

Economic Development of Singapore: Challenges and Key Success factors of each Decade

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ABSTRACT - This article expounds the conception of the development strategies in Singapore, analyzes the sources of Singapore's GDP and ALP labor output growth in 1960s–2000s and discloses visions into linked movements and patterns. The study forms key findings of economic indicators overtime since the independence period. However, GDP and ALP in Singapore has been changing during years and the total main element productivity growth developed substantially in the mid of 1980s. Singapore has real vision of changing the human efficiency and ability towards a great economy and stable life. On other hand, this study shows the different results through decades related to the percentages of GDP and annual employment rate. In addition to the challenges faced by the government of Singapore.

Keywords: *Economic Development, Singapore.*

I. INTRODUCTION

LEE Kuan Yew, and Singapore at no time looked back. Between 1959 and 1990, LKY served 1st as Prime Minister of the autonomous territory of Singapore, then as Prime Minister of the State of Singapore within the Malaysian Federation, and eventually became the Prime Minister of the freelance country of Singapore. He moved Singapore from the “third world to the primary world in an exceedingly single generation.

The economic indicators of Singapore show a sustained and rapid relatively rapid economic growth between 1960 and 2000. Real GDP (1990 prices) rose at an average annual rate 7.7%. Real per capita GDP has increased 9.7 times within the same period. This phenomenon was frequently cited as an “economic miracle” [23]. However, each decade has economic challenges and key successful factors these include: Establishment EDB Singapore's, Economic Strategy, Economic challenges overtime, successful Key Factors. Singapore is today considered as the strongest and most competitive economy in the world. For five decades, it has an overall diverse economy. It was plagued with intense lodging lack and serious unemployment. The goal of this article is to deeply understand the challenges and key successful factors for each decade in the Singapore economy. This introduction is followed by an analysis for the challenges and key successful factors for each decade starting from 1960s till 2010s.

THE ANALYSIS:

The Singapore economy in 1960s: Economic Challenges and Key successful factors

Fifty years ago, post-independence, Singapore was an underdeveloped nation with a GNP for each capita of under US \$320.20. The city's population was then developing rapidly, joblessness was ascending (more than 13% for each year) and its framework was poor. More than 66% of its populace was living in slums and squatter settlements on the city's periphery [8]. As per the United Nations Industrial Survey Mission (1960-61), somewhere in the range of 214,000 new occupations (half increment in workforce) must be made for the time of 1961-70 [14]. Amid the pioneer time frame, Singapore's economy was essentially reliant on market exchange. Be that as it may, this financial movement and essential creation obtainable little prospect for employment extension. The withdrawal of British troops in the post-autonomy period further disturbed the unemployment circumstance, requiring the formation of another 40,000 new employments. Other than lodging, work generation was the main priority.

Singapore's development strategy:

Singapore's basic strategy has been to receive a genius business, pro-extremal investment, export-arranged monetary approach system, linked with state-coordinated interests in vital government-claimed companies [4]. Without the nearness of any normal asset, Singapore has since quite a while ago depended generally on its HR just as its foundation. In opposition to the past conviction that Singapore's expansion had come about because of an expansion in human efficiency, it is presently regularly concurred that Singapore's initial high development has come about because of a broad utilization of its assets. Without a doubt, a number of scholarly distributions in the mid-1990s demonstrated that there was little calculate profitability development Singapore from 1967 forward [5,

6, and 9]. What Singapore had done was the most vital factor in its financial advancement. Besides, the set up foundation left by the British was likewise noteworthy in addition to feature in Singapore's formative way [7]. At the very center, Singapore's monetary techniques be able to be outlined obsessed 3 three fundamental categories:

- The government's strategic plans,
- Utilization of human capital
- Constant improvement of infrastructure.

Together, these three components added to the abnormal state of financial accomplishments that Singapore has delighted in for as far back as four decades. However, a variety of these three variables was explicitly utilized in the extraordinary periods from the 1960s forward. In the early period, Singapore utilized its adequate physical foundation just as the semi-talented labor to pull in remote financial specialists to the island. From the 1980s, because of the expanding weights on the work showcase, Singapore couldn't keep up the low wages of its labor force. Therefore, Singapore exchanged its techniques into building up a cutting edge 'infostructure' just as an active high-talented workforce to empower Singapore to wind up the money related and business center of the district [19]. In the two time frames, the job of the administration establishments has been urgent. The legislature has received diverse strategies to outfit the distinctive needs of the Singaporean economy, which would attraction in constant investors and therefore, keeping up Singapore's financial superiority.

