
Singapore Incorporated: reinterpreting Singapore's business environments through a corporate metaphor

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Uses the metaphor, Singapore Incorporated, to reframe Singapore's government-led development. The metaphor encapsulates stakeholders' relationships: these relationships provide goals and constraints for Singapore. Thus, the metaphor helps to reinterpret Singapore's business environments and strategic destiny. First, highlights strategic alliances with stakeholders in Singapore's growth and development. Next, focuses on Singapore's enacted economic, political and social environments. Finally, explores the metaphor's implications and discusses its relevance for theory and policy.

We market Singapore as a "product". To stay ahead of the competition we have to constantly innovate and enhance the Singapore product (Philip Yeo, Chairman, Economic Development Board, quoted in [1]).

In April 1994, in a high-powered London forum, the Economic Development Board (EDB), Singapore's main governmental institution for attracting foreign investment, inaugurated Singapore Unlimited – formally acknowledging the corporate metaphor with which Singapore identifies. In a highly symbolic meeting, Singaporean Prime Minister, Mr Goh Chok Tong, two other ministers, several Government Linked Corporations' (GLCs') and statutory boards' chairmen, and Singaporean Multinational Corporations' (MNCs') chief executive officers (CEOs) addressed over 400 European businessmen: they urged the European businessmen to tap the Asia Pacific boom through Singapore Unlimited[1].

This paper uses a corporate metaphor, Singapore Incorporated, to reframe Singapore's growth and to explain Singapore's government-led development. The corporate metaphor encapsulates sets of relationships between stakeholders; as they do for organizations[2], the relationships provide both goals and constraints for Singapore. Thus, the corporate metaphor provides a tool to reinterpret Singapore's business environments and strategic destiny. First, we translate Singapore's growth and development into behavioural components; we highlight strategic alliances with stakeholders. Next, we focus on Singapore's enacted economic, political and social environments. Finally, we explore the corporate metaphor's implications for Singapore's destiny; we also discuss its relevance for theory and policy.

to describe strategic alliances between the Singapore government and key stakeholders to promote business. Logical incrementalism[3] has marked Singapore Incorporated's evolution. Since its independence in 1965, Singapore has espoused only one formal plan[4,5]. Indeed, behaviours such as adaptive rationality and learning, the quasi-resolution of conflict, problemistic search and uncertainty avoidance[6], all seem evident in Singapore's growth and development. This section examines stakeholders' influences and evolving roles through Singapore Incorporated's growth and development.

Government-linked and multinational corporations in the 1960s

Unconsciously, Singapore Incorporated began in the 1960s: the United Nations Survey Mission, led by Dr Albert Winsemius, recommended an industrialization programme[7]. Singapore's Economic Planning Unit used Dr Winsemius's unpublished document to prepare the First State Development Plan. Singapore's need for funds from the World Bank, and a demonstration of rationality and legitimacy from this newly-independent state, prompted the plan. The First State Development Plan covered the years from 1960 to 1964; after the plan proved successful, the government extended it. This comprises the only plan that Singapore has had. The result of a problemistic search, the plan provided the blueprint for industrialization with the EDB as the central player. The plan also paved the way for the government's central and dominant roles as agenda setter and agenda achiever[8].

In 1968, the EDB spun off the Development Bank of Singapore (DBS) and the Jurong Town Corporation (JTC) for industrial development and management; these governmental institutions concentrated on financing, allowing the EDB to concentrate on promoting investments. That same year, the government intensified the use of the Central Provident Fund (CPF), a social security scheme

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Nurturing Singapore Incorporated

We use the term Singapore to denote the city state; and, the term Singapore Incorporated

begun in 1955, to garner domestic savings and to finance capital formation. The government extended the CPF into a macro-economic stabilization tool by tying CPF contribution rates to wage policies, to an account for purchases of property, and to an investment account for approved investments. Through the CPF, Singaporeans increased their stakes in the economy. Also in 1968, the government founded the International Trading Company (Intraco) to trade with centrally-planned economies; and the Education Ministry's Technical Education Department to provide a continual stream of much-needed technical manpower in the government's industrialization drive. These institutions also sowed the seed for the government-led development that characterizes Singapore[7].

Singapore's merger with Malaysia terminated in 1965. Economic crises aborted the second development plan for 1966 to 1970. The ruling People's Action Party (PAP) lacked faith in formal planning and felt no further necessity to approach the World Bank for funds; consequently the PAP deemed *ad hoc* planning, and public-sector planning, as more practical for the small, open, government-dominated state. Besides the First State Development Plan, Singapore's only other plan carries the label indicative[5,8]. However, tight government controls continue over resources and policy decisions.

In the 1960s, problemistic search also led to government-owned enterprises in ship building and ship repair, metal engineering, chemical and electrical equipment and appliances. As local capital and entrepreneurs appeared scarce, such minority share participation granted the government the role of catalyst. However, conversely, the government's participation also stifled entrepreneurship and local initiative. With private enterprises still nascent, government-owned enterprises engaged in alliances with MNCs to promote export-oriented industrialization; this alliance forms the crucible of Singapore Incorporated. When Indonesia opened for oil exploration, the Singaporean government formed several joint ventures to construct oil rigs, and build and repair ships. To woo MNCs' capital, the government offered fiscal incentives. In 1968, the government also amended the Employment Act and the Industrial Relations (Amendment) Act to confer increased power to employers[7].

