the Adopt-A-Business Program. With this project, we hope to help student entrepreneurs learn the fundamentals of starting and managing a sustainable business, enhance the capabilities of these young entrepreneurs in managing and developing their business, and assist in the implementation of their business proposals by providing them with possible sources of funding/capital.

The **Enterprise Development Program for Students** is a project geared towards developing entrepreneurship among the youth, by enhancing their business expertise, entrepreneurial skills and leadership qualities. We have outlined two specific activities through which we can achieve this goal: the conduct of plant visits and the creation of an internship program.

Continued on page 8

Forum

... from page 5

Role of Government

The role of government as a facilitator in unleashing potential of SMEs is very crucial. It can involve a wide range of services to local agencies including:

- Providing training to SMEs in the field of regional and global integration.
- Provision for exchange of information and experience
- Creation of region to region business links
- Support for special credit schemes
- Providing a conduit for foreign funds
- Central purchasing development,

testing and dissemination of new programme models

- Bench marking of best practice in support of small enterprise
- Monitoring the overall health of the small and medium enterprise community
- Evaluating the impact of legislation, ‘support’ initiatives and environmental change in general on the small business community
- Development of standards for trainers, consultants, support agency and regulatory agency staff and the provision of training facilities
- Small business promotion and also the ongoing briefing and indeed training of bureaucrats, policy makers and politicians

From the Officer's Desk

... from page 7

The **Youth Entrepreneurship Program (YEP)** is another project that seeks to establish a strong base of small and medium scale enterprises run by young entrepreneurs to help boost the country's economy. It is a comprehensive strategy that seeks to provide training and assistance for business plan development, access to credit and capital, mentoring, business incubation through the Young.

Entrepreneurs Industrial Park, market syndication and linking, business information networking and monitoring and assessment.

Networking with at least 20 chambers of commerce in priority regions in the country for the implementation of the YEP has created a major impact on the development of more young entrepreneurs. The YEP also partners with different government institutions for setting up micro-finance facility for young entrepreneurs including the Department of Agriculture for the Farm Youth Development Program geared to improve rural youth productivity; and the Department of Social.

Welfare and Development for micro-credit financing for the poor.

The specific objectives of these three activities are: to expose the youth to the best practices of successful companies and models of good corporate cultures, in order to enrich their knowledge and develop their business potentials, through the plant visits; and to help graduating students acquire and develop skills for specific jobs by providing them with actual and hands-on exposure to the day-to-day operations of an enterprise, and at the same time practice what they have learned in school, with the internship program.

One of the positive changes in the priority programs of various governments in the Asia-Pacific region

in this time of rapid globalization and industrialization is the focus on small and medium enterprises. If before the concern was with huge foreign direct investments and large corporations, governments now look towards SMEs as the engine of growth of the country.

In the Philippines, SMEs are getting more support than they ever had before through SR efforts of the government. The Department of Trade and Industry (DTI) has been actively implementing the SME Development Plan, through the Bureau of SME Development. In fact, there are SME Centers across the country that cater to SME needs.

Moreover, key legislation with social responsibility components have been put in place such as the Barangay Micro Business Enterprise Law (BMBE) which was passed recently. With the passage of this law, any barangay (towns) micro business enterprises will have a greater chance to graduate into a small enterprise. This law exempts all registered BMBEs from taxes and fees and the minimum wage law. It also provides for a database to be gathered from business registration, which will be made accessible for business matching, trade and investment promotion.

The Magna Carta for SMEs also mandated the establishment of Small Business Guarantee and Finance Corporation or SB Corporation in 1992 whose role is to push for the development of SMEs through financing, credit guarantees and other SME development initiatives. The SB Corporation is mandated to source and adopt development initiatives for globally competitive small and medium enterprises in terms of finance, technology, production, management and business linkages, and to widen in both scope and service reach various alternative modes of financing and credit delivery systems.

