

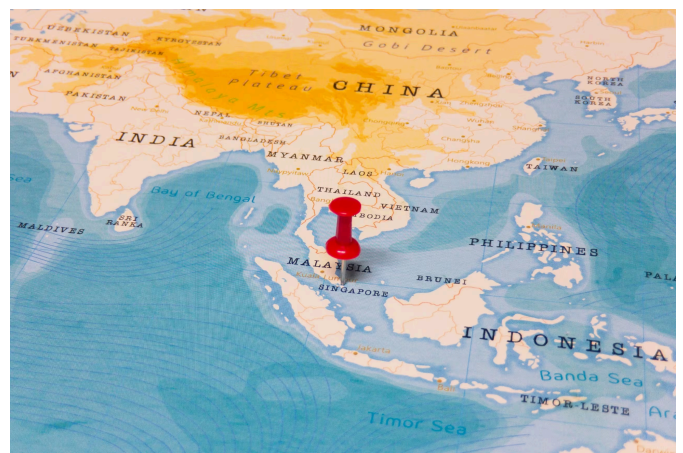


## **Country and Regional + FDI Analysis**

**MGT 3030: Global Business**

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## **Singapore**

What was once only considered as a jungle in Southeast Asia to the rest of the world has now become an economic powerhouse. Singapore is a unique, vibrant, and economically sustainable city-state that has attracted countless international businesses. This number is set to increase now that Singapore has shown a strong legal system, tax incentives for FDI, along with highly valued collectivist values.

### **Population and Age Distribution**

With Singapore becoming such a powerhouse after gaining independence, Singapore has grown as a Country in all factors making it one of the most competitive economies. As of 2024, the population of Singapore is an estimated 6.04 million people. Of this population, 4.18 million are residents (3.64 citizens and 544,900 permanent residents) and 1.86 million people are classed as non-residents. This population size in 2024 is a 2% increase compared to 2023 which is mainly due to the growth in the non-resident population. Over the past five years there has been about 1.1% increase in the population. This constant growth especially in non-residents attains to the business-friendly environment (Wikimedia, 2025a). Within the 6.04 million population the age distribution is perfect for the working class. As seen in Chart 1, the diagram shows 70.26% of the population falls between 15-64 years. With this only 14.54% falls between 0-14 years and 15.20% are 65 and older (Wikimedia, 2025a). This shows that the population is experiencing slow growth. This slow growth can be attributed to many factors such as increasing lifespan, higher education, societal norms, and so much more.

### **Urban Living, Education, and Workforce**

Once Singapore attained self government in 1959, the problem of housing shortages arose. This was a result of fast population growth and the government had to act fast to decrease

congestion and squalor. As a result, Singapore's population is generally housed within new towns which are large scale satellite housing developments (Wikimedia, 2025a). These towns have public and private housing, centers, and all amenities to help relocate from the center of the city to other parts of the country. Now there are 23 new towns and 3 estates that are booming. This is evident with the economic system and this change that Singapore created high urbanizations. This is a testament to nice infrastructure and availability of services. As of 2023, Singapore has a 100% Urban Population and it is 1 out of 7 countries that have attained that density. While being a heavily urbanized country, Singapore prides itself on trying to have an environmentally friendly reputation by implementing heavy littering restrictions (Pearson, 2021).

Due to Singapore being highly urbanized, the literacy rate since 1960 has increased rapidly. As you can see in Chart 2, The total percentage of people 15 and older that could read in 1960 was 52.6%; whereas, in 2020, the percentage of people that could read is 97.1% (Wikimedia, 2025a). This shows the strong emphasis placed on education in Singapore attesting to the global competitiveness. Within this, Singapore has an emphasis in STEM and is ranked among the best for international assessments such as PISA. In 2020, 33% of Singapore's population that is 25 years or older attained University degrees and the highest qualifications possible (Wikimedia, 2025a). Singapore's labor force encompasses around 4.01 million individuals in 2024. The labor force participation rate for residents aged 15 and over have declined to 68.2% in 2024 where it is 68.6% in 2023. This is most likely due to the overall gaining population decreasing the amount of people able to be in the workforce. However, in Singapore there has been a noticeable increase in Professionals, Managers, Executives, and Technicians attesting to the shift of a knowledge-based economy.

