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## Singapore Business Opportunities

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### ABSTRACT

*A good start up needs a good business environment for better development and sustainability of the business in which it established. Singapore's economic success is characterised by the pioneering spirit of its forefathers. Today, this same immovable soul is epitomized in our 180,000 little and medium ventures (SMEs), which keep on serving as the building squares of the economy. SMEs make up 99% of the nation's ventures and add to about a large portion of the GDP. As SMEs utilize 70% of Singapore's workforce, these ventures assume a noteworthy part in the improvement of Singapore's future and to make steady employments for Singaporeans. Singapore is one of the best countries to start up a business, its business environment, tax systems, and Government policies, encourages privatization, and with the huge customer base for every market and also a high standard of living of the people is a perfect destination for all entrepreneurs and for their ideas to establish in Singapore.*

**Keywords:** Privatization, Destination, Entrepreneurs.

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### INTRODUCTION

Many Finnish companies nowadays are expanding their operations in different other countries in the world. This process is called globalisations and it is becoming more and more popular from each year. It is quite hard to find a Finnish company, which operates only locally in the country and does not have any kind of business abroad. After looking for the most popular places for Finnish companies for opening or transferring their business, it was very surprising to note how many of the companies have chosen Singapore. According to the statistics, there are approximately 90 Finnish companies located in Singapore (Pinnerup 2004). Moreover, at that time it was already known that the author of this thesis would go there for an exchange period. It was decided to find out the reasons for so extensive interest in Singapore from the view point of Finnish companies.

### HISTORY

Singapore is situated in Southeast Asia and is surrounded by Malaysia from the north and Indonesia from the southwest. Singapore is a small country which has a land area of 715,8 square kilometers. The total population of the country is 5 312 400 inhabitants (Statistics Singapore 2012). Being geographically just a small dot on the map, the country has the 3rd place on the list made by the Forbes Magazine of the wealthiest countries in the world (Greenfield 2012). One popular US investor, Jim Rogers, said about Singapore: "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...It is astonishing to come to Singapore and how it works.

The history of Singapore begins in the year of 1818 when the British Lieutenant General Sir Stamford Raffles received an order to find a place which would help Britain to enlarge their trade opportunities with China. By the year 1819, after long searching, Sir Stamford Raffles with the British East India Company chose Singapore. In a few years' time, Singapore became a commercial and military center for Great Britain in Asia. In 1862, together with the Malay Peninsula and Malacca, they formed the Straights Settlements and they were controlled by British India. After this in 1867, the Straights Settlements were reformed in a Crown Colony and were ruled by the Colonial Office in London (A Brief History of Singapore).

During the Second World War, the Japanese occupied the country. After the war, Singapore was a miserable country with very strong problems such as poor growth of the economy, unemployment, the destroyed infrastructure and political instability. On the other hand, that situation provided the inhabitants of the country the desire to get independence. It was achieved in the following years. First, the country became independent from Great Britain in August 1963 and became a part of Malaysian Federation. After some conflicts with the Malaysian governments, on 9 August 1965 Singapore gained its independence and proclaimed itself as the Republic of Singapore. On this day the country has its National day celebration (A Brief History of Singapore).

### **Advantages**

Singapore is located in a very small territory. There are no natural resources. Moreover, the distance between Finland and Singapore is approximately 12 859 kilometers (Google Maps). However, in 2004 there were already 90 Finnish companies located in Singapore (Pinnerup 2004). Furthermore, the largest companies of Finland have their subsidiaries in Singapore.

### **Location**

First of all, one of the main advantages of the country is location. The country is located in the heart of Southeast Asia. Furthermore, this fact gives an opportunity for the business to have "an access to a market of 2.8 billion people within a few hour flights." Also, the country has the status of "a premier International Maritime Centre" thanks to its port.

### **Tax System**

In addition to the well-organized port and strategic location, the country has a very good tax-system for the business organisations. For example, the personal tax rate for the first S\$20 000 (12 532 euro) is 0%, for the next S\$10 000 (6 266 euro) it is 2%, and for the next S\$10 000 it is 3,5%. The personal tax rate for the following S\$40 000 (25 065 euro) is 7%, for the following S\$40 000 11,5% and for the next limit, it is 15% and the following one 17%. For the next S\$120 000 (75 195 euro) the personal tax is 18% and the tax rate on S\$320 000 and above (200 520 euro) is 20%.

