

# Doing business in singapore research paper examples

[Economics](#), [Trade](#)



\n[[toc title="Table of Contents"](#)]\n

\n \t

1. [Abstract](#) \n \t
2. [Introduction](#) \n \t
3. [Political aspects](#) \n \t
4. [Legal aspects](#) \n \t
5. [Social aspects](#) \n \t
6. [Cultural aspects](#) \n \t
7. [Economic aspects](#) \n \t
8. [Conclusion](#) \n \t
9. [References](#) \n

\n[/toc]\n \n

## **Abstract**

The term business can be used to refer to an activity that done that is profitable and viable. Business involves trading between two or more parties where an agreed price is determined. Trading can take the form of two countries that exchange goods and services through a given system. Singapore has emerged as a business hub due to various factors that facilitate proper business practice between the country and other nations. Trading is an inevitable activity in the community we live nowadays as it facilitates movement of goods and products from one area to another. Business on the global scale has been a major boost to economies of different nations and trading partners. Due to the fact that no country or nation is self-sufficient in terms of food and other needs, then the need to

trade is inevitable in the world today. Countries have signed up bilateral trade ties that set the precedents for doing business together and through these globalization is being realized. Singapore has over the years emerged as a business hub which is favored by different global organization. Business in Singapore is facilitated due to the location of the country which is in line with world sea route and a multicultural society that has embraced business. The business environment is favorable to many businesses and organization that have used the country as a market for their goods and services. This research paper seeks to identify the factors that influence businesses in Singapore and how the various factors work together to promote business. These factors have been discussed in details and how they influence businesses in Singapore.

## **Introduction**

Singapore is a country located at the southern part of the Malaysia peninsular in Asia. It's a small country with an approximate area of 716. 1 square kilometers and a population of about five million people. The country uses the Singapore dollar as its main currency although due to its bilateral trade ties with other nations it has set up different international financial institutions. Singapore gained its independence in 1965 and since then it has embarked on a development project that have seen the country emerge as a business hub in Asia and the world at large (Nishimura & Asahi, 2010). The conducive environment for business in the country has been set up by combining different factors that favor business. These factors or aspects of business include political aspects, legal aspects, social aspects, cultural

aspects and economic aspects. It's through such aspects that have led to Singapore to become a global player in business which attracts interest from global players. Singapore according to the World Bank 2013 is ranked number one globally in terms of ease of doing business (International Monetary Fund, 2012). The country's markets are its vital points as they hold the strength of the economy which is coupled with political stability. Below is a close analysis of different aspects of business that exist in Singapore that has transformed the country into a global player in business and commerce. Any organization that seeks to establish itself in the market must take into account what kind of product to introduce into a certain market. Due to favorable factors that exist in Singapore it becomes easier for business enterprises to flourish.

## **Political aspects**

The political atmosphere in any country sets the precedent for any business to grow. Entrepreneurs must observe the kind of atmosphere that a certain government subjects in the business community. If the government provides a stable political atmosphere, business will thrive and the market will expand. Given that Singapore has for long enjoyed a stable political setting where government agencies encourage and protect the interests of the business community. The government of Singapore understands the role that businesses play in the economy of the country and how various political settings may affect the economy. Singapore is one of the most democratic nations in the world and thus it enjoys a peaceful political setting that attracts multinational companies to set up their business in the country.

Businesses in Singapore continue to thrive due to the strong interaction between government agencies and business owners. The government collects taxes from these businesses which are in turn used to develop the country (PKF, 2012).

The government of Singapore has partnered with the private sector in improving the infrastructure of the country to attract even more business opportunities. Infrastructure which includes construction and improvement of the rail and road network, improving air and sea transport through expanding sea and airport, laying out fiber optic cables to towns and major cities. The government has been signing trade treaties with other nations to try and improve the level of trade. Globalization is a term used to refer to a network of different countries and nations that have partnered to share information and ideas on a common platform. The internet through the World Wide Web has been used by several nations to avail information to a large populace about their activities. The government of Singapore has been on the front line to use this new channel to attract new business partners. The government signed a trade agreement with the British government that has seen both countries benefit from the initiative. The British government has laid a long term investment opportunity in Singapore where more than 700 British companies have their branches in the country. These companies include financial institutions like Standard Chartered, Unilever, Barclays and Shell. The government of Singapore has on the other hand increased its export to Britain which accounts for more than 3.7 billion pounds in the year 2011 (UK Trade and Investment, 2012).