### **Economic Growth**

Singapore has a highly developed mixed market economy and has been ranked as one of the leading economies especially with openness in the world. It is important to note that Singapore has some of the lowest tax-rates making it highly attractive to foreign markets. Singapore has the third highest per-capita GDP in the world in terms of PPP (Wikimedia, 2025b). The Gross Domestic Product of Singapore is 501.4 billion nominal in 2023 and in 2024 the GDP growth rate was 2.1%, and has been on a constant increase. The economy of Singapore is incredibly stable attesting to the business-friendly reputation for global and local companies (Wikimedia, 2025b). Singapore is known for its purchasing of raw goods and then refining them for re-export to have an industry that is export-oriented.

Singapore's purchasing power per capita in 2023 was \$141,553 in USD which is based on purchasing power parity (*Singapore - GDP per capita, PPP (current international \$)2025 data 2026 forecast 1990-2023 historical*). This indicates a strong economic position and a high living standard. It can be confirmed that though the cost of living may be high, its strong purchasing power and income levels compensate for it. Additionally, the average median household income was \$10,869 per month which is equivalent to \$8,051 USD/month (Lim, 2024). This shows that these wages are supported by a knowledge-driven economy especially in sectors such as finance, technology, and manufacturing. Singapore can be ranked as one of the most expensive cities globally meaning that higher income levels and purchasing power allows the citizens to sustain themselves.

Singapore's inflation rate (average consumer prices) has a 2.2 annual percent change (International Monetary Fund, n.d.). This is a moderate inflation meaning that there is a price stability while balancing economic growth. With this rate it increases the purchasing power of individuals which is favorable to new companies to enter the market in Singapore. The foreign

direct investment in Singapore is 867.18 Billion in 2023 for net inflows (*Foreign direct investment*, n.d.). This highlights the strong attractiveness in the global economy for Singapore and shows the economic stability and a positive business environment. This allows there to be more confidence of long-term growth with a competitive edge. The leading sectors in Singapore are engineering and manufacturing with a huge emphasis on STEM careers and education. Additionally, tourism in Singapore is a big factor in the economy due to the growth in travel and interest globally.

### **Cultural and Social Factors**

Singapore is highly open to foreign investment and is a very business friendly environment. It is known as a hub for multinational corporations. Singaporeans have a positive attitude towards foreign brands and are very open to new companies entering their countries' market. Singapore is very tech-savvy with very affluent consumers, and they focus on cutting edge and top of the line products. The consumers in Singapore are very brand conscious and often make their buying decisions after extensive research, especially if the product is expensive. Social Media is large in Singapore and influences a lot of their buying decisions. Advertisements run rampant on social media nowadays, and when the affluent consumers of Singapore see things they like on Social Media, they buy them (Culture, n.d.).

### **Social Stability**

Singapore is known for its strong social stability, which is achieved through policies that emphasize law and order, multiculturalism, and meritocracy. The government enforces strict laws that maintain public order, and citizens generally respect the rule of law. These strict laws and regulations that are upheld by the police and the government help Singapore to be one of the safest countries in the world. Typically the ones getting in trouble with the law most in Singapore

are actually tourists who do not abide by their strict laws. While Singapore has achieved significant economic success, income inequality remains a concern. The country has one of the highest income disparities in the world, although the government has implemented measures such as progressive taxation, social support programs (like healthcare and education subsidies), and housing policies to help reduce the inequality gap. Despite these efforts, the wealth gap is still noticeable, and certain segments of the population face challenges such as rising living costs (Singaporean, 2015).

