Asian Entrepreneurship

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What is entrepreneurship?

- The best example of entrepreneurship: starting of a new business venture
- It is an individual **risk-taking** activity
- Problem solving at the local or global level
- Some individuals are better suited? (introvert-extrovert?)
- It requires a good **commercialize-able** idea
- It requires some **capital**
- The entrepreneurs as innovators.
- A form of creative destruction: new ideas pushing out older ways
- It can be classified into small or home business to multinational companies
What does it take to be a risk-taking, creative entrepreneur?

- Ability to take a risk - acceptance failure risk.
- Innovation - novel to the market, responds to a need (if not a market economy?)
- Visionary and Leadership quality - how to turn idea into reality, leadership quality.
- Open-Minded - an individual trait and a cultural one also?
- Flexibility - “think on your feet”
- Know your Product - knowledge of the industry, product, technology market
What are different types of entrepreneurship?
As many as there are different entrepreneurs!

The one I find most helpful:

- Small business entrepreneurship.
- Large company entrepreneurship.
- Scalable startup entrepreneurship.
- Social entrepreneurship.
- Innovative entrepreneurship.
- Hustler entrepreneurship.
- Imitator entrepreneurship.
- Researcher entrepreneurship.

You find all of them in Asia at large today.
Why is entrepreneurship important to a society and national economy?

- Creation of Employment
- Innovation - increase the standard of living of people.
- Impact on Society and Community Development - catalyzing changes, higher expenditure on education, better sanitation, fewer slums, homeownership
- Create a middle class: the great challenge of emerging economies
- Way out poverty: issue of economic development central
- Increase disposable income, create tax revenues
- Supports research and development - for new products and services
- May sometimes create “global startups” ventures going global
Asian Emerging Economies as World Growth Center

- McKinsey Global Institute: 2025 Asia 50% of world’s total consumption
- How did Asia catch-up? A development puzzle
- Do all lower-income countries catch up to higher income ones?
- Shenzhen from poor fishing village 1980 to world city of electronics
- Secret recipe: case of China-PRC? Example of Pearl River Delta Mega-Region
Asian Paths to Development: Growth Strategies

- Essential to grasp growth path to understand Asian entrepreneurship
- Stages model (W. Rostow) to take-off phase
- Classical case of Asian Tiger 1960-1990
- R. M. Solow (1956), Nobel Prize: growth stages theory
- New capital and high savings rate as explanatory model
- Lower-income countries will catch higher-income countries: conclusion
- Can backward nations skip several stages: yes! By adopting new technologies
- Turning latecomer nations’ backwardness into an advantage: skipping stages
Asian Paths to Development: The East Asia Flying Geese Model

- Rapid pace catch-up, Best example: East-Asia
- Japan, South Korea, Taiwan, Hong Kong
- All experienced common features in sequential and tandem growth patterns
- Japan led: Unique characteristics and historical circumstances (keiretsu)
- Taiwan: abundant SMEs (Japan influence)
- Followed by S. Korea dominated by conglomerates (chaebols)
- China as the “tail” becoming the “factory of the world” and export-led growth
Asian Paths to Development: Catch-up Pathways

- Transiting from the bazaar economy (informal, covert) to world-class competitors
- Convergence of the trio: information, communication and technology as engines
- Importance of entrepreneurs therefore as “global heroes” in catch-up
- An indispensable component of growth and prosperity
- As late comers, Asian firms start as original equipment manufacturers (OEM)
- First making products sold abroad under the brand name of another company
- Then following a catch-up and overtake path becoming competitors
Asia Today

- Catch-up process largely completed: Reality sets in
- New breed of global entrepreneurs has grown using global networks
- Greatest strength: human capital and product development
- Rivaling the US and European Union
- GEI Global Entrepreneurship Index
- An annual index that measures the entrepreneurship ecosystems in 137 countries
The Top Ten Countries in Asia-Pacific in the Global Entrepreneurship Index

- AUSTRALIA
- NEW ZEALAND
- HONG KONG SAR, CHINA
- INDONESIA
- MALAYSIA
- PHILIPPINES
- THAILAND
- CHINA
- INDIA
- JAPAN
- SOUTH KOREA
- SINGAPORE
- TAIWAN
- VIETNAM
The Special Case of China and US Tech Entrepreneurship Compared

- Question for the class: is there a convergence?
- What are the differences?