### **Government**

Based on the companies' experiences, one more advantage which attracts Finnish companies to open their businesses in Singapore is the political stability of the country. Nowadays, the country has a parliamentary democracy and the Prime Minister is Lee Hsien Loong. He is the leader of People's Action Party.

In Singapore, a legal system is written under the English common law. On the other hand, there is also a President in Singapore who is taking care of appointing the Prime Minister of Singapore. At present, the President in Singapore is Tony Tan Keng Yam. The President gives advice to the Prime Minister. Besides, the President is also responsible for selecting the Ministers from the Members of Parliament.

### **Ease of Privatization**

Another beneficial factor in the Singaporean business environment is that it is very easy to start a business in the country. First of all, Singapore Companies Act states that every person who has reached the age of 18 can register a company. The most common type of a company in the country is a private limited company. It is the most widespread type of the companies in the country and the reason for that is the tax system for these companies.

### **Economy**

Singapore is in the third place on the list of the richest countries according to its GDP per capita. Besides, Singapore has a "large current account surplus, balanced fiscal budget, high savings rates and zero foreign debts." The author of the article "Who will win the currency wars?" James Gruber mentioned that these statements are "not bad for a country with no natural resources and small population". He is also calling Singapore "the new Switzerland" and he is sure that Singapore has the strongest currency in Asia and will continue to have it in the future.

### **High life Standards**

According to the research made by Janus Corporate Solutions Pte Ltd, one of the big advantages in Singapore is that the country has a high quality of life. It is important for the business because of many Finnish employees, who are moving to Singapore, take their families with them (Why Chose Singapore). The main factors, which determine the quality of life, are the political and social environment, economic environment, socio-cultural environment, health and sanitation, education, public services and transportation, recreation, natural environment, consumer goods and housing.

## **Singapore Government Agencies**

### **Franchising**

In consistently maintaining a low level of bureaucratic red tape, there are no/minimum laws or government agencies that regulate the offer and sale of franchises. The Franchising and Licensing Association is Singapore's national franchise body. This office's mission is to strictly nurture and develop Singapore's franchise industry. Any franchise company is welcomed to join the Franchising and Licensing Association.

### **International Trade**

Moving forward in the worldwide market, Singapore's universal exchange is helped by International Enterprise, Singapore. The International Enterprise built up the abroad development of organizations and business partners which are situated in Singapore, to advance global exchange. Working tenaciously to accomplish a solid, flourishing center point for organizations in Singapore, alongside all around aggressive organizations is their fundamental objective.

### **Real Estate**

Costs of home, structures, and business properties, because of the littler size of Singapore contrasted with some different nations, might be thought to be somewhat high. Keeping with Singapore's logic of influencing things to run smoother, there are "cooling measures" which are set up, to forestall nonstop inflationary valuing. The land area of Singapore's administration screens movement month to month and rolls out vital improvements to balance out this piece of the economy.

### **Banking**

The Singapore Banking Sector, imperative to worldwide speculators, gives customary loaning, and additionally store capacities, and different administrations in the territories of business managing an account, fund/budgetary warning, protection, fare, and capital market and financial administrations. Those hoping to influence a money to store or a robust speculation realize that their needs will be all around cared for. The part is presented to changes in the macroeconomic condition, and would be antagonistically influenced should worldwide conditions in the US, Europe or China break down.

Many people around the world perceive Singapore as an excellent tourist hub, what with its sights and sounds, the hospitality and warmth of the people and the multicultural atmosphere that it has to offer.

All the factors that are conducive to starting and running a new business such as a strong forex market, free market economy, financial stability, robust legal and regulatory framework, advanced and efficient infrastructure, a corruption-free system, strategic geographical advantages and skilled manpower are easily available which make it a very attractive investment hub.

Top international firms like Apple, Google, Credit Suisse, DBS Bank, Procter and Gamble, Microsoft, et al have already acknowledged the potential in Singapore and have set up successfully running businesses here.

If you're looking for a healthy environment which is especially good for sustaining a start-up business, then Singapore is your one-stop destination.