Aside from these government-led initiatives, different youth organizations like the Philippine Youth Business Foundation (PYBF),

and the Philippine Youth Employment Network (PYEN) conceptualize and implement certain projects and activities to target specific concerns of the youth. Both organizations are aimed towards bridging the unemployment gap through entrepreneurial development.

PYBF works with young people between the ages of 18-30 with the objective of turning these young people with viable business plans are screened by a cross-functional panel composed of volunteer businesspeople from partner companies. An approved applicant will be given a loan to start off their business, after which a mentor businessperson is assigned to them to assist them in managing their business.

PYEN is a youth-led non-government organization that is working on building the collective capacity of the local youth to undertake their own poverty alleviation programs. They work closely with different government agencies in providing basic entrepreneurial training to different youth leaders across the country as well as training for trainers to provide capability building from the national level down to the barangay level.

Looking Ahead

There is still the need to promote CSR in enterprise development in a more comprehensive manner. Thus, more changes have to take place, not only within the individuals firms, but in the entire society as well. CSR must be ingrained in each individual in such a way that whether a person joins a large corporation or a small business enterprise, the mentality of social responsibility is retained.

This is why the Young Entrepreneurs Group of Asia Pacific is taking concrete steps in the promotion of CSR in the region. Active participation of young entrepreneurs in this advocacy is, after all, one of the most powerful tools in shaping thoughts, attitudes and values, and therefore society. ■

ENTREPRENEURSHIP IN BANGLADESH

*Contributed by: Mr. Mohammed Solayman Rubel
Managing Director, Rare Group
1st Winner: CACCI Asia-Pacific Young Entrepreneur Award*



Bangladesh became an independent country on 16 December 1971. Just after the country declared independence, the growth of capitalism that started prior to independence was halted. In the war-distressed country, foreign funded industries were taken over by the state government. But, under the government possession and government treachery, all industries turned into losing projects.

In the year 1975, the circumstances of the state had changed. With the view to getting back into the capitalism economy, the concept of entrepreneurship was introduced and started to grow from the year 1976. The process of handover and sale of the state-owned organizations to private ownership began.

ENTREPRENEURSHIP DEVELOPMENT

From 1976 to 2006, three generations evolved into private sector entrepreneurship in Bangladesh.

1st Generation (1976-1980): Older and aristocrat entrepreneurs (latent) established new businesses with their past experience. In the meantime, a new breed of entrepreneurs emerged who were engaged in manufacturing and exporting garments, tea, and leather, among others.

2nd Generation (1981-1990): Due to a big change in the political environment in 1980, new and new entrepreneurs came up in the spotlight. Domestic and foreign investments had increased. The list of exported

products had become longer.

3rd Generation (1991-2006): In 1991, democracy flourished in Bangladesh. Giving a new momentum to the existing business sector, it had developed in three ways:

- In the first phase, the older first generation entrepreneurs developed themselves into industrialists in a new corporate era.

- In the second phase, the second generation of novice, educated and uneducated entrepreneurs grew into groups of companies.

- In the last phase, a new generation of entrepreneurs comes up with new creative ideas. A part of these new entrepreneurs are the ancestors of the older first generation, who had higher educational degree from Bangladesh or abroad. Their investments have expanded this sector a lot.

Export Processing Zone, Investment Board, Youth Entrepreneurs Group, Woman Entrepreneurs Group, Trade Ministry, Education Ministry, several business associations, all local Chambers of Commerce, and international organizations are playing an important role in developing entrepreneurship in Bangladesh.

The business, service and industry sectors of Bangladesh in last three decades are presented below:

- **Agricultural Sector and Entrepreneurship:** Entrepreneurship developed in agricultural sector mostly in the production of rice, wheat, jute, tea, tobacco, sugar can, pulses, oil seeds, spices, potatoes, vegetables, banana, mango, coconut, jack fruits,

and pineapple, among others. Many other agriculture-related sectors also emerged, such as fertilizer, seed, cold-storage, and feed mill, among others. Presently, the Bangladesh Government is giving incentives to these sectors.