Within the economic development strategy, Singapore established The Economic Development Board (EDB) to play a key role in restructure Singapore's economy, making capital and employments for the populace. Built up since 1960, the EDB is Singapore's lead government organization for arranging and accomplishing monetary procedures to upgrade Singapore's situation as a worldwide center for investment and business. The EDB tries to encourage and support both internal and external investors' financial specialists in assembling and administrations segments to create and extend new business openings, particularly specifically capital-thorough, knowledge, education, and innovation.

Economic challenges for 1960s:

The core challenge for Singapore in its initial years was to beat its elevating unemployment issue [10]. The Singapore control comprehended that the best way to expand business was through broad development in its assembling ventures. Be that as it may in its initial years, the economy was still excessively reliant on the market exchange for the East India Company, and thus, the assembling segment was undeveloped. In addition, there was minimal capital expected to fund the development of the manufacturing part [19].

Key Successful Factors for 1960s:

The job of the Singaporean administrative foundations was pivotal. From the get-go in its self-administration years, the Singapore government requested that the United Nations send monetary guides who had been working in nations which had comparable situations to Singapore in 1960, particularly regarding size and financial stage. Dr. Albert Winsemius, a Dutch industrialist who had recently exhorted Portugal and Greece, drove the United Countries group [7]. One of the principal activities was to build up a foundation that would take in general consideration in building up simple remote venture on the island. The foundation was to give a one-stop general and procedural data to the remote financial specialists about putting resources into Singapore. This was to facilitate the move of speculation into the nation by enabling remote financial specialists to sidestep a ton of government organizations. The Economic Development Board (EDB) was built up in 1961 with the principle motivation behind pulling in remote money to enter the Singapore showcase [10]. This was at a time when numerous organizations in the created western economies were going under the dangers from the extension of numerous Japanese companies. EDB officers circumvented the US furthermore, different nations in Western Europe, advancing Singapore as the correct spot to fabricate minimal effort fabricating bases for the enormous companies [4]. Singapore was politically stable with an extraordinary workforce who communicated in English decently. What's more, to draw in the MNCs, the EDB proceeded to furnish an assembling base in Singapore with the improvement of the Jurong Industrial Town and its prepared to-move-in plants [10]. In 1967, the Financial Growth Incentives Act was passed, conceding the EDB the privilege to give 'pioneer' status to remote enterprises, with tax cuts up to a time of five years. As an outcome, most remote financial specialists set up at their generation expenses were brought down by around 20% [14]. Before long, numerous outside companies came into Singapore [4]

The Singapore economy in 1970s: Economic Challenges and Key successful factors

Economic challenges:

Although, essential development has been accomplished inside the 1960's, Singapore's economy was struggling. Joblessness was still about 10% and there have been financial difficulties mainly from distrust over British departure from the island and hence the Indonesian approach of showdown. Unlike urban focus, the Singapore government had no great deal of sponsorship from land. Furthermore, in this manner the partition of Singapore from six Asian countries had annihilated the underlying set up of framing a standard market inside the locale, which may have made Singapore even a great deal of connecting with to outside financial specialists. The Singapore

government needed to proceed with its work to support the financial status of the state.

The EDB kept on auditing its expense motivating forces subject in order to remain Singapore connecting inside the judgments of external investors. The 'pioneer' standing was changed in 1970, stretching out the duty help to a steady 5 year time frame, before it totally was altered again in 1975 to a steady and quick ten-year sum [14]. At that point inside the late 70s, the assessment motivators subject was reached to help Singapore-claimed small delivering organizations, still as giving preferences to company's office gave administrations to the predominant firms [14]. The expense impetuses and favorable circumstances impressively cut creation costs by over 33% [14].