### **Language and Religious Practices**

Singapore is a multilingual country, with four official languages: English, Mandarin Chinese, Malay, and Tamil. English is the main language of business, education, and government, and it serves as a unifying medium of communication in this ethnically diverse society. Mandarin Chinese is spoken by the ethnic Chinese majority, Malay is the language of the Malay community (the indigenous people of Singapore), and Tamil is spoken by the Indian community, particularly among Tamils. Singapore is a religiously diverse nation, with the major religions being Buddhism, Islam, Christianity, Taoism, and Hinduism. The government actively promotes religious harmony, and religious freedom is cemented in the country's constitution. Major religious festivals, such as Chinese New Year, Hari Raya Puasa (Muslim festival), Deepavali (Hindu festival), and Christmas, are celebrated publicly (All about Singapore, n.d.). The government ensures that public holidays celebrate the diversity of the country's religious practices, and interfaith dialogue is encouraged to maintain social togetherness.

### **Business Environment**

Singapore has a highly competitive and results-driven work culture, influenced by its global business status. Punctuality and efficiency are highly valued, and there is a strong

emphasis on professionalism in the workplace. The workweek can be long, with many people working beyond the typical 9-to-5 hours, particularly in sectors like finance, tech, and law. In a business setting, professionalism and respect are key. First impressions matter, and business attire is formal; suits for men and conservative dresses or suits for women. Punctuality is also crucial. During business meetings, it's important to show respect for hierarchy, especially in more traditional sectors. Gift-giving is not common in business, but if done, the gifts should be modest. It's often a gesture of goodwill, not something expected to influence business outcomes. Singapore has a culture that generally promotes balancing work and personal life, although the work environment can sometimes lean towards a focus on career success. The government has worked to ensure that there is a clear focus on improving work-life balance, with initiatives like flexible working arrangements and parental leave policies.

### **Political System**

After gaining independence from the British in 1963, a constitution for the Republic of Singapore was constructed and enacted in 1965. The country adopted a parliamentary democracy (All about Singapore, n.d.). Their government is modelled after the Westminster system which has 3 separate branches: “the Legislature (comprises the President and Parliament), the Executive (composed of Cabinet Ministers led by the Prime Minister) and the Judiciary. The President is the Head of State and the Prime Minister is the Head of Government. The Parliament is unicameral meaning they only have one house. There are no direct elections for local government. A system of regional Mayors and town councils exists (*System of government*, n.d.).

### **International Trade**

Given Singapore's location, it's no wonder that the small city-state has reached economic success. It neighbors two of some of the largest economies and largest populations: China and

India. Singapore is ranked by the World Bank in 2023 as the second easiest place in the world to start, run and do business (*Overseas business risk: Singapore*, n.d.) Moreover, the nation sits at the foot of Malaysia, making it a vital port stop for international trade. Singapore has one of the busiest ports in the world, being the link to more than 600 ports in 120 countries (*Why Singapore*, n.d.). According to the Singapore Department of Statistics in 2023, “the total volume of import-export reached US\$964.5 billion in 2023, of which exports accounted for US\$507.65 billion and imports US\$ 456.85 billion” (para. 1). As a consequence of being an important trade partner, Singapore has many favorable trade agreements. For example, Singapore has signed many FTAs with both neighboring Asian nations and major economic powers worldwide. These trade agreements allow Singapore access to major free trade areas within the ASEAN Division, Asian shipping hubs in China, Hong Kong, and India, along with presence in the EU (ASEAN briefing).

### **Tax Incentives**

Because its shipping ports are vital for international companies, Singapore has made it easier for businesses to move operations to Singapore. The country imposes a corporate income tax (CIT) at a flat rate of 17 percent for both foreign and domestic companies, which is the lowest among all ASEAN member states. Moreover, Singapore utilizes a single-tier corporate tax system, which means businesses pay CIT only on the profits they make (*Overseas business risk: Singapore*, n.d.). This low rate has attracted a diverse and dynamic community of business investors, reaching about 7,000 multinational firms, with more than half operating their Asia-Pacific business out of the country.