## **Legal aspects**

Legal aspects of a given country usually determine the environment for doing business in a given country. Legal aspects refer to the laws passed and adopted in a given country that favor business practice or even inhibit the business. In a country where the law is clear on how business is conducted then business will thrive there where trading parties are guided by a written document. Singapore after gaining its independence in 1965 initiated a national drive that sought to improve the economy of the country and make it possible for people to do business in the country. The country's legal system has been adopted from the British system which influenced the country's business practice. Chapter 7 of the English Law which is common Law is applicable in the country although it continues to be reviewed to meet the demands of the changing market. Doing Business in Singapore has been influenced by the legal system the country adopted so as to ensure that trade ties are honored and implemented. An analysis of the legal requirements that are to be met before undertaking business activities in the country is crucial for any business (FASICO, 2013). The Law in the country has been set to cater for the registration of new businesses in the country. A new business has to follow the laws of the land which are outlined in the constitution. The constitution of a country contains the supreme law that each player in the economy must adhere to.

In Singapore the law is very clear on how business premises must conduct themselves in the country by following the right channel from registration to acquiring trading licenses. Companies that wish to set up their branches in the country are required to forward their documents to the registrar of

companies where they state their Memorandum of association and the article of association. The Singapore legal system incorporates both the judicial system and the parliamentary system. The parliamentary system is mandated with the responsibility of legislating laws that are applicable to the country. While the judiciary is responsible in enforcing these laws and any breach of the law is punishable under the law. Due to the risks involved in business, it's important to have a strong legal system where the rule of law is applied and followed. In that way there are very few conflicts between partners in any business. Through adopting the English law practice the country has been able to forge ahead in terms of attracting major economies like Britain and the United States investors in the country. It's known worldwide that English is the business language and thus Singapore adopted this language to attract a lot of business owners and entrepreneurs in the country (UK Trade and Investment, 2012).

The country legal system includes the organization of the courts, the legal fee applicable in the country and how the lawyers are organized. Singapore has been considered to be a country with a very responsible and efficient legal system that handles any business disagreement and thus attracts a lot of investment. The country legal system prohibits corruption which affects business growth and thus it becomes very easy to set up and run a business in Singapore. The process of registering a business has been so simple such that one can access full information on where to register the business and the process involved in registering. The legal aspect in Singapore favors businesses as it sets out a clear process that is free of corruption and bureaucracy.

## **Social aspects**

Business operations are affected by the social aspects that exist in a particular country. Social aspects refer to the integration of the human resource into any business or industry. The human workforce is a major determiner in the success or failure of any business. Thus the social factors which include the population to offer services and consumption of the already made goods. The human resource must be integrated into the business where research has shown that business values must be related to people. Family values in Singapore are the core that holds the society together given that they formulate what to eat and what to keep. Social aspect of business involve creating a relationship between the local people and the role the business or industry plays in involving people in their decisions. Singapore is a cosmopolitan society where different cultures exist and they dictate the taste of business in terms of what to produce and in what quantity (Nishimura & Asahi, 2010).

Singapore being a multi-religious country offers many opportunities and a diverse market for different goods and services. The country has a majority of the population being Buddhist, Muslims, Christians and other religions and this opens up the country to different investors. The religion of an individual in most cases determines the kind of good or service one need. The religion at another point dictates what to eat and what to wear. Different seasons call for different goods and services and thus it's important to understand the market. For example during festive seasons people tend to consume a lot and thus business enterprises need to take into account this aspect. Humans are social beings and their consumption is influenced by the tastes and



preference, religion or the time of the year (International Monetary Fund, 2012).

## **Cultural aspects**

Culture can be defined as the tradition carried out by a certain group of individuals. Culture may also mean the way of doing things in a given society. Culture affects business in a number of ways which are dictated by the taste and preference of a given society. Singapore is a multi-religious and multi-racial country and this gives a wide range of products that the country needs. Any business enterprise that seeks to increase its sales turnover needs to take into account the human aspect in any production. Different people have different tastes and thus the need to diversify the products and services in the market to meet up this demand. The forces of demand and supply affect the price of goods and services in the market and thus it's important for any business to consider what to sell and when to sell. Singapore is a multi-cultural society where different traditions are followed by different people and families. This diversification is what gives the country better image and a potential market for all kinds of products. The opportunities that exist in Singapore are favorable as compared to other nations due to the systems set up by the various government and private sector (International Monetary Fund, 2012).