Key Successful Factors:

Aside from working through the accessibility of assessment motivating forces and diverse edges, the Singapore government attempted to discover distinctive supporting foundations. The govt. took over interests in regions lacking of local non-open understanding. National firms developed inside the money related and transportation segments, with the births of the Bank of Singapore (DBS) and the Singapore Airlines (SIA) and furthermore the Semarang working environment [10]. These foundations compete supporting jobs in building up financial administrations moreover as proceeded with the advancement of physical and non-physical framework improvement in Singapore. To help fund the overall population interest in Singapore, the govt. proceeding with the Central Provident Fund (CPF) social protection subject, that was at that point in situ since 1955 [14]. In spite of the fact that there have been numerous progressions to the topic like the extra various utilization of the CPF assets for lodging buys and therapeutic edges, the CPF subject stays required for every working individual. What it did to the economy was to help assemble a hand that was upheld efforts, thrift and help [14]. The Singapore government furthermore administers the work conditions inside the nation, going to give a positive work setting that will attract external investors. In the mid Seventies, the Singapore government through the Utilization Act formed benchmarks of work to stop and settle issues among specialist and bosses. Likewise, in 1972, the Singapore government molded the National Worker's Guild Parliament (NTUC) in light of the fact that the single national exchanges association to manage business and pay issues [10].

Outcomes:

All these totally extraordinary activities by the legislature came to the highest point during the 1970s. By the highest point of the Nineteen-Seventies, the rate was as low as 3.5% though the delivering division kept on developing to in regards to 25% of total national output. Singapore was

getting down to increase universal acknowledgment with its yearly total national output rate of 10% [11].

The Singapore economy in 1980s: Economic Challenges and Key successful factors

Economic challenges:

While the early long periods of Singapore displayed an issue of absence of capital, the 1980s saw an alternate Singapore with an alternate arrangement of difficulties and financial issues. Following the generally quick pace of industrialization with high capital inflows, Singapore during the 1980s confronted an exceptionally tight work showcase with progressively high weights on specialists' compensation [10]. In the meantime, the world saw a developing number of other rising economies in the South East Asian locale. Singapore's economy was not marked as one which could give low-wage specialists any longer, and hence, to stay aggressive in the worldwide market, Singapore moved its system into one that would guarantee an improvement of high esteem included enterprises. Singapore's workforce expected to redesign its business ability level to empower the nation to move out of the assembling into the administration industry.

Key Successful Factors:

To understand its point of having a profoundly gifted workforce, the Singapore government shaped the National Computer Board (NCB) in 1981 to build up great learning and preparing of laborers in the IT-related enterprises [7]. This was at the equivalent time important to give an adequately IT-shrewd workforce required to draw in worldwide IT firms to deliver and sell their product through Singapore. The NCB proceeded from 1981 forward to supervise the advancement of usage of IT as a component of the developing infrastructure in Singapore. Among a portion of the activities in the late 1980s, the NCB built up an arrangement to execute a culture of IT use and application all through Singapore's organizations just as to build the nearby IT advancement, for example, to empower organizations in Singapore to be connected up with others in the West [5]. Amid the equivalent period, the Singapore government spent an immense measure of cash on building up the new infostructure. Government spending on foundations went up as high as multiple times the measure of direct outside interest during the 1980s [14]. The job of the EDB has not reduced during the 1980s onwards. An augmentation of the pioneer status plot was checked on in 1983 to guarantee that proceeded with assessment motivating forces were to be given to the pioneer organizations. The 1980s saw the EDB starting to give the pioneer status not exclusively to assembling firms, yet in addition to the budgetary specialist co-ops. Notwithstanding that, the EDB was likewise instrumental in giving plans to benefits and other duty motivators for

MNCs who wished to set up their central command in Singapore.

Outcomes:

Singapore macroeconomic indicators show a perpetually high rate of development in GDP at a middle of 7.3% all through the Eighties [11]. At indistinguishable time, the extent of achieved specialists had increased from 11% in 1979 to 22% in 1985 [13], though the amount of IT household and fare deals had improved multiple times by 1990[13].

The Singapore economy in 1990s: Economic Challenges and Key successful factors

Economic challenges:

What was the most financial test? like the 1980's, the largest test of Singapore's economy inside the 1990s was to affirm that the state would embrace high-innovation. This was important for the economy to move from having preparations that require bounty in low-talented work to one that needs a great deal of achieved work in high-innovation ventures.