- **Natural Resources and Entrepreneurship:** Bangladesh is enriched with several mineral resources like natural gas, limestone, hard rock, coal, peat, lignite, silica sand, white clay, and radio-active sand. The country also has a very strong possibility for oil deposits.

- **Human Resource Development and Entrepreneurship:** Bangladesh has a substantial reserve of manpower. Trained and skilled labor, engineers, technicians, physicians, economists, managerial personnel, intelligent and youthful labor are available in the country.

- **Industrial Development and Entrepreneurship:** During the last three decades, Bangladesh has developed several industries like textiles, jute, tea, fertilizer, leather goods, transformer, sugar, electrical cable, electric battery, pharmaceuticals, light engineering, rubber products, furniture, and salt.

- **Exports and Entrepreneurship:** Principal exports of Bangladesh include-ready-made garments, knitwear, frozen food, tea, raw jute, jute products, chemical, ceramic, naphtha, furniture, and handicrafts.

- **Imports and Entrepreneurship:** As a developing country, Bangladesh has a long list of imported product requirements. These include wheat, oil seeds, raw cotton, edible oil,

Continued on page 10

Special Feature

... from page 9

petroleum, petroleum (crude), fertilizer, cement, staple fibers, yarn, iron & steel, capital machinery, and automobiles.

• EPZ and Entrepreneurship:

There are several existing export processing zones in Bangladesh. The Chittagong EPZ and the Dhaka EPZ are two of them. Some other EPZs under development are in Gazipur, Mongla, Ishwardi, Comilla, Sayedpur, Sirajganj and a Korean EPZ in Chittagong.

• Entrepreneurship Development and GDP Growth:

The GDP growth was 6.0% in 2004-2005 and 6.7% in 2006. Growth performance was underpinned by the rebound in agriculture and steady expansion in manufacturing, aided by continued buoyancy in services. Private consumption was the main driver of growth, bolstered by strong remittance inflows.

• Entrepreneurship and Development in Several Sectors:

Disbursement of industrial term loans during 2005-2006 stood higher at Tk. 9419.03 crores compared with Tk. 8704.52 crores during the same period of the processing year.

Total exports during the 2005-2006 period increased by US\$1.871 billion or 21.63 percent to US\$10.526 billion, compared with US\$8.654 billion during the 2004-2005 period:

- During July-May 2005-2006, exports of knitwear recorded robust growth. Exports of ready-made garments, jute goods, raw jute, leather, frozen food, engineering & electrical goods, chemical products also experienced same increase. On the other hand, exports of tea and agricultural products declined during the period.

- Import payments during the year 2005-2006 increased by US\$1.599 billion or 12.17 percent to US\$14.746 billion compared with US\$13.146 billion during the year 2004-2005.

Total revenue collection during year 2005-2006 increased by Tk. 4081.69 crore or 13.65 percent to Tk. 33986.81 crore compared with Tk. 29905.12 crore during 2004-2005.

ENTREPRENEURSHIP DEVELOPMENT PROSPECTS AND PROBLEMS

Entrepreneurship is the lifeblood of the business world and good managers have the ability to spot business opportunities and come up with new ideas.

Emerging economies are characterized by an increasing market orientation and an expanding economic foundation. The success of many of these economies is such that they are rapidly becoming major economic forces in the world. Entrepreneurship plays a key role in this economic development. Yet to date, little is known about entrepreneurship in emerging economies.

Despite faster pace of economic reforms towards market economy for more than a decade, private sector has not developed in the Bangladeshi market due to poor level of entrepreneurship that is the key to private sector development

The privatization program launched through denationalization and disinvestment has not contributed much to the strengthening and widening of the scope of entrepreneurship in Bangladesh. Industrial policy has been changed several times. Particularly, the industrial policies in 1991 and 1999 undertook sweeping changes towards market reforms.