Family settings in the country lay the foundation for the social and cultural structure continues to influence the business environment. The local market requires a clear mechanism that guarantees that products and services move freely and are made available to the citizens. The target market for

most local and international products is on the rising middle and upper class in Singapore where consumption continues to increase. When a company wants to produce a certain products it need to take into account who are the target market and what price to sell and in what quantity to offer in the market. Due to the rising pollution in Singapore there is always a ready market for goods and services (PKF, 2012). The human resource in any business enterprise requires training on how to manage the organization well. The hiring of professions in the market has improved the way organizations carry out their business.

## **Economic aspects**

Singapore is a free market which is guided by several business principles and this has led to the country becoming a business hub for local and international investors. The country has a world class port where free entry of goods has been initiated by the government agencies. It is known that 99% of all imports into the country are duty free and this has attracted a lot of business enterprises to set up their base in the country. The customs department in the country has been mandated only to tax duty on items such as petroleum products, alcohol, motor vehicles and tobacco. This initiative has led to international companies setting up branches in Singapore to tap into this potential. In turn the already set up companies pay taxes to the government and help in creating employment opportunities for the citizens. The country has a GDP of close to 270. 020 billion dollars by the year 2012 and a per capita income of 50, 323 dollars in 2012. The economy thus offers a high return rate to businesses where spending is encouraged

(UK Trade and Investment, 2012).

Singapore is located on a sea trade line that has access to Asia, Africa, Europe and the American market. This location has been a major attraction to multi-national organizations that have set up their businesses in Singapore or use it a trade route. The sea port in Singapore caters for billions of tons of major imports and exports around the world. The government aspect seems to favor both local and foreign investment due to the clear framework laid by the government policies. An improved exchange control has been facilitated by strengthening the financial institutions where borrowing and lending is enhanced. Capital availability through loans and government grants has influenced the course of doing business in Singapore. A clear infrastructure in the financial sector makes it possible for businesses to access information and share ideas on how to co-exist and thrive in a common economy (FASICO, 2013).

Economic factors in a given country will determine how business enterprises and industries acquire licenses and financing. Singapore has a favorable foreign policy that seeks to increase the level of foreign investment in the country. This has on the other hand improved the local businesses as they are able to partner with these foreign companies and carry out business together. Through the Economic Development Board which is abbreviated as EDB in Singapore, foreign companies that seek to start their operations in the country are required to register themselves with the board. The fiscal and monetary policy is favorable to businesses and the government offers incentives like low tax and low interest rates for both local and foreign

companies. The business environment in Singapore is stable and supports all kinds of business whether small scale or large scale (PKF, 2012).

## **Conclusion**

Local or foreign companies that seek to establish new business ventures in Asia are being encouraged to try Singapore due to the favorable environment for conducting business. After an in-depth analysis of the above factors that influence business in Singapore its notable to mention that trading nations has led to globalization. Trading between different countries has promoted peace and created a working relationship between countries. This integration is responsible for the numerous research undertakings that are geared towards improving the lives on our planet earth. Inter country trading brings about sharing of information and technology which facilitates a peaceful co-existence. Countries around the world are making big steps towards realizing their economic goals where business enterprises are being used to set the precedent for other economic activities. Singapore has embraced the business concept with several governments and multinational companies to improve the level of trade between the partners. The various government policies implemented in Singapore have facilitated for a growth in the economy and an improvement in the standards of living. Infrastructure has improved since the country embarked on attracting foreign and local investor to carry out their businesses in the country.

## **References**

FASICO (2013) Doing Business in Singapore. Retrieved from [http://www.fasico.com/business\\_in\\_singapore.pdf](http://www.fasico.com/business_in_singapore.pdf)

<https://assignbuster.com/doing-business-in-singapore-research-paper-examples/>

International Monetary Fund (2012). Singapore. Retrieved from <http://www.imf.org/external/pubs/ft/scr/2012/cr1242.pdf>

Nishimura and Asahi. (2010) Doing Business in Singapore. Retrieved from [http://www.jurists.co.jp/en/publication/tractate/docs/101001\\_Singapore\\_E.pdf](http://www.jurists.co.jp/en/publication/tractate/docs/101001_Singapore_E.pdf)

PKF (n. d) Doing Business in Singapore. Retrieved from <http://www.pkf.com/media/131833/doing%20business%20in%20singapore2012.pdf>

UK Trade and Investment (2012) Doing Business in Singapore. Retrieved from [http://www.britcham.org.sg/images/uploads/Doing\\_Business\\_in\\_Singapore\\_Guide\\_201.pdf](http://www.britcham.org.sg/images/uploads/Doing_Business_in_Singapore_Guide_201.pdf)