Labour in the 1970s

With rapid growth, supply-side bottlenecks emerged more strongly in labour and land. Pre-independence experiences involving disruptive disputes with unions, and work stoppages, influenced possible governmental

solutions to these bottlenecks. The government favoured co-operation with the labour unions and forged strong alliances with them. In 1972, Singapore Incorporated moved into wage settlements: it established a tripartite National Wages Council (NWC) to ensure that wages and labour's shares grow to maintain Singapore's competitive edge. After the first oil-induced crisis in 1973, the government delayed economic restructuring to obviate high unemployment by giving less sustainable industries some reprieve. This compromise caused a loss of 6 per cent in productivity increase. The tight labour market attracted more low-skilled foreign labour, perpetuating low value-added activities and attaining only horizontal expansion.

In 1979, the government adopted a corrective, high-wage policy to orchestrate belated economic restructuring. Labour costs rose by as much as 10.1 per cent between 1979 and 1984 compared to productivity growth of 4.4 per cent. The Skills Development Fund (SDF) levy and other fiscal incentives encouraged automation, mechanization and robotics to emphasize efficient labour utilization and productivity. In 1982, the introduction of levies for foreign workers dampened the demand for unskilled foreign labour relieving some of the economy's heavy dependence on this labour source[9,10].

Local, private firms in the 1980s

Foreign Direct Investments (FDI) came to Singapore in electronics, computer peripherals, aerospace and biotechnology. Singapore Incorporated responded with a ten-year indicative economic plan for the 1980s. This indicative plan aimed to develop Singapore into a modern industrial economy based on science, technology, skills and knowledge[7].

The 1985 recession disrupted the indicative plan; however, the Economic Committee to contain the recession preserved the indicative plan's aims for greater participation by private firms. It reviewed macro-economic policies that impinge on operating business costs: the Economic Committee reviewed high-saving policies, high wage and labour costs, the payroll tax, foreign worker levies, CPF contributions and statutory boards' excessive fees and charges. It re-examined the contractionary effects generated through the public sector's surpluses and growing size. These contractionary effects threatened to crowd out the private sector. However, timely policy adjustments helped economic recovery and forged alliances with local firms. The Economic Planning Committee (EPC), established in 1989 under the Ministry of Trade and Industry (MTI), also formulated the Strategic Economic Plan (SEP). This mission

statement aspires to make Singapore a developed state in 2020 by Dutch standards or 2030 by US standards[11].

Knowledge-intensive firms in the 1990s

The 1980s left industrial restructuring in its wake. The government concluded that the next lap required daring, innovative and qualitative thinking in a more competitive international environment and more resource-constrained domestic environment; consequently, Singapore Incorporated expanded its regional and global horizons[1]. To maintain competitiveness, Singapore Incorporated aims to promote alliances with knowledge intensive firms and institutions; as Starbuck[12] identified, these constitute firms and institutions in which knowledge has more importance than other inputs of capital or labour.

The EDB appears to follow a corporate approach. The current Chairman, a Harvard MBA, Mr Philip Yeo, expects EDB officers to have a "can do" attitude, energy and an understanding of clients' needs[1]. He keeps the EDB lean and agile to move fast and to maintain an entrepreneurial spirit. The EDB's current vision includes Manufacturing 2000 to develop and to strengthen Singapore's industry clusters; International Business Hub 2000 to make Singapore an international node between Asia and the rest of the world, adding value with skills, capital and knowledge; Regionalization 2000 in which the EDB acts as business architect to identify opportunities and partners to participate in the Asia Pacific; and, Promising Local Enterprises 2000 to build Singaporean firms into MNCs and industry leaders of tomorrow.

This section outlined how Singapore Incorporated grew and developed incrementally; and how stakeholders provide both goals and constraints. As with other organizations [13,14], the Singaporean government only examined environmental choices when external pressures raised doubts about the present environment's viability; and, it only re-evaluated those segments under attack. The next section details the economic, political and social environments that Singapore Incorporated chose and created.

Enacting business environments

Just as in organizations[14,15], the unconscious assumptions and values implicit in Singapore Incorporated's decision making resulted in its enacting several environments. This section explores the environments that Singapore Incorporated directly engaged or enacted. Thus, Singapore Incorporated forged

economic, political and social environments with which businesses have to contend.

Economic environment

With 2.87 million people in 1995, and a land area of 641.4 sq.km, Singapore cannot influence world trade, employment or interest rates. Yet, one can gauge Singapore's vital role in the global economy by indicators of its efficiency and productivity: for example, Singapore accounts for some 40 per cent of global output for disk drives; and, its communication and information highways help it to play a strategically important role in the Asia Pacific. Singapore Incorporated has met with astounding success: the first trade policy review by the General Agreement on Trade and Tariffs ranked Singapore's economy as among the world's most dynamic. Similarly the Swiss-based International Institute for Management Development (IMD) ranked Singapore as the second most competitive economy, two years in a row, after the USA, in their *World Competitiveness Report*[16], with a highly effective government (ranked first), sound financial structure (third) and good performance in management (fourth); and, the World Economic Forum that prepares the *Global Competitiveness Report*[17] ranked Singapore as the most competitive economy in the world, up from second place last year, with strengths in finance, trading and as a multinational hub[18]. The US-based Business Environment Risk Intelligence Inc. (BERI) in 1996, similarly granted Singapore top rankings on its government-proficiency measure.

Through deliberately *ad hoc* government planning[5], Singapore Incorporated's competitive advantages shifted from labour intensive to service oriented. As Table I shows, over the last three decades, the Singaporean economy has grown at an average rate of 9.1 per cent per annum. Percentages of GDP by agricultural and quarrying fell from 3.4 per cent in the 1960s to 0.9 per cent in the 1980s and 0.3 per cent in 1994 and 1995; these shifts, and others such as employment, growth in services and declines in manufacturing, reflect the changes in and labour-saving forces operating on Singapore's industrial structure.

