

## FROM THE EDITOR

Uncertainty. Volatility. Risk. The mere mention of these words can unnerve the most stoic of corporate leaders to assume a defensive posture and ready themselves for the inevitable storm ahead. The way they choose to manage these factors is often dependent on the type of risk preferences they are willing to assume, and their ability to employ the skills, knowledge and insights available to them. Unfortunately, many firms lose sight of their vision in a reactionary grasp at survival, and soon find themselves battling crisis after crisis.

The reality of the matter is that uncertainty, volatility and risk are a part of life in the global economy. In this day and age, the ability to embrace these aspects is the difference between surviving and thriving. Asian Management Insights explores this topic further. Our distinguished authors' insights and observations on how firms are reshaping their markets will provide stimulating reading for anyone interested in running a successful business—even under these onerous conditions.

Sustained competitive advantage requires leadership and innovation. In this issue, the former President of Singapore, Mr S. R. Nathan, shares his thoughts on how newly independent Singapore navigated through its extremely fragile and uncertain future. The city-state's success, he argues, was in large part due to a strong, competent leadership that maintained a long-term vision and commitment to investing in human capital. In an interesting aside, he also tells Asian Management Insights that collaboration between the regulators and the private sector does not necessarily have to be at odds with one another.

If risk and uncertainty are inherent in all complex business relationships, how can firms succeed in volatile markets? As one of our contributors notes, leveraging a firm's more intangible market-based assets, such as its ecosystem and networks, is essential to succeeding in rockier markets. But even the term 'rocky' often reflects ambiguity bias and unfamiliarity with a market—and investors, wherever they are located, often overlook many opportunities. Indeed, as one of our authors argues, Asian conglomerates are significantly undervalued, which raises thought-provoking questions on unrealised opportunities within the region.

Our authors also explore how firms will have to rethink conventional strategies to manage cross-border talent, wealth and reputation.

These are exciting times. The formation of the ASEAN Economic Community, now just months away, will become

the sixth largest economy in the world, creating new business frontiers.

China—now the world's largest economy—together with India, is once again travelling the Silk Road. This journey sees Indian firms adapting and redefining their own manufacturing and service models as they enter China, and modifying them yet again as they re-examine the future of their home markets. It is the ability of firms to learn from one market and bring those insights into another that is imperative to developing dynamic capabilities to thrive in the face of uncertainty.

As our authors also point out, in the years since the 2008 global financial crisis, we have witnessed a rush of money from quantitative easing in the developed markets flow into emerging market bonds. Emerging market debt is now five times higher than the debt levels witnessed prior to the collapse of Lehman Brothers, and while market volatility has been at an all time low, it is now showing signs of returning.

Managing uncertainty is never an easy task. But strong leadership and innovation continue to be timeless advice for governments and corporate policy makers alike. Successful businesses need to be adaptive and resilient, and must embrace change constantly. Inertia is not an option.



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