### **Intellectual Property**



Though Singapore has only been an economic powerhouse since the 1980s, it has become world renowned for its sustainable development in technology and infrastructure. Not only has their business-friendly environment been shaped by tax incentives and geographical location, Singapore has one of the world's strongest legal structures for intellectual property. Singapore has one of the world's most robust legal frameworks for intellectual property (IP). The ASEAN Briefing (n.d.) points out that, "the country's IP framework is comprehensive and effectively safeguards the various forms of IP – patents, trademarks, copyrights, and trade secrets" (para. 2). In fact, the country even has its own office dedicated to intellectual property. The Intellectual Property Office of Singapore (IPOS) works to protect intellectual property in Singapore through helping businesses handle their IP assets. Pacific. (*Overseas business risk: Singapore*, n.d.). Singapore's desirable political and legal landscape make it easy for international businesses to work in and with the country. However, despite policies citing a zero tolerance for bribery, there have been some political schemes indicating otherwise. According to the Freedom House in 2021, Singapore received a 3/4 for its "safeguards against official corruption" and a 2/4 for its government operating with "openness and transparency" (para. 18-20).

### **Industries Attracted to FDI**

As mentioned above, Singapore's economic and legal environment has led it to become a very attractive market for foreign investment. Not only does the country have robust anti-corruption laws and regulations, but it also typically ranks highest in the least corrupt countries. Additionally, the country boasts business-friendly laws and intellectual property protection. These factors and many others listed in more detail above have fostered a thriving environment for investors.

Most notably, Singapore's diversified economy allows for investment in many different industries. As seen in Chart 3, according to the Singapore Department of Statistics, the top five sectors that attract foreign direct investment in 2023 include finance and insurance, professional and administrative and support services, manufacturing, wholesale and retail trade, transportation and storage, and real estate (Singapore, 2023). The top three industries mentioned make up a combined 78% of foreign direct investment flows in Singapore. Finance and insurance tend to top the list because of Singapore's title as a global financial hub due to its strategic location, business-friendly regulatory environment, stable political environment, highly developing banking system, and rising fintech industry. Many of these factors allow manufacturing and transportation to be at the forefront of FDI in the country consistently. According to the US Department of State, Singapore has recently worked to create an environment suitable for significant increases in investments in digital innovation, pharmaceutical manufacturing, sustainable development, and cybersecurity (Hao, 2023). The country has worked to invest in these industries and hopes to establish itself as its regional hub.

Within the region, in Malaysia, FDI accounted for roughly 2% of the country's GDP in 2023, with leading foreign investments in the manufacturing and services sectors, according to Statista. Malaysia's manufacturing industry is significantly advanced in the electronics sector and attracts investors such as Intel and Bosch (Statista, n.d.). Thailand appears to have less foreign investment, with FDI accounting for about 0.6% of the country's GDP in 2023. Like Malaysia and Singapore, Thailand's industries that have the highest foreign investment include automotive manufacturing and tourism. Indonesia's FDI accounted for approximately 1.6% of the country's GDP in 2023, with leading foreign investments in the manufacturing, transportation, pharmaceutical, and mining sectors. Indonesia's textile and automotive manufacturing industries

have been constantly expanding, and the country's natural resources, such as nickel, coal, and gold, have grown in attractiveness to foreign investors. Finally, Brunei's FDI is -0.34% of the country's GDP in 2023, surprisingly increasing from -1.75% of Brunei's GDP in 2022. These countries are Singapore's closest neighbors and naturally share similar industries that attract foreign direct investment (Statista, 2024b).

### **Companies Investing in Singapore**

Some notable companies that have invested in Singapore include Google, Procter & Gamble, Alibaba Group, and Mitsubishi. Google and Procter & Gamble are both American companies. According to ASEAN Briefing, Google has invested \$5 billion in digital infrastructure in Singapore (Briefing, 2024). Additionally, Procter & Gamble is investing \$100 million in creating a new manufacturing facility in Singapore. According to the Singapore Economic Development Board, the United States accounts for approximately 20% of foreign investment in Singapore, with nearly 6,000 US companies in operation (Singapore-United, 2024). Alibaba Group, from mainland China, acquired Lazada, a Singapore-based e-commerce company, and invested \$1 billion in Singapore, marking one of their most significant foreign investments. Overall, thousands of foreign companies have invested in Singapore, with the most notable investors coming from the United States, Japan, Hong Kong, and mainland China.