International trade constitutes Singapore Incorporated's primary thrust. Singapore has the world's highest trade to GDP ratio: in 1995, exports constituted about 190 per cent of GDP; about 18 per cent of Singapore's exports went to Malaysia, which surpassed by about 1 per cent, the USA, Singapore's other largest export market. Singapore's seaport has consistently been ranked as among the two busiest in the world; and the 1994 *World*

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Competitiveness Report ranked it as the best globally for access infrastructure.

FDI has continued to pour into Singapore Incorporated: since independence, the USA and Japan have constituted the largest investors. In 1995, the EDB revealed that the USA remained Singapore's largest investor,

although its share of total investment fell from 41.9 per cent in 1994 to 30.5 per cent in 1995. Europe increased its share from 17.3 per cent to 22.4 per cent in 1995 – as did Japan whose investment share rose to 17 per cent from 15.3 per cent in 1994 [21, p. 36]. Table II details manufacturing investments by country. Table III shows manufacturing investments by industry; currently, electronic and electrical equipment draws the most investment, reflecting industrial shifts. Tables IV and V detail service investments by country and by industry; the USA ranks as the top investor in services; and information technology and communications forms the top industrial recipient of investments in services. Table V also indicates the prominent role played by overseas headquarters (OHQs) in Singapore Incorporated. The EDB hopes to attract 200 companies to set up headquarters in Singapore by the year 2000, more than double the 80 OHQs in 1996.

Singapore still engages in very little outward FDI as a proportion of GDP; however as Figure 1 details this percentage is growing. Singapore Incorporated's resolve to go international appears in the sharp rise in FDI after 1988. Figure 2 reveals the destination of this FDI by region in 1993 – Asia draws the bulk of Singapore's FDI; and in Asia, the Association of South-East Asian Nations (ASEAN) countries form the biggest recipients. In 1994, Singapore's stock of FDI rose to S\$28.16 billion, with about S\$4.7 billion or 22 per cent in Malaysia, about S\$4 billion or 19 per cent in Hong Kong and China, and smaller amounts of S\$1.8 billion in the USA, S\$1.5 billion in New Zealand and S\$0.5 billion in Indonesia. In 1996, Singapore forms one of the largest investors in Malaysia, China, Vietnam, Cambodia, Myanmar and

Table I
 Real GDP, industrial structure and employment

	1960-69	1970-79	1980-89	1994	1995
<i>Average growth (%)</i>					
Real GDP	9.4	9.8	8.2	10.1	8.9
Employment	2.9	5.0	2.1	3.6	3.1
<i>Industry contribution as % of GDP</i>					
Agriculture and quarrying	3.4	1.9	0.9	0.3	0.3
Industry ^a	29.6	36.9	35.1	37.4	39.2
Construction	8.2	8.1	7.8	7.1	7.5
Manufacturing	19.6	26.9	25.4	28.2	29.7
Services ^b	67.0	61.2	64.0	62.3	60.5
<i>Real average industry growth (%)</i>					
Agriculture and quarrying	4.5	3.1	-3.3	2.6	7.9
Industry ^a	13.3	11.0	7.0	13.2	9.8
Construction	15.7	10.8	6.0	15.7	8.5
Manufacturing	13.0	12.2	7.4	9.1	10.3
Services ^b	8.0	9.4	9.1	8.9	7.9
<i>Employment as % of total (%)</i>					
Agriculture and quarrying	7.1 ^c	2.5	0.9	0.3	0.3
Industry ^a	23.1 ^c	33.0	35.9	32.7	24.0
Construction	5.7 ^c	5.4	7.2	6.6	6.6
Manufacturing	16.1 ^c	26.4	28.0	25.6	30.9
Services ^b	69.8 ^c	64.5	63.2	67.0	69.3
<i>Average employment growth (%)</i>					
Agriculture and quarrying	-11.7 ^c	-4.4	-14.4	23.8	-11.5
Industry ^a	8.1 ^c	6.9	1.6	0.1	-2.5
Construction	6.7 ^c	2.6	1.3	6.5	3.4
Manufacturing	9.0 ^c	8.0	1.7	-1.6	-3.4
Services ^b	2.5 ^c	4.5	2.6	5.3	5.8

Notes: ^aComprises utilities, construction and manufacturing

^bComprises commerce, financial and business services, transport and communications and other services

^cData for 1960-1966 only

Sources: [19,20]

Table II
 Manufacturing investment commitments (gross fixed assets) S\$million

	1986	1987	1988	1989	1990	1991	1992	1993	1994
USA	443.4	543.5	586.6	520.2	1,054.8	969.2	1,201.4	1,452.2	2,451.7
Japan	493.8	601.1	691.3	541.2	708.2	713.2	858.0	779.4	913.8
Europe	218.8	285.8	358.1	517.3	435.3	684.2	618.8	881.9	907.0
EC	204.8	241.0	345.1	498.4	395.5	615.9	536.4	795.7	893.0
UK	93.4	42.4	56.6	174.6	89.9	186.5	305.5	357.8	525.1
The Netherlands	57.1	70.9	82.9	147.0	72.6	216.2	43.1	7.7	175.6
Germany	16.7	90.3	46.7	26.4	165.7	60.2	106.4	204.6	91.8
France	27.8	15.2	86.0	106.0	60.4	75.2	34.1	124.9	54.0
Italy	5.1	22.0	68.0	32.8	0.0	70.1	26.7	43.3	38.9
Other EC	4.7	0.2	4.9	11.6	6.9	7.7	20.6	57.4	7.6
Sweden	5.4	8.7	0.0	0.0	7.1	1.2	19.3	5.0	0.0
Switzerland	7.7	27.8	10.1	0.9	32.7	12.6	63.1	66.3	11.4
Other Europe	0.9	8.3	2.9	18.0	0.0	54.5	0.0	14.9	2.7
Others	34.6	17.6	21.7	19.8	19.6	94.5	55.0	63.5	54.9
Foreign	1,190.6	1,448.0	1,657.7	1,598.5	2,217.9	2,461.1	2,733.2	3,177.0	4,327.4
Local	259.4	295.0	349.6	333.3	269.5	472.9	748.0	748.0	1,437.2
Total	1,450.0	1,743.0	2,007.3	1,931.8	2,487.4	2,934.0	3,481.2	3,925.0	5,764.6

