



What Are Asian Entrepreneurs Afraid of?

BUSINESS NEWS

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Asia appears to be in a sweet spot: it is home to some of the world's largest economies, has a stable growth outlook, a burgeoning middle class and many cities where low taxes and fewer regulations make it easy to do business. Yet this does not seem to be enough to tickle an entrepreneurial spirit.

And that is because Asians are scared of failing, experts told CNBC, adding that this fear of failure is the biggest obstacle in the path of Asia's entrepreneurs and the one thing that separates them from their U.S. peers.

"There are huge numbers of graduates in Asia and that's fine. But entrepreneurs - individuals that have a like mindset and are prepared to take a risk to start a business?, I'm not sure about that," said Mykolas Rambus, the CEO of Wealth-X, a research firm that tracks the ultra-wealthy.

"The price of failure in the U.S. is that you learn from your mistakes and try again - banks can be accepting of that, the community can be accepting of that, your family can be accepting of that," Rambus adds. "I don't see that being the case in Asia. Failure is branded that way permanently."

Some well-known examples of businessmen in the U.S. who met with failure well before they met with success include Walt Disney, whose first animation company went bankrupt. Harvard drop-out Bill Gates and Microsoft co-founder Paul Allen met with failure in their first venture, a business called Traf-O-Data. They went on to create the tech giant.

But while failure in the U.S. is seen as something to learn from, in Asia failure is frowned upon and experts say this mindset is holding back entrepreneurship in a region where a growing consumer class and bright economic prospects point to strong opportunities for risk-takers.

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They add that finding a stable job and rising through the ranks of well-established companies are still more widely acknowledged as a sign of success than risk taking to start a new venture.

"Why is the American Dream so crucial to the success of America? It's still a place where ideas flourish and where you're rewarded for your hard work and not judged based on your color or race or religion," said Liew Kee Sin, CEO of SP Setia, one of Malaysia's leading property developers and who has been credited with the company's success.

"We're not there yet but we're working towards that. Hopefully more entrepreneurs in this part of the world can show that this is the way to go," he said.

Liew's ability to read the market and get the company to invest in large tracks of land long before the property market boomed is seen as a reason for the company's success.

Change the Way You Think

According to experts the fear of failure in Asia is stronger than in other parts of the world mostly because of traditional family expectations, with parents encouraging children to follow a predictable career path such as becoming a lawyer or engineer, while children feel pressured to meet that expectation.

Attitudes towards risk-taking also varied across the region, said experts, with fear of failure stronger in traditionally conservative countries such as Japan, Taiwan and Singapore and less pronounced in countries such as India, which has strong roots in entrepreneurship.

"Why have Indian entrepreneurs been so successful? I think part of the reason is because the downside risk is not as strong as for a Japanese entrepreneur in terms of family, structure and so

on," said Rambus of Wealth-X.

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What's required in Asia is a mentality shift, says Damien Duhamel, managing partner for Asia-Pacific at Singapore-based marketing consultancy firm Solidiance.

"Singapore is risk-averse traditionally, a lot of Singaporean entrepreneurs are not necessarily Singaporean born and bred," Duhamel said, adding that a good case in point is TWG, a popular luxury Tea brand, founded by two expatriates who decided to take a risk in the city state six years ago.

Co-founder Taha Bouqdib uprooted his family from Paris to move to Singapore to set up the luxury tea brand with business partner Manoj Murjani who is of Indian origin and was living in Singapore at the time. TWG is now regarded as one of the world's finest tea brands.

Wealth-X's Rambus agrees that attitudes towards failure in Asia need to change.

"What makes a successful entrepreneur? It's failure. Have you heard that expression 'fail often and fail quickly', that's what drives entrepreneurship," he said.

Signs of Change?

Duhamel of Solidiance said there are some positive signs. Universities in Singapore, for example, were encouraging programs that help students take a year off and develop their own business.

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"Fifteen years ago entrepreneurs in Asia were viewed as outcasts from society. This is because peer pressure in Asia is stronger than in Europe - there is greater pressure to get married, stay put, and buy a house and a car. It was not the norm to take a year off, go travelling etc," said Duhamel. "The younger crowd does seem happier to stick its neck out [now]."

The growth of the internet and some success stories are all positive for helping that shift in attitudes towards risk-taking, analysts said.

Even Japan, viewed as one of the most risk-averse countries in Asia when it comes to new start-ups, is showing signs of change.

In 2004, Yusaka Maezawa, member of a Japanese punk band, founded online fashion outlet Zozotown which started with offering clothes from 17 shops and has since become a mega site that now houses more than 1,500 brands.

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According to industry journals, the website at the time was completely unique in Japan and became an overnight success among young, internet-savvy Japanese consumers. And at age 37, Maezawa ranks number 42 on Forbes' list of Japan's 50 richest individuals, with a net worth of about \$740 million.

Ultimately, success as an entrepreneur depends not on where you were born but the DNA you were born with, says SP Setia's Liew.

"The DNA of an entrepreneur is the same, whether they're in Malaysia or the U.S. They can take a risk and they have an ability to read the market," he added.

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