More importantly, the government has vigorously replaced the public sector with private one. But, in reality, the vicious cycle of low savings and low investment continue to exist due to the country's dependence on foreign aid and increasing government's lending from domestic banks. Despite undertaking considerable extent of deregulation of financial

sector, medium and small size financial organizations have not been established.

The problem of entrepreneurship continues to hinder economic development as it did in the 1970s and 1980s. What is observed is the development of trading and real estate business where rates of returns are quite high, or there was a flight of capital.

Some argue that the issue of entrepreneurship is related to creativity. Bangladesh lacks the environment that stimulates creativity. The privatization, denationalization and disinvestment programs have set the process of 'de-industrialization', instead of promoting entrepreneurship. Some point out that it is the legacy of British colonial rule for two centuries and Pakistani discrimination by concentrating industrial locations in the western part. They further argue that the devastating War of Liberation has largely reduced the capacity. However, this historical reason for the lack of entrepreneurship does not deserve much importance after three decades of independence.

The question of creativity has some merits, but it must not be blamed for such a dismal picture of entrepreneurship in Bangladesh. Though creativity largely depends on national environment, the major problem lies with the systems of governance, marked by corruption, rent seeking and patronage.

Discretionary intervention through the widespread use of personal connections hinders the growth of entrepreneurship.

Real entrepreneurs don't get opportunities as provided by the government through its policy reforms. In disbursing loan, personal contact and influences played a big role. Entrepreneurial capability was overlooked in Bangladesh.

Law and order problems weaken property rights and as a result weaken the investors' decision to invest. These problems are clearly linked to the

Continued on page 11

From the Boardroom to the Ballroom



Anna Marie Periquet, chairman of the Young Entrepreneurs Group of Asia-Pacific (YEG-AP) has been keeping a secret for a year now. Today, it is no longer a secret.

Not known to many, this multi-faceted business, government and civic leader takes time off from her busy schedule by indulging in her number one passion – dance.

Anna is a Dance Sport athlete, and a Philippine and International Dance Sport Champion in the Latin American Dance Discipline. Together with one of the Philippine's top Latin competitors, dance partner Larry Iguidez, Jr., they have been consistently receiving accolades from various local and international competitions in the past year.

Bringing pride to the Philippines, Larry and Anna recently bagged the Gold Medal for Latin 3-Dance and Silver Medal for 4-Dance in the 2008 International Millennium Open to the World Competition held in Singapore last April 28, 2008. They bested dance sport athletes from Europe, Eastern Europe and the Asia-Pacific. Upon their return to the Philippines, they performed an honor dance for President Gloria Macapagal-Arroyo and His Eminence Cardinal Gaudencio Rosales.

Larry and Anna are also Champion for 2F Latin in the 2008 Dance Sport Council of the Philippines (DSCPI) First Ranking and Competition; Champion for 2F Latin in the 2007 DSCPI Nationals;

Champion for 2F Latin in the 2007 Invitational Sapphire Ball; and Silver Medal for the 2F Latin Event in the 2007 International Dance Sport Federation Open to the World Competition.

Anna began formal training in Latin Discipline under World and Philippine Dance Sport champion Edna Ledesma in October 2006, and foreign World Dance Sport champions Paul Harris from UK, and Luca Fani from Italy. Paul Harris is best known as the choreographer of Harry Potter Films.

At the age of 3, Anna began formal classical ballet training under Totoy de Oteyza and Inday Gaston Mañosa of Hariraya Dance Company. She performed in various ballet productions of the Company and became a member of the corps de ballet at the age of 14. She also took classical ballet workshops with the San Francisco Ballet School and with the American Ballet Academy in Geneva, Switzerland.

True to her advocacy on entrepreneurship, Anna is turning her

Continued on page 12

Special Feature

....from page 10

manner in which the law enforcement and criminal justice system functions.