Source: [22]

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Table III

Manufacturing investment commitments (gross fixed assets) S\$million

	1986	1987	1988	1989	1990	1991	1992	1993	1994
<i>Light</i>									
Food, beverages	83.3	156.6	168.4	34.1	43.8	39.8	76.5	92.9	36.3
Textiles	5.6	3.0	10.6	2.0	2.8	11.2	5.2	0.0	0.0
Wearing apparel	0.0	6.8	0.9	0.4	0.2	5.7	10.0	2.4	0.0
Leather, rubber	0.4	8.5	5.6	0.0	10.0	4.4	2.8	1.7	2.6
Wood	11.4	14.7	0.0	2.1	8.6	2.8	4.6	24.7	0.0
Paper, printing	36.2	25.1	72.0	93.8	76.2	109.4	89.5	92.2	268.4
Others	0.0	11.8	0.7	14.3	0.0	35.7	10.5	1.8	11.9
Service/engineering	19.9	8.4	15.9	9.8	24.3	0.0	0.0	0.0	0.0
<i>Chemical</i>									
Industrial	78.0	32.9	124.7	213.5	265.9	322.0	294.3	783.5	1,192.8
Others	111.5	11.0	25.7	21.7	35.0	243.4	248.4	340.4	113.9
Petrol	116.0	122.4	0.0	290.0	381.0	99.5	454.2	84.6	1,180.3
Plastic	42.6	115.9	53.5	37.8	8.9	87.2	110.8	48.3	26.9
Non-metallic products	9.3	6.2	133.8	0.0	9.0	47.9	63.1	126.1	206.8
<i>Engineering</i>									
Basic metals	8.3	5.2	15.3	86.6	0.0	2.8	34.3	69.4	6.6
Transportation equipment	64.0	61.7	110.4	50.8	114.1	124.3	167.1	341.2	555.4
<i>Manufacturing systems</i>									
Fabricated metals	82.0	104.3	109.9	101.0	103.1	127.1	152.5	150.3	324.5
Machinery	205.6	93.5	180.5	131.0	186.2	376.5	343.7	330.8	276.5
<i>Electronic/electrical</i>									
Electronics	522.0	838.4	935.6	776.9	1,197.1	1,260.4	1,275.2	1,321.0	1,542.2
Precision	53.8	116.6	44.0	93.0	21.2	34.0	138.3	113.7	19.6
<i>Foreign</i>	1,190.5	1,448.0	1,657.9	1,625.5	2,217.9	2,461.2	2,733.0	3,177.0	4,327.2
<i>Local</i>	259.4	295.0	349.6	333.3	269.5	472.9	748.0	748.0	1,437.2
Total	1,449.9	1,743.0	2,007.5	1,958.8	2,487.4	2,934.1	3,481.0	3,925.0	5,764.6

Source: [1]

Table IV

Services investment commitments by country (total business spending) S\$million

	1987	1988	1989	1990	1991	1992	1993	1994
USA	66.24	55.58	55.57	64.42	89.70	204.90	168.00	224.1
Europe	33.29	69.50	37.04	87.00	97.91	93.35	70.60	186.7
Japan	26.65	18.66	45.46	96.25	146.80	98.10	121.50	16.0
Asia Pacific	2.34	43.36	45.89	33.50	22.50	27.42	25.20	53.9
Singapore	72.33	72.32	116.47	89.63	89.34	83.20	84.40	101.9
Total	200.85	259.42	300.43	370.80	446.25	506.97	469.70	582.5

Source: [1]

Table V

Services investment commitments by industry (total business spending) S\$million

	1987	1988	1989	1990	1991	1992	1993
Overseas headquarters	63.91	67.60	105.46	173.78	207.00	274.32	270.50
IT/communications	74.56	61.93	71.15	66.72	70.40	105.20	105.10
Transportation/distribution	23.65	21.60	2.30	64.20	84.20	44.90	12.70
Exhibition/leisure	12.87	43.36	20.00	28.45	34.50	34.50	7.20
Medical	21.58	32.09	62.21	21.05	27.49	12.00	7.50
Engineering/testing	2.62	2.60	10.38	9.65	10.16	11.55	25.00
Education	0.07	22.30	18.05	0.00	4.50	2.00	5.20
Others	1.59	7.90	10.88	6.95	8.00	22.50	36.40
Total	200.85	259.42	300.43	370.80	446.25	506.97	469.60

Source: [1]

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Indonesia. Singapore Incorporated's financial and manufacturing sectors made most of the FDI.

Political environment

The political environment displays strong tints of democratic corporatism. Other theorists have indicated how states deal with economic change; for example, Katzenstein[24] elaborated on state capitalism as corporatism. Democratic corporatism paints Japan as a big business firm or the USA as run by Wall Street; it emphasizes both giant corporations' domination of economic life and integration of businesses into governmental and bureaucratic decision making. It also emphasizes pursuits of international interdependence through trade and investment. However, democratic capitalism fosters the relative exclusion of unions and leftist parties from centres of power. On the other hand, organized capitalism, as in post-war West Germany, includes politically all business unions and conservative and progressive parties. These models of small states in

world markets provide the basis for our understandings of the redistribution of resources in Singapore.

