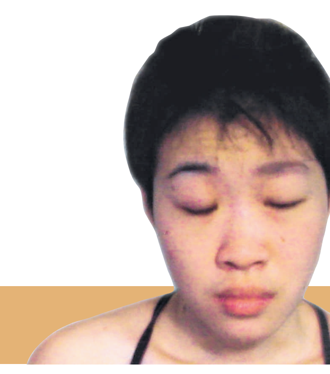


A21 Indonesia must tackle religious extremism A20 Beware of Asian Flush syndrome

Upholding standards in private education

THE regulatory overhaul of the sub-tertiary private education sector has seen fewer international students coming to Singapore. It had to happen, as under 350 institutions at last count satisfied operating requirements of the Council for Private Education, compared with the thousand or so schools accepting students in pre-regulation days. This was Darwinian winnowing of the unfit, and completely justified in the circumstances. It would be a pity if the Singapore brand was degraded by dubious business people.

Foreign enrolments in the universities are also down, but this should be treated as a separate matter as more places are being provided for Singaporean applicants. Countries that gain substantial earnings from higher education usually have a surplus of universities, some kept afloat by full fee-paying foreigners. Australia is an example. Singapore's ambitions should be more focused, with academic standards and absorptive capacity the considerations. It is for good reason that international peer approval of Singapore universities has been rising, especially of the National University of Singapore and its research capability.

But safeguarding Singapore's reputation for quality and reliability was urgent in the private schools sector as too many of them were of doubtful utility. Many had been run purely as fee-taking businesses by entrepreneurs who had insufficient background in education. Until belated reforms came, foreign students with fees paid up were essentially cheated when schools closed. Course certifications and teaching quality were questionable, schools' finances of a suspicious opacity. It got so bad at one stage, the media in China began running advisories.

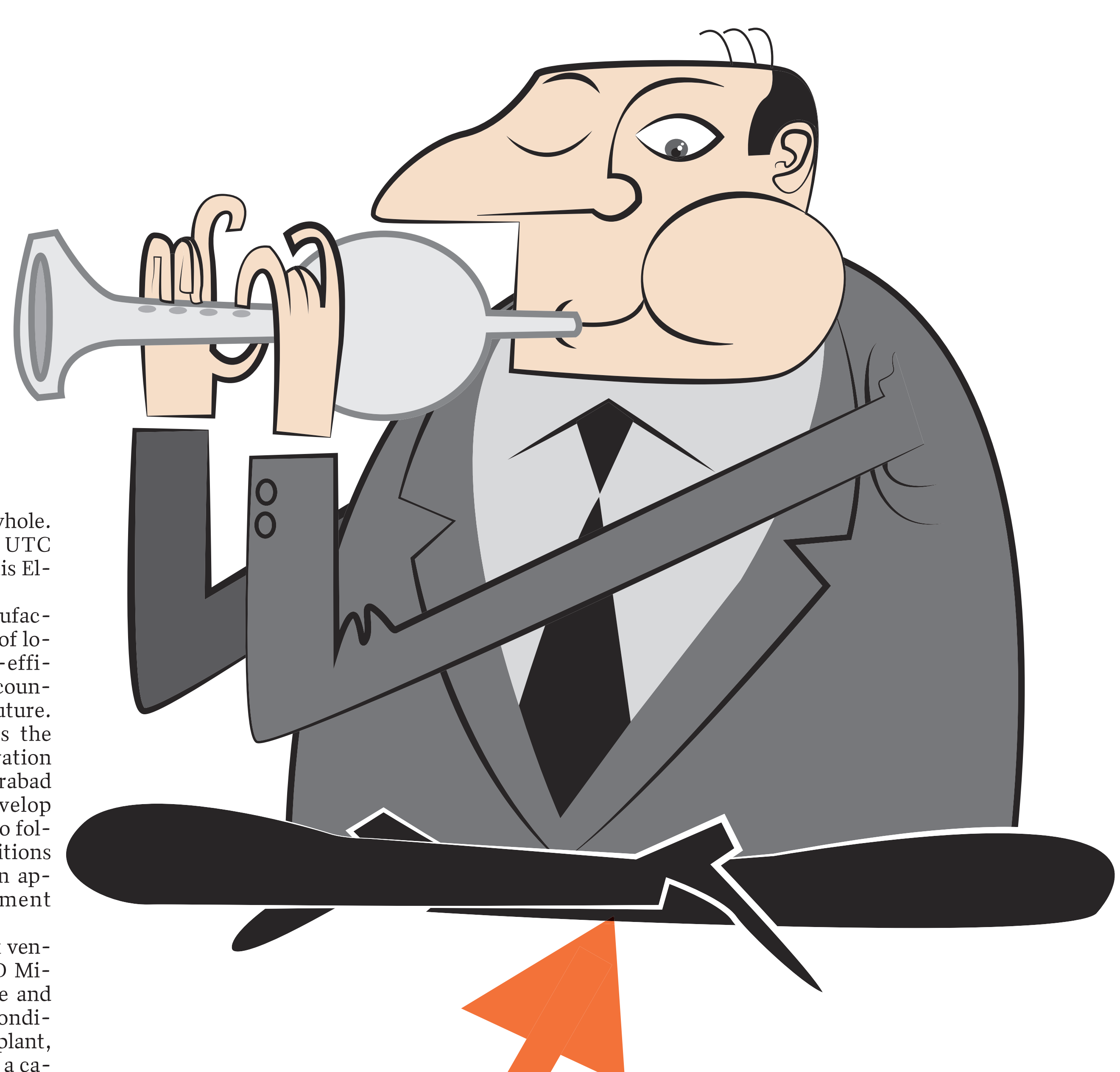
With the culling accomplished and legal protection for fees and operational matters mandated, Singapore can confidently build on the existing core to work towards its long-term target of selling education as an export. Student numbers will rise when word spreads and approved schools expand. At that stage of educational evolution, no distinction need be made between universities and pre-tertiary schools in export promotion. Singapore will have two more state universities operating by then.