Entrepreneurship has emerged over the last two decades as arguably the most potent economic force the world has ever experienced. With that expansion has come a similar increase in the field of entrepreneurship education. The recent growth and development in the curricula and programs devoted to entrepreneurship and new-venture creation have been remarkable. The number of colleges and universities that offer courses related to entrepreneurship has grown

from a handful in the 1970s to over 1,600 in 2005. In the midst of this huge expansion remains the challenge of complete academic legitimacy for entrepreneurship. While it can be argued that some legitimacy has been attained in the current state of entrepreneurship education, there are critical challenges that lie ahead.

CONCLUSION

The persistence of a 'predatory state' syndrome has created a nouveau riche class in society. Changes of organizations and policies under the conditions of globalization are not resulting in building a good class of entrepreneurs. This phenomenon is largely because of the

continuity of traditional institutions that discourage the local entrepreneurs. Embracing globalization before changing the existing values and norms in society creates the problem of incompatibility in adapting to the process of globalization.

But still business friendly policy reforms are ongoing in Bangladesh. SME finance policy and investment are practiced for which banks and other financial institutions are under pressure from Bangladesh Bank to reduce their interest rate. Government is encouraging SME and export promotions. New generations are going into business like youth and women. So, entrepreneurship is growing in Bangladesh. ■

From the Boardroom

.... from page 11

passion for dance and dance sport by establishing her latest business venture, Kessel Dance and Fitness Manila this coming September 2008. The dance and fitness academy will not only develop dancers but will highlight on the importance of dance to a person's well-being, health and wellness.

Anna graduated cum laude from the University of the Philippines with a degree in Broadcast Communication. In 1995, she completed a Fellowship in Active Labour Policy Development at the Institute for International Labour Studies of the International Labour Organization in Geneva, Switzerland.

Anna was appointed by former President Fidel V. Ramos as Youth Sector Representative in the 10th Congress of the House of Representatives. She is the author of Republic Act 8525, or the "Adopt-a-School Act of 1998" which seeks to provide access to quality education.

Following her stint in Congress, she was appointed by former President Joseph Estrada as Private Sector Representative to the Board of Small Business Guarantee and Finance Corporation (SBGFC) in 1998. She was re-appointed by President Gloria Macapagal-Arroyo in 2001, and continues to hold the position.

Concurrently, Anna is president of Anna Marie Home Collection (Philippines), Inc., owner of brand name Anna Marie Home. She is also president of Gourmet Delite Food Commissary, Inc., PSF Services, Inc. and the Aurelio Periquet Jr. Foundation. She is a member of the boards of Insurance of the Philippine Islands Co., Inc., Metro Cebu Public Savings Bank, and Lupel Marketing Corporation (makers of UNI Writing Instruments).

A recipient of several awards and citations from various organizations, Anna was recently cited in the coffee



table book "When She Takes The Lead: Women Who Have Shaped Philippine Society" in 2008; won the Distinguished Women in Service Award in 2007; and was cited as one of the "100 Most Successful Women in the Philippines" in celebration of the Women's Centennial Year in 2006.

Pirouetting from the boardroom to the ballroom, our YEG-AP chairman takes a bow. ■



Join Us . . .

Be a member of YEG-AP now!

The Young Entrepreneurs Group Asia-Pacific (YEG-AP) invites you to be a part of the most dynamic group of young entrepreneurs from Asia and the Pacific.

Membership in YEG-AP will provide international exposure and networking opportunities with colleagues and potential business partners from other countries in the Asia-Pacific region. Membership and nomination forms are available at the CACCI Secretariat Office with headquarters in Taipei, Taiwan through telephone numbers (886 2) 2725-5663 or (886 2) 2725-5664. You may also email us at cacci@ttn.net.

By the way, watch out for the launching of the YEG-AP Email Group. Coming soon!

YEGAP Officers Map Out Activities for 2008

In a teleconference arranged by the CACCI Secretariat on April 2, 2008, key officers of the CACCI Young Entrepreneurs Group Asia Pacific (YEGAP) discussed the planned activities of the Group for the year, identified specific tasks to be done, and designated the persons responsible for carrying them out.