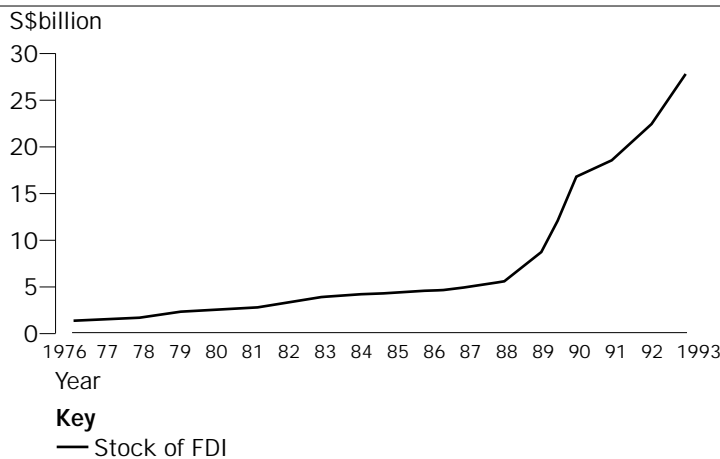
First, like other small states, Singapore espouses an ideology of social alliances. These alliances on questions of economic and social policy permeate everyday economic and social decisions. The ideology mitigates class conflicts between business, corporations and unions; and it integrates differing concepts of group interest with vaguely but firmly held notions of the public interest. Even casual visitors notice the self-dramatizations and ritual invocation of Singapore's smallness as explanations for actions. A culture of compromise pervades Singapore Incorporated that manages to couple narrowly conceived group interests with shared interpretations of the collective good[10,25].

Second, like other small states, relatively centralized and concentrated stakeholder groups distinguish Singapore. As the previous section indicated, influential stakeholders include multinational corporations (MNCs), labour, local firms, linked economies, and knowledge-intensive firms and institutions. Tight hierarchical controls exist in the formulation of policy; the government forms the most influential stakeholder by far, constituting agenda setter and agenda achiever; to control, it also forms a major stockholder in the major corporations.

For a migrant society with 140 years of British rule, the building of social cohesion and national values prompted the government's initial welfare policies. Public housing served more than infrastructural needs. When Singapore separated from Malaysia in 1965, poverty and mass discontent hovered amid threats of unemployment and Communist-inspired industrial unrest. Consequently, home ownership formed a political means to implant long-term stakes and security. The government started the Home Ownership Scheme (HOS) using CPF funds to purchase public housing in 1968; the government extended this scheme to private and non-residential properties in 1981.

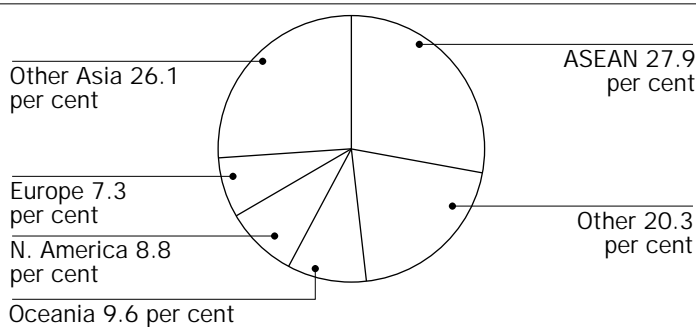
Singapore's compactness and unitary government allows an expedience in political control and policy implementation many governments would envy. Policies in public housing[26], education, health and wealth accumulation have made home owners and asset owners, shareholders, owners of corporations and others who depend on Singapore's prosperity and progress into Singapore Incorporated's stakeholders. Financing merit goods rather than cash payments reflects the government's paternalism and faith in human capital theories. The government's schemes include upgrading public housing and the

Figure 1
 Singapore's foreign direct investment



Source: [24]

Figure 2
 Singapore's foreign direct investment by region in 1993



Source: [24]

small family scheme to help pay for housing and children's education.

Robin Hood style policies to redistribute income have hampered growth in some countries; however, Singapore's government has promoted high growth by maintaining low taxes on successful individuals and businesses, and by avoiding incentive-dampening distortions. Instead, the budget has a happy problem of surpluses that the government reduces to lower contractionary impacts. In the last few budgets, the Finance Minister has used accumulated surpluses to enhance human resource development, to improve low income families and to upgrade public housing. Again, the government's intervention has taken a softer focus.

Not many governments have served as benevolent providers using resources commandeered from the private sector. The government forms the largest landlord, backed by the Land Acquisition Act that liberal democracies may deem unconstitutional. The government justifies such rent-seeking behaviour by indicating that its efforts in infrastructure enhance land values. The government's very entrepreneurial approach under the state enterprise system, and via land sales, has increased budgetary surpluses.

The PAP's economic successes have prompted electoral victories in every general election since independence. However, in the 1984 general election, two opposition members broke the hegemony of an all-PAP house; the majority fell from 75.5 per cent to 62.9 per cent. Then Prime Minister, Mr Lee Kuan Yew had noted that his job consisted of making an opposition possible, not of building one[27]. But, when popular fancy for an opposition produced only populist versions, an alarmed government created the nominated Member of Parliament (NMP) as an halfway house.

Social environment

Singapore's corporatism differs significantly from states like Japan, USA or West Germany. Singapore tempers democratic corporatism with its own ideological brand of Confucianism. Traditional Confucianism despises business; Singapore revels in it. Government looms as patriarch and patron; yet, government encourages free trade. Strange paradoxes result. For example, although deregulation extends over 90 per cent of trade in Singapore, the Singapore government will intrude into social and business policy, if it feels that the business environment and Singapore Incorporated's future could be affected. Hence, recent government campaigns on everything from speaking Mandarin, to

having more children, to demonstrating punctuality and courteousness.