The importance of quality assurance when competing for students cannot be underestimated. For example, British universities and boarding schools are starting up in Johor's Iskandar region and Singaporeans too have been drawn there. China has a sizeable presence of foreign institutions and demand is barely sated. The Singapore brand can hold its own against the competition if a welcoming climate prevails. Top foreign students who have studied here would be the Republic's most avid promoters when they reach positions of influence.

Success stories of five foreign firms in India

BY INVITATION

By TARUN DAS
FOR THE STRAITS TIMES



SURVEYS that rank "doing business in the country" are usually depressing. They give the impression that there are many other preferred countries when it comes to doing business.

The reality seems different. Indian companies, for instance, have thrived. Just-released data show that Tata Group's annualised revenues have crossed US$100 billion (S$122 billion).

Many others, such as the Aditya Birla Group, Reliance Industries, Bajaj Group, Mahindra and Mahindra, and TVS, are growing and prospering. There is also an explosion of new Indian entrepreneurship leading to competitive small and medium enterprises.

But these are Indian companies and entrepreneurs working in their own country. What of foreign companies? Since foreign companies operate in many sectors and in many different ways, the answers could be different.

Voith is a German company with activities in several areas: paper machinery, energy, oil and gas, raw material, industrial and engineering services, and automotive and transport.

It employs 40,000 people worldwide, generates €5.6 billion (S$8.8 billion) in sales, operates in over 50 countries and is one of Europe's largest family-owned companies. Voith started manufacturing in India in 1987, and it celebrates its silver jubilee this year.

It operates its businesses in a decentralised manner. Each unit is a separate company in India with its own chief executive and management. Each reports back to its respective leadership in Germany. A recent innovation has been the setting up of an India advisory board, which interfaces with the CEO and his senior colleagues in Germany and helps facilitate exchanges and coordination among the Voith companies in India.

So here is a multi-industry foreign company operating all its businesses in India and growing steadily. The company has an "all-Indian" executive team in the country.

In the words of Dr Hubert Lienhard, Voith GmbH president and CEO: "As a global company, we take pride in being part of this rising nation. In the coming years, Voith will continue to make significant contributions as we play a part in empowering India."

Dr Lienhard and the heads of the different businesses in Germany make regular visits to India to stay in touch, and the Indian CEOs visit Germany likewise.

United Technologies Corporation (UTC) of the US is a US$58 billion group in India. Its activities are in air-conditioning, heating, ventilation and refrigeration, elevators, engines and aerospace.

