

Doing Business in Singapore

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“If you were smart in 1807 you moved to London, if you were smart in 1907 you moved to New York City, and if you are smart in 2007 you move to Asia... Singapore 40 years ago was a swamp with a half a million people. Singapore now, 40 years later, is the country with the largest foreign currency reserve per capita of any country in the world. Singapore is going to be the financial center of Southeast Asia, probably Asia, and likely one of the top financial centers of the world... It is astonishing what was accomplished in Singapore in so little time... It’s got the best education in the world, the best health care in the world. It’s astonishing to come to Singapore and see that everything works....”

Jim Rogers, financial guru and bestselling author

As with Jim Rogers, many businesspeople from all over the world, including Canada, consider Singapore a great location in which to setup their business or even home. A Southeast Asian man-made city-state off the southern tip of the Malay Peninsula, Singapore is well known for its clean and safe living environment but also the economic miracle it has achieved. As one of the four Asian Tigers, Singapore has managed to move into the upper echelon of world economies. It has been ranked as one of the wealthiest nations in the world. It is currently the only Asian country to have AAA credit ratings from all three major credit rating agencies – Standard & Poor's, Moody's, and Fitch. It has become one of the top trading and foreign direct investment destinations because of its strategic location, advanced infrastructure, skilled workforce, and low tax rates. Singapore’s efficient and effective business environment has played a key role in attracting business to Singapore. Singapore has the best IP protection regime in Asia. It has consistently scored near the top in the World Bank’s rating of ease of doing business.

This pro-business environment in Singapore was an outcome of deliberate steps taken by Singapore’s leaders since the country’s foundation in 1965. When doing business in Singapore, one is most certain to encounter acronyms such as MOM (The Ministry of Manpower), MOE (The Ministry of Education), MTI (The Ministry Of Trade and Industry), MAS (The Monetary Authority of Singapore), EDB (The Economic Development Board), HDB (The Housing and Development Board), SPRING (The Standards, Productivity and Innovation Board), CPIB (Corrupt Practices Investigation Bureau), NPTD (The National Population and Talent Division), and JTC (Jurong Town Corporation). These are some examples of the institutions that contribute to Singapore’s strong pro-business reputation.

Although Singapore has perhaps the most robust set of institutions among all nations in Asia, firms doing business in Singapore may still face problems. A good understanding of the unique business environment in Singapore is a first step to succeeding in this market. The

accompanying four cases have been selected to highlight salient managerial issues facing companies of all sizes in doing business in Singapore.

COMPASSION WEB

The Singapore government encourages entrepreneurship and Singapore's pro-business environment is particularly attractive to technopreneurs whose ideas were at the forefront of technology. This case illustrates the challenges faced by a typical technopreneur in the software business in Singapore. Similar to most entrepreneurs, Ong, the founder of Compassion, had not started his business with a well-developed business plan. Shortly after the completion of his undergraduate study in the National University of Singapore in 1995, Ong became an entrepreneur. He grabbed the opportunities that landed at his doorstep and tried to make the best out of these opportunities. He was encouraged by initial successes and was soon swamped with issues which he did not foresee at the start of his business. To address these issues and to ensure long-term development of his business, Ong needed a proper business model to guide the business in the fast-changing environment. The case not only presents general issues faced by entrepreneurs but also specific features of Singapore's business environment.

EAT2EAT.COM

Eat2Eat.com tells a related yet different story of an entrepreneur as compared to the Compassion case. Both Compassion and Eat2Eat.com are startups but at the time of the case, Eat2Eat.com was at a more advanced stage in business development than Compassion. Vikram Aggarwal, an entrepreneur and former investment banker, launched Eat2Eat.com in 2000 in Singapore with US\$1 million of his own capital. As the name of the company suggests, Eat2Eat.com was an internet-based company providing restaurant reservation service. Its service covered nine cities in the Asia Pacific region and the company would like to increase the coverage to three more cities in 2006. Given the expansion of the company, the business model which worked in the past five years needed to be re-examined and adjusted. One immediate hurdle in its expansion was its relative small user base. Aggarwal's long goal was to change the way people made plans to eat out. Yet, like all entrepreneurs, he was constrained by limited resources. The case provides a detailed account of challenges faced by a Singapore-based startup at an expansion stage in business development.

STRATEGIC ENTREPRENEURSHIP IN EMERGING MARKET MULTINATIONALS: MARCO POLO MARINE

In addition to an understanding of the business environment in Singapore, it is important to get to know multinationals emerging from Singapore as they are likely to be partners or competitors for companies who are thinking of doing business in Singapore. Marco Polo Marine Ltd. (MPM) is a medium-sized Singaporean shipping company involved in regional shipping and ship-building industries. Shipping and ship-building industries are two key industries in Singapore given its strategic location. MPM is listed on the Singapore Stock

Exchange. As part of a larger Indonesian family business group, the company was built from scratch by the chief executive officer, Sean Lee, the heir to the group. He started the shipping business by providing barges to transport mining products and sand for the group's mining operations and for third parties. Then he entered the shipbuilding industry by establishing a shipyard in Batam, Indonesia. His next goal is to become a global player in the offshore marine services sector. He needs a strategic plan to achieve this goal. The case provides a good example of the so-called "emerging market multinationals". It helps readers understand the specific growth strategies adopted by these companies and the challenges they face in competing with more established incumbents in global industries.

EAGLE SERVICES ASIA

Different from the above three cases on indigenous Singaporean companies. This case provides an account of business issues faced by a foreign firm doing business in Singapore. Eagle Services Asia (ESA) was a joint venture between Pratt & Whitney (P&W), a Connecticut-based company, and SIA Engineering Company (AIAEC) Engine Overhaul Division (EOD) in 1998. P&W had 51% equity ownership in the joint venture. The case chronicles the formation and transformation of a Singaporean joint venture. It describes typical issues and cultural difficulties often associated with international joint ventures. The highlight of the case is a forced shutdown by the Civilian Aviation Authority of Singapore (CAAS). The suspension notice from CAAS shocked workers, customers and the management. This crisis resulted in a major shakeup the ESA management team who decided to use lean management principles to reinvigorate the joint venture. The case not only provides a detailed account of the challenges of operating an international joint venture in Singapore but also highlights the active role played by government, a key feature of the business environment in Singapore.