The first Prime Minister, Mr Lee Kuan Yew recalled that when he realized that Hong Kong had leaner and keener workers than Singapore, he resolved to reverse the welfare policies inherited or copied from the British Labour Party[28]. He scaled back subsidies except where they enhanced productivity through better education, better health and better housing. However, probably because of the government's patronage, Singaporean workers still demonstrate more dependence on the government, and less independence than Hong Kong's workers[7].

Drawing on Confucian beliefs of governmental paternalism and omnipresence, the government also sees itself as the only agenda setter in the business environment. For example, in numerous statements from 1994-1996, published in the *Straits Times* (Singapore), Prime Minister Goh Chok Tong indicated that if citizens express views that criticize government policies, the government will view them as entrants to the political arena. Similarly, Mr Lee Kuan Yew argued that 30 years ago, Singapore would have failed if the English-educated middle class had dominated the population. "If we had an English educated middle class to begin with in the 1960s - querulous, arguing, writing letters to the press, nit-picking, chattering away - we would have failed" [29]. Fortunately, he said, Chinese-speaking, Malay-speaking and Tamil-speaking Singaporeans dominated the population then, and now: these groups maintained traditional, down-to-earth and realistic views of government and society[29].

Arguing that a society's right to survive precedes individuals' rights, the government confers on itself a veritable fistful of sanctions to deal with social problems. Despite the government's extraordinary control, one sometimes hears rumblings. For example, a Singaporean journalist made the charge of "one government, two styles"; this journalist implied that Prime Minister Goh Chok Tong, backtracked from his aspirations of making Singapore a more refined, more compassionate, kinder and gentler society[30]. Mr Goh promised this five months before he became Prime Minister. But, as Senior Minister Lee commented after the charge, Mr Goh's becoming kinder and gentler, after becoming Prime Minister, may reduce his ability to govern Singapore[31].

One vestige of Singapore Incorporated's social philosophy emerges in a stark acceptance of a hierarchical, often unfair, society and its top managers' sole prerogatives in setting policies. A vivid display occurred in a parliamentary debate in May 1996 regarding

an inquiry into Mr Lee Kuan Yew's personal finances. In the debate, Senior Minister Lee revealed that he earned nearly S\$1.3 million annually; his son, Deputy Prime Minister Lee Hsien Loong earned about one million Singapore dollars; while his daughter-in-law, also director of the GLC, Singapore Technologies, earned "peanuts" or around half a million Singapore dollars. Consequently, Mr Lee argued he could pay cash of around S\$10 million for two condominiums – even after discounts. The news sparked an impassioned nationwide debate over the rising costs of private housing, its unattainability for most, and its correspondence to the Singapore dream.

At its crudest, the Singapore dream comprises the Five C's: cash, credit card, car, condominium and country club. Yet, the dream may appear elusive for most in this nation with an average income of S\$25,032 in 1994. For example, in 1992, about 31 per cent of Singaporean households had cars[23]. New cars average S\$100,000 because of governmental policies to control the numbers of cars. Similarly, the Housing Development Board's (HDB's) government-subsidized public housing, in which 85 per cent of Singaporeans live, can cost more than half a million Singapore dollars at the upper end. Private condominiums and houses generally cost at least twice as much and have risen steeply in price over the last five years; in 1994, private residential property prices increased by 44 per cent over the previous year[23].

"Let's grow up!", scolded Mr Lee in Parliament. "It is an unfair and unequal world. If you want an equal world you end up with a Communist world with Mao's salaries". However, a 19 year-old intern's plaintive letter to the *Straits Times* echoed average sentiments in Singapore. "I am not asking for an emperor's condo and stables of Benzes, just a small place I can belong to and that can belong to me. Already I have friends who are drawing up blue-prints of their futures in Australia and America, where they believe they can stretch their income much further[32, p. 1]. Mr Lee was "puzzled" and "sad[dened]" by the letter[33]. In May 1996, the government announced measures to curb speculation in residential property thereby dampening rising property costs.

The next section explores the corporate metaphor's implications for Singapore Incorporated's destiny. It also discusses the limitations and opportunities afforded by this metaphor for Singapore and other states.

Implications

The Merlion, an improbable creature, half lion and half fish, serves as the closest approximation that Singapore Incorporated has to a logo. About 30 years ago, the Singapore Tourist Promotion Board created the Merlion as its corporate logo. Yet, rather than the Merlion, the corporation provides the guiding metaphor and symbolic denotation of Singapore, with attendant ramifications[25,34].

Singapore's self-image of a corporation has tremendous policy implications[35]. The symbolic resonance of Singapore Incorporated ripples through the land: the government goes through periodic public justifications and interpretations of its stances *vis-à-vis* the corporate metaphor, thereby confirming its symbolic importance[36]; it informs key stakeholders of its performance and status using the language of the metaphor; it evaluates policies using the standards set by the metaphor; and it plots future courses using the guiding light of the metaphor. For example, official statements in 1995 on raising Singapore's ministerial salaries, already the highest worldwide, emphasized that the government had to compete with corporations for qualified people: consequently, ministerial salaries had to synchronize with corporate salaries for top managers who earned over one million Singapore dollars annually. These salaries would then also appropriately reveal the levels of influence, discretion and managerial skill exercised by ministers.

Similarly, Singapore Incorporated guards its name and reputation like a corporation would. Recently, the *Straits Times*[37, p. 40] reported that the government has tightened up on the use of the name "Singapore" for industrial park projects in China; "the move, observers say, will help protect the reputation of Singapore investors and the Republic itself... Singapore's Ministry of Trade and Industry said: 'The Chinese government has brought to our attention that some of our private sector companies are applying the Singapore name on their industrial parks in China, and in the process would give the wrong impression that the Singapore Government is directly involved in these projects'" [37].