### **Overall Analysis of FDI**

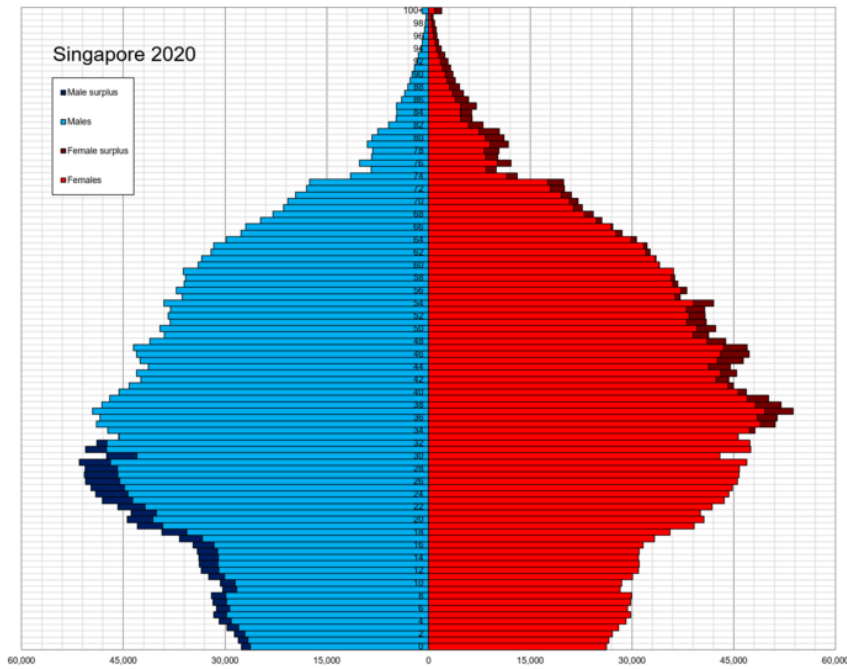
Over the past two decades, Singapore has made massive strides to become a top destination for foreign direct investment. Singapore's FDI inflows have significantly increased through its strategic location, business-friendly environment, and political and economic stability. Over the past twenty years, the ASEAN region, comprising eleven countries including Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam,

has seen significant growth in FDI inflow. The 2024 ASEAN Investment Report noted an increase in FDI inflow, with a historic high of US \$230 Billion in 2023, even with significant declines in FDI worldwide (Briefing, 2024a). This data underscores the strong investment appeal of Singapore and its neighboring regions. As seen in Chart 4, according to MacroTrends, in the past twenty years, Singapore has increased its inflows in Billions of USD of FDI from \$24.39 billion in 2004 to \$175.24 billion in 2024, a roughly \$150 billion jump in FDI inflows (MACROTRENDS, 2025). As highlighted above, the finance and insurance industries have been the primary beneficiaries of foreign investments, receiving nearly 1.48 trillion SGD in inward FDI in 2022. The United States has been a prominent foreign direct investor in Singapore for many years. As mentioned above, nearly 6,000 US companies operate in Singapore, from technology to healthcare; the most notable include Google, Apple, Microsoft, Procter & Gamble, and Pfizer. Ultimately, the most successful industries to consider investing in include finance, insurance, manufacturing, and fintech sectors; seeing as these industries are well-established or up-and-coming, they each have seemingly incredible potential.

Singapore's increasing population, ever increasing growth rate highlighting an economy that expanded by 4.4% in 2024, strong legal system, tax incentives for FDI, strong protections for intellectual properties, collectivist culture, and overall flourishing environment leads us to believe that Singapore is an excellent country to invest in.