Key Successful Factors:

The Nineteen Nineties proceeded with high defrayal by the Singapore government in endeavors to build up the innovation of the nation. Through the NCB, Singapore had submitted with respect to a couple of billion dollars from 1991 to 1995 and US\$4 billion from 1996 to 2000, for the necessities of the occasion of innovation plans. The agglomeration of innovation foundations was done essentially by the development of high-innovation, that among them speak to the National University of Singapore (NUS), the Nanyang Technological University (NTU), the Institute of Systems Science and elective tertiary foundations. The got conjointly focused the measure of mechanical examination of the nation through NUS world collaboration programs with amazingly settled tertiary foundations inside the America, Australia and in Europe. Another fundamental procedure embraced by Singapore inside the Nineteen Nineties was the conviction of a longing to grow its financial exercises inside the locale. Singapore was not a great deal of the low pay economy that it had advanced in its initial years. Be that as it may, the enclosing districts of Asian country and nation were still made from low-gifted and low compensation staff. The Singapore-Johor-Riau (SIJORI) development triangle was started inside the mid Nineteen Nineties to move Singapore's interests in delivering to the close zones of Johor in Asian country and consequently the Bintan and Batam islands of the Riau region in nation [19]. Singapore acted because the primary focus of heavenly body, though the Johor and Riau regions gave the work pool to the delivering forms. A motivation to produce a financial collaboration among nation, Singapore and Asian country was first communicated in 1989 [15]. Notwithstanding, the

SIJORI activity began exclusively inside the mid Nineteen Nineties, intersection rectifier by the Economic Development Board (EDB) of Singapore [20]. Its unique individuals were Singapore, Johor (Malaysia) and in this manner the Riau area of nation. Singapore might want the provincial collaboration because of each Johor and Riau would offer Singapore with the a ton of required house, assets (sustenance, petroleum product and water)

The Singapore economy in 2000s: Economic Challenges and Key successful factors

Economic challenges:

Singapore has enjoyed full employment for a major longer duration of time and also a major economic slump has resulted in growth of unemployment rate which has increased by 4.0% since 2001 from 2.4% in the start of the year. There is major decline in unemployment rate by 1.9% since 2012 while the government of Singapore has actually gained a major stance against the unemployment benefits and minimum wage schemes. However, in 2007, the government launched Workfare Income Supplement (WIS) scheme to supplement the low-skilled workers who have low wages and are engaged to support employers in Singapore by Special Employment Credit (SEC) introduced by 2011. The economy of Singapore has expanded by 3.6% in last year and there are major initial estimates where there is strong growth visible in manufacturing sector of Singapore.

Key Successful Factors:

The economy of Singapore in 2016 showed a massive growth by 2.4% and also engage in up pace in 2017 since there is major development of global demand regarding electronic gadgets. The trade-driven lift shows a major push 2017 and there is estimated growth of 3.5% where there is emphasis more on double initial forecasts. Since 2017, the economy of Singapore shows a growth over the passage of time as predicted by statistical details. The trade has a progressive upgrade this year and government shows major growth by 1.5% to 3.5% this year and manufacturing sector of Singapore shows major growth by 10.1% since 2017 [21].

The government spending in Singapore shows a major growth since the beginning of financial crisis that was around 15% of the GDP reported in 2012 by 17% and government's total expenses of GDP ranks at low international level and allows room for competitive tax regime. Singapore is under the constitution with balanced budget to be applied by government and there is debt issued for investment purposes in order to avoid fund expenditures. Moreover, personal income taxes in Singapore show a range of 0% to 22% and also there are no major capital gains or inheritance taxes because corporate tax rate is 17% with incentives planned for

smaller business and avoid double-taxation for the stakeholders [22].

II. CONCLUSION

Singapore's financial achievements since the 1960s have been based on the underlying foundations of the work of the legislature and the general population of Singapore. Singapore must understand that the country depends primarily on its human assets and optionally on the assets of external financial professionals. Thus, both the government and the public have cooperated over time to ensure Singapore's economy remains aggressive with generally stable governments from 1960 onwards, Singapore can attract financial professionals and investors from abroad, from which it obtains the core capital of money for its financial progress. Other producing countries can benefit from Singapore meetings, despite the fact that there are certainly some essential qualities of a country to succeed in achieving similar techniques as Singapore's monetary procedures. Many cynics have repeatedly pointed out that the small size of Singapore makes it easier for the administration to activate the state's monetary systems, which is difficult to do regularly in other, more productive countries. Moreover, as illustrated, Singapore's example of overcoming adversity may well be the result of the large material institutions of the physical framework that the British have built on the island. Singapore has achieved great success over the last 40 years, turning its relatives into resources as a starting point for its financial progress, and the Government of Singapore continues to hope to use its human capital in its own state as an approach in the future.

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