If Singapore views itself as a corporation, it must see itself as a MNC. With very few natural resources, Singapore has emphasized successfully the intangible assets that make MNCs powerful: product and engineering design, technical services support, information technology and communication,

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marketing and distribution, infrastructure, human resources and financial and treasury management. Total trade constitutes four times GDP; exports comprise about twice GDP, making Singapore vulnerable to trade wars: consequently, the government follows a policy of continuous diversification. FDI forms a small proportion of total GDP: the government has advocated a stringent policy of encouraging FDI – especially in the region. Rising investments in intangible assets that grant MNCs competitive advantages[38] like information technology (Table V) and advertising services (Figure 3) testify to the environment that Singapore Incorporated is enacting.

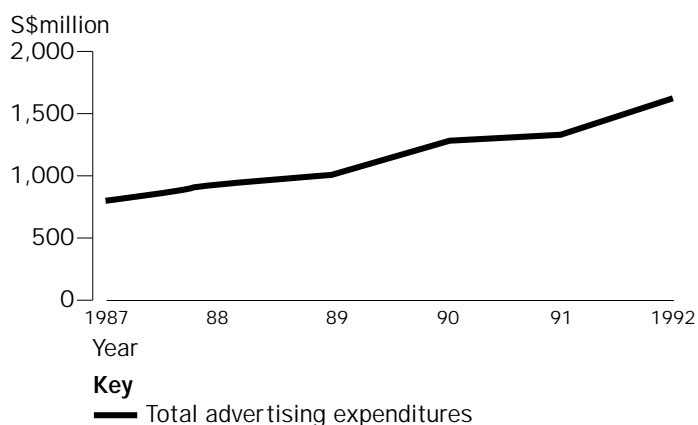
Unlike other countries, Singapore actively encourages its companies to invest abroad. In 1991, government-led regionalization started with a pilot project: labour-intensive, lower-skilled and technology-intensive industries moved from Singapore to the Riau Islands in Indonesia and to Johore in Malaysia; by 1993, this area had evolved into the Indonesia-Malaysia-Singapore growth triangle, an area of focused investment, expanded in 1995 to include West Sumatra, Malacca, Negri Sembilan and Pahang. The Singapore dollar's real appreciation since 1985 also caused domestic costs to escalate. Consequently, the EDB and the Committee to Promote Enterprises Overseas[39] began to implement incentives for companies to regionalize. Economies in transition, such as China, Indochina or India, allow Singapore Incorporated to build its external economy. However, Singapore has less capital and people to spread in the region than other Asian newly industrialized economies. Therefore, Singapore Incorporated has drawn together its old coalition of statutory boards, GLCs and MNCs to blaze

the trail. When MNCs and GLCs move abroad, the government extends the Local Industry Upgrading Program (LIUP) to enable MNCs and GLCs to upgrade local contractors' technologies. Through many assistance schemes, the EDB gives local companies a total business development package which caters for them from cradle to maturity.

Singapore Incorporated's regionalization drive has also resulted in ambitious projects to create subsidiaries, or Virtual Singapores, in labour and land-rich developing countries. The Virtual Singapores form industrial parks that Singapore Incorporated is erecting in China, India, Indonesia and Vietnam. Most of these projects constitute clusters of factories, roads and power plants for which Singapore Incorporated serves as landlord to MNCs; but, in Suzhou, China, Singapore Incorporated is also embarking on an ambitious experiment in social development. The China-Singapore Suzhou Industrial Park constitutes a 21-company consortium, dominated by local, private firms, GLCs and Singaporean government agencies, including the EDB. With a completion time of 20 years, an estimated size of 70 sq.km and 600,000 people, Suzhou forms an experimental base for Singapore Incorporated to serve as middleman to the world; through Suzhou, Singapore Incorporated also hopes to perpetuate its influence and stakeholder base by advocating an alternative model for developing China[40]. The consortium will funnel to China the transfer of Singaporean software and culture, as well as methodologies ranging from urban planning and fire fighting to the CPF. Faced domestically with increasingly non-competitive labour rates, land shortages and impending competition from ports in Thailand and Malaysia, Singapore Incorporated is trying to retain regional economic dominance by transmitting unique cultural and political values, as well as key technologies, through its industrial parks.

Singapore's self-image as a corporation carries some structural implications as well. Structurally, like Tokugawa Ieyasu three centuries before in Japan, first Prime Minister Lee Kuan Yew argued for a hierarchical, stabilizing society in Singapore of mandarin bureaucrats on top, hardworking, disciplined, blue collars on the bottom, and leading businessmen and a closely-watched professional class in between[41-43]. The internalizing of markets through hierarchies, as a MNC would, carries both its costs and benefits: its benefits translate to increased efficiency and strategic speed; its costs contribute to a relative lack of initiative, entrepreneurship and creativity, and a rigid bureaucracy.

Figure 3
 Advertising receipts by industry for Singapore (S\$million)



Source: [23]

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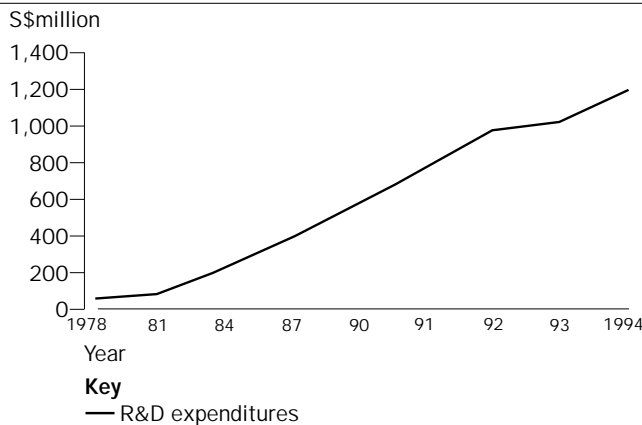
Despite its astounding success, in some respects Singapore Incorporated appears eerily sterile. No one passionately chronicles its development. Singapore Incorporated has no renowned poets, short story writers, musicians or bards to interpret events. Despite its great economic progress, Singapore also appears limited in intangible assets like R&D, a key asset for MNCs. A National Science and Technology Board survey revealed that in 1993, Singapore spent about 1.2 per cent of its GDP on R&D – as opposed to the USA's 2.72 per cent, Japan's 2.72 per cent, Germany's 2.53 per cent, Taiwan's 1.73 per cent and South Korea's 2.17 per cent[44]. As Figures 4 and 5 demonstrate, Singapore's expenditures on R&D, and its number of scientists and engineers appear woefully small, reflecting its limited population. Despite governmental support for R&D, the *World Competitiveness*