### **Travel and Tourism**

The movement and tourism industry is one of the biggest supporters of the Singapore economy. The nation's common magnificence, verdure and in addition legacy structures are lovely to the eyes. Singapore is known to be a protected traveler shelter packaged with stash inviting shopping choices.

In the event that the 2012 measurements gave by the Singapore Tourism Board are to be trusted, at that point, Singapore tourism receipts enlisted an amazing S\$23 billion, with International Visitor Arrivals alone at around 14.4 million. The numbers specified here represent themselves and the extension is just anticipated that would develop.

### **Hospitality**

Any goal that has a blasting tourism industry will most certainly have a developing friendliness industry. This incorporates little time bars and bistros to vast multinational chains of inns and resorts to the sustenance and refreshment industry here.

As Singapore is a noteworthy visitor goal, boutique and additionally real lavish lodgings have incredible breadth for business – from the business point of view as well as from the representative viewpoint.

### **Information Technology**

Some comprehensively eminent IT firms have effectively set up organizations in Singapore attributable to the developing potential and talented work accessible in this field. The foundation in Singapore has additionally been set up remembering the help that IT organizations would require in the years to come.

Anyone can set up a business easily that provides a variety of IT services such as wireless networks, or web development, social networking, website designing or other businesses depending on your interest. Cyber laws here are well-equipped to regulate the internet and are updated on a regular basis.

### **Biotechnology**

It is a rapidly developing industry in Singapore and has lately been attracting a lot of foreign attention. The government of Singapore is leaving no stone unturned in promoting this sector as a knowledge-based one.

Whether it is spending on the development of infrastructure, R&D facilities, technology or other aspects that support this industry, the government has been investing a great deal of money in it.

International players like Pfizer, Novartis and GlaxoSmithKline have made their presence felt here. You too can make an investment in this sector and gain from it.

### **Telecommunications**

Singapore is also known to be one of the major telecom hubs in the Southeast Asian region. Be it mobile phone connections or providing internet services, there is a whole market that has been left untapped by existing telecommunications players.

Although the existence of private players is very prominent, facilities such as radio and television stations are all government-owned bodies. The print media is dominated by Singapore Press Holdings and MediaCorp.

### **Fashion Retail**

Singaporeans are a very fashionable bunch of people. They love keeping up with the latest trends and looking their best at all times. International high street fashion brands such as H&M, Aldo, Levis, Zara and the ilk are already making their chunk of profits here.

Tourists coming from all over the world shop in Singapore and stock up on these brands, the products of which are available at reasonable prices.

As the fashion retail industry in Singapore is ready to establish, you could open outlets and make your profits too.

## **CONCLUSION**

The study, which has been made about the business environment in Singapore, has brought many different results for the Finnish companies, which are going to start their operations in Singapore. The first part of the report concentrated on the advantages and disadvantages, which Singaporean business environment has. Some of them, as economic strength, tax system, education and government systems, location, and political stability, were supported by the experiences from the representatives of two Finnish companies, which are operating in Singapore.

The study continued with the description of the cultural differences between two countries. First of all, the five dimensions of the cultures were studied. This research has brought some issues, which have to be taken into consideration by the Finnish companies. The main differences were found in power distance indexes, uncertainty avoidance indexes. Besides, it was concluded that Singapore is a collectivistic society and Finland is an individualist society. The studies were based on the research done by Geert Hofstede.

The following part of the thesis was based on the business etiquette of the Singaporeans. This part will help to prevent business companies from making mistakes during business meetings, dinners, introductions and communications which can lead to harming the relationships. Besides, some of the statements, which were formulated, have been supported by the companies' representatives. For example, the negotiation style, different mindsets, and business behavior were seen different in Singapore. Besides, both companies have admitted that the process of building trust is very important for Singaporeans.

The last part presented the case companies. First, the companies' products were described. After that, the information about their mission, values and vision was presented. Only after that, the interview's evaluation took place.

The main reasons why two companies have chosen Singapore for establishing their businesses have been found. The interviewees have supported the advantages of Singaporean business environment, which were formulated by the author. On the other hand, the information, which was received about the disadvantages, has not supported the author's theories. Two interviewees have not been complaining about expensive prices, legal issues or legislation system in Singapore. The only one disadvantage, which was supported, concerned the weather conditions in the country.

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