YEGAP Chairman Mr. Anna Marie Periquet from the Philippines and YEGAP Vice Chairman Mr. Teisuke Suzuki from Japan exchanged views on what programs YEGAP should undertake in 2008 and how best to implement them. Executives of the CACCI Secretariat led by Director-General Dr. Webster W. Kiang and Deputy Director-General Mr. Amador Honrado also participated in the discussions.

YEGAP Newsletter

Foremost in the list of programs that Ms. Periquet and Mr. Suzuki decided to pursue this year is the publication of the second issue of *Entrepreneur Asia-Pacific*, the YEGAP Newsletter. Mr. Suzuki agreed to serve as Editor for the issue and requested the Secretariat to help in soliciting and compiling articles from members and in preparing the layout for the issue..

2nd Asia-Pacific Young Entrepreneur Award

Ms. Periquet and Mr. Suzuki also discussed the nomination process for the 2nd Asia-Pacific Young Entrepreneur Award. They were informed by the Secretariat of the interest expressed by several members to submit their nominees. Ms. Periquet and Mr. Suzuki said they would coordinate with their respective national chambers on their nominations for the Award.

YEGAP Breakout Session in Manila

The Secretariat informed Ms. Periquet and Mr. Suzuki of the 22nd



Ms. Anna Periquet



Mr. Teisuke Suzuki

CACCI Conference that would take place on **October 20-21, 2008 in Manila, Philippines**. It was noted that CACCI and the Philippine Chamber of Commerce and Industry (PCCI), which is hosting the event, have designed a program aimed at making this year's gathering another occasion for members to discuss current business issues and explore possible areas of cooperation. As in previous years, a break-out session on youth entrepreneurship will be held in conjunction with the Conference. The session is scheduled from 14:00 hrs. to 15:30 hrs. on October 20.

Ms. Periquet and Mr. Suzuki agreed to divide the 90-minute breakout session into two parts. Part One, which will run for one hour, will feature two to three speakers who will talk on designated topics (to be discussed and agreed upon later by Ms. Periquet and Mr. Suzuki). Part Two, which will run for 30 minutes and will focus on planned activities of YEGAP for the next year (e.g, future issues of the Newsletter, membership expansion, etc.)

Ms. Periquet said she would invite participants from among the young businessmen as well as women entrepreneur groups in the Philippines. For his part, Mr. Suzuki promised to organize a delegation from Japan, including young women entrepreneurs if possible. He also agreed to host a cocktail reception in Manila to provide an opportunity for the Japanese delegates to meet their counterparts from the Philippines

and other CACCI member countries attending the Manila Conference.

This year's CACCI Conference will focus on the theme "**Enhancing the Global Economic Role of the Asia-Pacific Region.**" It aims to look at the current macroeconomic challenges in the region, the risks and opportunities faced by Asian economies, and strategies they can adopt to be able to play a greater role in the world market.

The CACCI event in Manila will take place immediately before the Philippine Business Conference (PBC), which is organized by the PCCI and considered the biggest annual gathering of local businessmen in the country. Holding the CACCI Conference close to the PBC would allow the delegates from other regions of the Philippines to attend the CACCI Conference and network with other CACCI members, providing more opportunity for greater interaction.

E-mail Group

The CACCI Secretariat was requested to explore options for setting up the E-mail Group of YEGAP, based on the updated membership list, to facilitate communication and exchange of info among members.

Sub-Committees

The CACCI Secretariat was asked to identify qualified members from other countries – possibly Taiwan and India – who can take the chairmanship of the proposed YEGAP Committee on Membership (which will be tasked to propose ways of expanding membership of YEGAP and strengthening networking among members) and the Committee on Programs (which will be responsible for taking a leading role in formulating and implementing YEGAP programs and activities). ■