## Charts and Tables Cited

**Chart 1: Singapore Age Distribution**



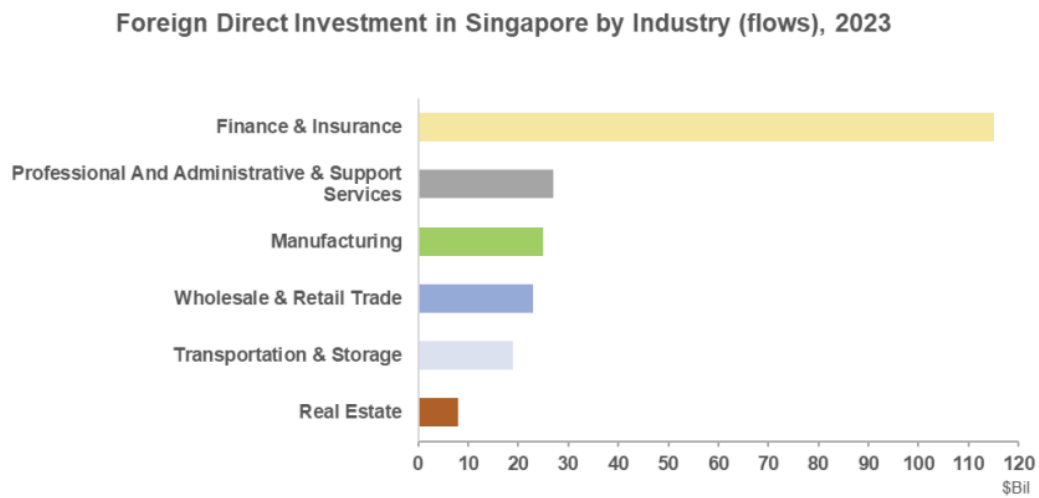
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**Chart 2: Percentage of Age Distribution in Singapore**

0–14 years	14.54%
15–64 years	70.26%
65 and over	15.20%

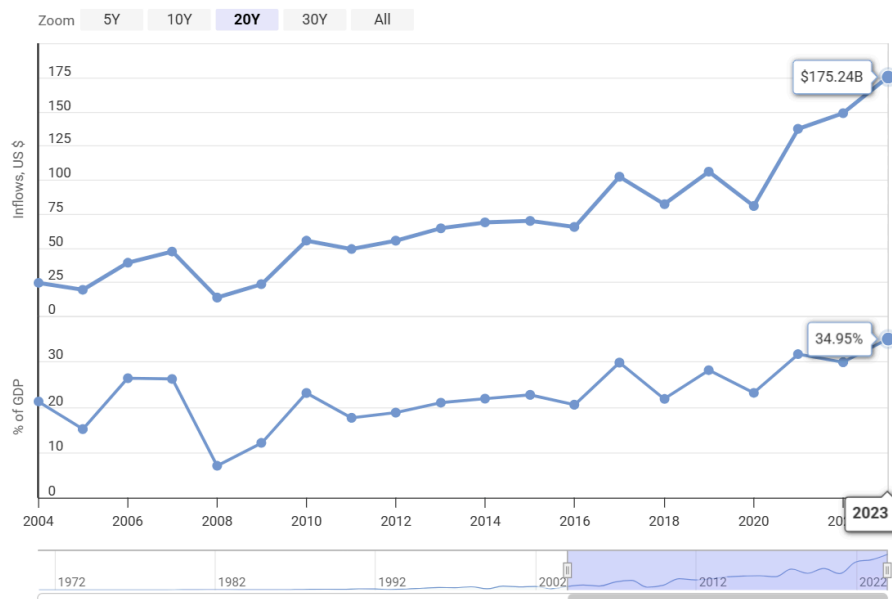
[https://en.wikipedia.org/wiki/Demographics\\_of\\_Singapore](https://en.wikipedia.org/wiki/Demographics_of_Singapore)

**Chart 3: Foreign Direct Investment in Singapore by Industry (Flows), 2023**



<https://www.singstat.gov.sg/-/media/files/news/fdiinflows2023.ashx>

**Chart 4: Singapore Foreign Direct Investment 2004-2024**



<https://www.macrotrends.net/global-metrics/countries/sgp/singapore/foreign-direct-investment>

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