Report[16] revealed that as other nations progressed, Singapore slipped in relative ranking from the previous year on the availability and qualification of human resources (from fifth to eighth), on science and technology (from seventh to twelfth) and on infrastructure (from twenty-ninth to thirty-third). The report indicated that Singapore's challenge would lie in finding its next dimension of economic development, making a discontinuous change from one plateau to another[46].

Unlike leaders of other countries, Singapore Incorporated's leaders unhesitatingly accept it as an artificial creation with a purpose and a finite life span. In an interview with the *New York Times* on 3 August 1995, Mr Lee Kuan Yew called Singapore "man-made". He argued, "Its very contrived to fit the needs of the modern world and it has to be amended all the time as the needs change". In the interview, Mr Lee gave a sober reading of Singapore's chances of survival. "This is 1995. Can it go on for another 50 years? I'm not sure. Can it go on for another 20 years? Maybe. Can it go on for another 10 years? I would say most probably" [47]. In balance, Mr Lee suggested a one in five chance that Singapore would go the way of the great city states of the past – down[47]. In another recent talk, Mr Lee presented a scenario in which Singapore would eventually rejoin Malaysia. "Let us assume that whatever we do, the Malaysians do as well... Let's say they go the whole road, meritocracy, no "Malayism"; then I say 'Let us rejoin them and stay in the federation. Because that's what we fought before to achieve'" [48, p. 1].

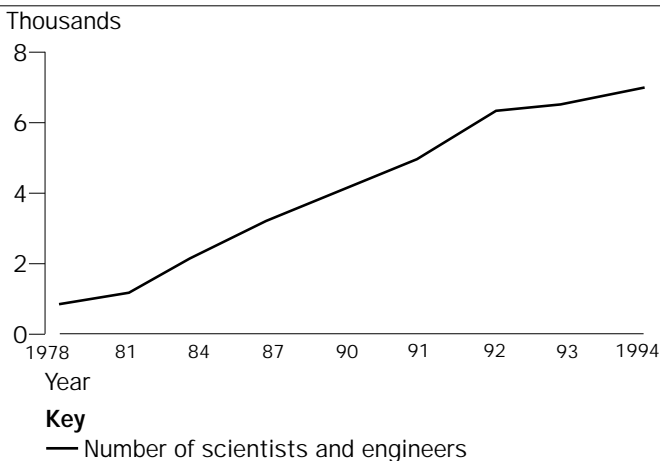
For management and international business theorists, Singapore Incorporated provides a unique opportunity to observe and to analyse an almost textbook application of theories and concepts about corporate behaviours. This paper has elaborated how Singapore Incorporated diversifies, maintains flexibility, moulds culture, invests in intangible assets, and strives for competitive advantages. If the metaphor of Singapore Incorporated has provided Singapore with opportunities and great successes, it has also provided Singapore with constraints. Singapore Incorporated has excluded many environments from consideration, unreflectingly or unconsciously. Singapore seems to imitate some of the strategies and policies of what Evans[49] labelled the "organization set": for Singapore, MNCs seem to set perceptions of prices, costs and available resources and strategies. Yet, ultimately, states do not form corporations; and corporate concepts, values and cultures may have only limited effects on states' survival and prosperity: Singapore

Figure 4
 Singapore's R&D expenditures



Source: [45]

Figure 5
 Singapore's research scientists and engineers



Source: [45]

Incorporated's final transformation may involve some realization of this.

In conclusion, Singapore's economic success flows as much from conventional comparative and competitive advantages as of history and accident. Singapore Incorporated's gradual evolution holds testimony to this process as the government, with the aid of strategic alliances, innovatively takes on national and international development. The unapologetically authoritarian government emphasizes discipline and strategic thinking; it sees liberal democracy as a luxury good that helps to mobilize resources for Singapore Incorporated. The many crises in the 1960s gave the PAP government legitimacy and rationales for its style. This style has matured with rising affluence, civic culture and a younger, better educated but more demanding electorate. Social and technology issues have joined traditional economics and political dimensions of governance and development. All Singapore Incorporated's major stakeholders do not have commitment to these new developments. Thus, extending Singapore Incorporated internationally, and drawing in local enterprises, forms a strategy to overcome potential conflicts.

Singapore Incorporated demonstrates an obsession with competitiveness such as few states do: ministers and the media often discuss in length the implications of the various surveys that rank nations on competitiveness. Krugman[50] argued that competitiveness can prove a dangerous obsession for states; and, comparing states' behaviours with corporate behaviours can lead to poor economic policies that hamper and confuse development. Yet, measures of competitiveness do not constitute complete nonsense. Any country's future prosperity depends on its growth in productivity — which government policies can influence. Nations compete in that they choose policies to promote higher standards of living. So far, Singapore Incorporated has proven Krugman[50] wrong by achieving high growth and maintaining competitiveness. Yet, Singapore also provides a living laboratory to observe the limits and potential of management and international business theories; future research could extend these observations, as well as lessons from Singapore Incorporated's success, across other states.

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