Its chairman and CEO, Mr Louis Chenevert, makes two visits to India each year and, while each business activity in India has a CEO who is Indian, there is an innovative structure in place with a "senior managing director", Mr Zubin Irani, responsible for India strategy, sharing information and charting UTC's future as a whole.

> The strategies which work are long-term approach, steady growth, local management, dynamic support from the global HQ, deep attention to the Indian market's uniqueness and joint ventures with good partners where required.

The companies in the UTC group in India are Carrier, Otis Elevators and Sikorsky.

UTC's strategy is to manufacture in India, follow a policy of localisation, enhance energy-efficient technology use in the country and invest early for the future. An interesting dimension is the 100-engineer-strong innovation centre being set up in Hyderabad to work on software to develop components. The group is also following a strategy of acquisitions in India wherever there is an appropriate fit to complement UTC's capabilities.

Another initiative is a joint venture between Carrier and GD Midea Holding (China) to make and distribute residential air-conditioning systems. Their new plant, to be ready in December, has a capacity of one million units.

Mr Chevenert says that "this is an exciting time for us, globally and in India". Last year, UTC got close to US$700 million in sales and by end-2012, it should touch US$1 billion. The target: US$2.5 billion by 2015, which could happen well before the target year.

The third company is JCB of Britain, a private limited engineering and construction equipment company chaired globally by Sir Anthony Bamford. Starting in India originally with a joint venture, JCB is now on its own.

JCB in India today is the largest construction equipment manufacturer, selling more than 150,000 machines annually. One out of two construction equipment sold in India is by JCB. It has made heavy manufacturing investment in India with three plants and a fourth in the pipeline. It has adopted a policy of exemplary quality systems, state of the art technology and manufacturing principles.

JCB, too, has an entirely local, Indian leadership under CEO Vipin Sondhi and is strongly supported by the global headquarters in Rocester, Britain. It has the distinction of having in India the world's largest backhoe manufacturing plant, making 100 machines per shift.

JCB has also gone for indigenous design and development of low-cost products suited for India's rural economy. India has become part of JCB's global export chain, especially for Africa.

In addition, there is huge emphasis on training, especially of dealers, to ensure efficient after-sales service and distribution. Many of those associated with JCB as operators have become entrepreneurs, encouraged by JCB.

The fourth company is from Turkey, Soktas Textiles, with a plant in the interior of Maharashtra-Kolhapur. It had been attracted to India by its human capital, knowledge of English, affinity, competitive labour costs, social mobility of people and a huge domestic market.

With an investment of US$50 million and International Finance Corporation as a partner, the company has entirely local management and no joint ventures. Soktas finds the Indian consumer sophisticated, brand-conscious and without prejudices.

Soktas is a company at a different level from UTC, JCB and Voith; it can best be described as mid-sized, focused on worker relations and marketing out of Bangalore. It is another success story.

Last, but not the least, is a Singapore company, Gateway Distriparks, chaired and led by Mr Gopinath Pillai of Singapore. It is a 20-year India-Singapore joint venture in the logistics and transportation industry, and is involved in storage and distribution of goods throughout India. It also has a nationwide network of cold stores serviced by a fleet of refrigerated trucks.

The joint venture has been sustained and successful. The Indian partner and promoter, NTSC, has been more than reliable, led by Mr Prem Kishan Gupta.

Its 20-year story was publicised during the visit of Singapore's Prime Minister on July 12 in New Delhi. In the words of Mr Gopinath, "a group of private entrepreneurs from Singapore and their partner from India have successfully created a business enterprise that has become a significant player".

These are five examples of foreign companies successful in India and looking forward to even greater success. The businesses are varied and the structures are different.

The strategies which work are long-term approach, steady growth, local management, dynamic support from the global HQ, deep attention to the Indian market's uniqueness and joint ventures with good partners where required.

Of course, there are challenges of doing business in India. But the stories of these five companies are not unique.

Many foreign companies are operating and doing business successfully in India. Its urbanisation and demographics, plus the evolution of the rural economy, offer a market of scale and huge opportunity. There is always a choice to be made, whether to be in India or not. It would be wise for a company to be "in".

The writer headed the Confederation of Indian Industry (CII) for more than 30 years, stepping down as chief mentor in 2009. The CII has international offices in several countries, including Singapore, China and the United States.

By Invitation features leading thinkers and writers from the region and Singapore.