

**MIND THE** GAPS  
**Singapore Business in China**

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**Singapore Business in China**

**Sree Kumar  
Sharon Siddique  
Yuwa Hedrick-Wong**

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# Foreword

China, the new economic powerhouse of Asia, burst onto the world stage in the mid-80s, and has been able to sustain rapid growth for the past two decades, defying even the most optimistic forecasts. China has transformed itself into an attractive designation for foreign direct investments to fuel its economic expansion. Foreign investors have brought fresh capital, advanced technology and management know-how to tap business opportunities in all the different sectors.

Many Singaporean businessmen and corporations have extensive engagement with their Chinese counterparts and some were amongst the early business entrants into China. Though there are many opportunities available, we did not fully capitalize on our early mover's advantage and the numerous initiatives/incentives introduced by our government agencies. Generally, there still exist considerable gaps for Singapore business to do well in China.

This publication offers a useful framework for understanding the gaps of Singapore business in the dynamic business landscape of China. It gives a holistic outlook of Singapore business in China derived from the invaluable experiences of many of our industry veterans operating in China as well as the frank perspectives provided by our Chinese and foreign counterparts.

The Singapore Business Federation and its member chambers have played an important role in increasing the awareness of market opportunities, operational pitfalls and the soft side of conducting business in China. Apart from working closely with the different government agencies that encourage our businessmen and corporations to venture overseas, the Singapore business community will also have to find ways for corporations to collaborate more, in order to shorten the learning curve and to mitigate the risks of going into China. We should pool our

capabilities together to surmount many of the gaps of individual companies.

Some Singaporeans on their own have managed to bridge the gaps of conducting businesses in China and made their marks in different parts of the country. The inroads made by these successful forerunners in business are useful in guiding other Singaporeans to venture into China.

In this respect I congratulate the authors of the book for their study, which provides deep personal insights into the dynamics of doing business in China and the evolving business relationships with China.

*Stephen Lee*  
*Chairman*  
*Singapore Business Federation*



# Preface

*Mind the Gaps: Singapore Business in China* is the result of a six-month study completed in June 2004, which explored various dimensions of the Singapore business experience in China. The high priority given to entering the China market reflects a general consensus that “getting it right” in China is one of the most important positioning exercises for Singapore’s success in the 21<sup>st</sup> century. But there is also a general acknowledgement that “the winning formula” has yet to be perfected. The study is based on two types of data. First, quantitative, comparative data charting the contemporary history of Singapore’s rapidly accelerating China trajectory was collected and analysed. Second, interviews were conducted with businessmen, bureaucrats, and academics in Singapore and China.

The authors worked closely with a team from the Chinese Marketing Research Centre of Fudan University who managed the China portion of the study. Interviews in China were conducted in Shanghai, Liaoning, and Zhejiang provinces — chosen because of Singapore’s extensive existing involvement, and current focus on expanding business relationships. We interviewed a total of 88 business executives, bureaucrats, and academics in China and Singapore, including 48 Chinese nationals (including 3 from Taiwan), 38 Singaporeans, and 2 Chinese Malaysians.

The purpose of these interviews was to understand Mainland Chinese views on Singapore businesses operating in China, and Singapore views on doing business in China. Interviews were conducted either in Mandarin or in English, and the working language of analysis is English. There was no formal questionnaire, and no attempt was made to quantify interviewee responses, other than to note how frequently a particular observation was recorded. (For details on the interviews, see Appendix 1.)

The first chapter of the report traces policy milestones and compiles quantitative, comparative data charting the contemporary history of

Singapore's rapidly accelerating China trajectory. But these growth statistics also highlight an increasing asymmetry. Singapore is more dependent on China than China is on Singapore. One way for Singapore to manage this asymmetry is to target emerging provinces and cities, and carve out a niche as a more significant player through building networks of provincial and city government and business relations. Proceeding from macro-economic data to the firm level, it is possible to describe the Singapore experience in more detail.

The second chapter draws largely on our interviews with Singapore and China business players, and analyses their observations and insights on Singapore's business operations in China. Cultural perceptions are illustrated through business management, operational styles, and business practices. In the rapidly expanding constellation of foreign business entrants into China, Singapore occupies a distinct, and unique position. What gradually emerged out of analysing these interviews is a collective narrative on Singapore-China business relations.

Particularly in the past decade, China has seen the arrival of more foreign businessmen than at any time in recent history. China is grappling with how to categorize this new constellation of foreigners, and also how to process this interaction in their business dealings. Narrowing our focus, there emerges a narrative on what specifically distinguishes Mainland Chinese from Singapore businessmen, and what makes them unique. Thus beyond what the numbers tell us, and what various government policies attempt to foster, one needs to mark what people say.

The final chapter draws on the research findings of the previous chapters, and distills some of the more important lessons learnt from the Singapore experience in China. This includes an analysis and assessment of current and future trends relevant to successful business positioning in China, and options for Singapore entrepreneurs. Singapore's business investments in China can be viewed collectively as an attempt to transfer business models that have been successful in Singapore, into the Chinese business environment.

For Singapore transfers to succeed, ideally, the operating environment should be similar. If it is not, then the Singapore model must be adapted to fit the new set of circumstances. This adaptation process requires a culturally sensitive implementation capability. Singapore's investments in China present a complex picture, and the learning curve has been steep. The impression is that there are more successful ventures now than

previously, as Singapore business people become more savvy, more experienced, and more knowledgeable about China.

Special thanks to the businessmen, bureaucrats and academics in Singapore and China who so generously offered us their time and shared their experiences. Our thanks go to members of our research team. Ms Lee Yew Ying and Ms Parhana Moreta assisted in data collection, analysis, and arranging and conducting interviews in Singapore. Professor Lu Xiongwen and his very capable research team at the Chinese Marketing Research Center of Fudan University, China provided their invaluable assistance with data collection and interviews in Shanghai, Liaoning and Zhejiang.

We would also like to record our appreciation to ISEAS for supporting this research project. We would like to thank Mr K. Kesavapany, ISEAS Director, who has given us encouragement and useful feedback. We are also indebted to the ISEAS research staff for organizing and attending the work-in-progress seminars to review project milestones. Our thanks also to the ISEAS Publications Unit, and particularly, Mrs Triena Ong, Managing Editor, for her usual professionalism transforming a manuscript into a monograph. Finally, we, as authors, take full responsibility for the interpretations and conclusions presented in this study.

## About the Authors

**SREE KUMAR** is a Director of Sreekumar Siddique & Co, an international research and consulting firm. In his varied career, he has been a development economist, management consultant, design engineer, R&D manager, and geophysical engineer in the oil and gas industry. In recent years he has specialized in policy design for governments, public sector reforms, trade and financial sector strategies, and in turning around state-owned enterprises. Sree has a multi-disciplinary background which includes an LLB (Hons) from the University of London; an M.Sc. in Development Economics from Oxford University; an MBA from the Cranfield School of Management; a BSc (Hons) in Economics from the University of London; and a BEng. in Electrical Engineering from the University of Singapore. He was previously a Fellow of the Institute of Southeast Asian Studies in Singapore (1990–94).

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