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# EXPORTING EXPERTISE: SINGAPORE'S GAMBITS IN THE MIDDLE EAST

Caroline YEOH
Singapore Management University

Wilfred HOW Pow Ngee
Singapore Management University



*Corresponding Author:*
*Caroline Yeoh*
*Lee Kong Chian School of Business*
*Singapore Management University*
*50 Stamford Road*
*Singapore 178899*

Email: carolineyeoh@smu.edu.sg

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# Exporting Expertise: Singapore's Gambits in the Middle East


## ABSTRACT

*Singapore's regionalization stratagem points increasingly towards the influence of both the socio-political environment and the economics of competition, in a business environment with an ever-growing number of competitors; to the extent that other forces, particularly political ones, are often sidelined. A more in-depth study of the above two influences is best performed in a context comparatively free of the implicit complex political facets but with sufficiently rich environments to challenge internationalizing firms, and distinct influences to draw pertinent conclusions from. For this purpose, the continually expanding business environments and the unique cultures of the Middle East provide the perfect context in which to further our study. With this paper we extend our research to this emerging region, and present an overview of the state of Singapore's internationalization into the Middle East as the first step in our study; and in this study find evidence pointing towards fresh viewpoints – in several different meanings of the term – being conducive to success in the Middle East.*


*Key words: Internationalization, Singapore's Government-Linked Companies, GCC Countries*

## INTRODUCTION

Alternately lauded and vilified, the city-state Singapore's state-led regionalization stratagem has been the subject of much literary discussion, not the least of which have been written by these very authors (Yeoh et al, 2006; Yeoh & How, 2007; How & Yeoh, 2007). Taking the form of industrial township projects constructed in key areas of China, Vietnam, Indonesia, and India jointly but indirectly state-owned through the convenient vehicle of government-linked companies (GLCs) by the Singapore and host governments, this regionalization program has been characterized by the heavy intervention of the state, from the formulation and planning stages, to the negotiation of unprecedented privileges and incentives, to the very management of the parks themselves (through, again, GLCs and representative boards appointed by host governments); with, at times, more overt political pressure tactics on the part

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of both 'partner' states, the case of the Suzhou industrial park being perhaps the most memorable example of such. To paraphrase using Dunning's OLI theorem, these projects represented an attempt by both collaborating governments to create location-based advantages (Dunning 1998, 2001), while both concurrently sought to extract organization-based advantages for themselves from the same projects (Dunning 1997; Stopford, 1999). That this alliance capitalism sometimes created a conflict of interest goes, as they say, without saying.

For this reason, among others, the efficacy of this stratagem remains a matter of debate. It is hard to argue, however, that these initial projects have not achieved at least *some* of their aims; and certainly, the Singapore government, practical-minded as it is, must already be looking further afield for ways to create economic space for the city-state and its corporate components. Such, indeed, has been the case; Singapore's aims have expanded, arguably, from regionalization to internationalization; and the latest area of focus for the city-state is the rich, vibrant and expanding region of the Middle East (Tan, 2005; Chan, 2007).Markedly different, however, is the exact strategy adopted by the city-state in this flourishing new area; while, due to a current focus on expansion and construction, the industrial park model is untenable, absent, too, is the highly interventionist and state-led strategy seen in the previous regionalization program. GLCs such as CapitaLand, Jurong International, Keppel O&M, SembCorp and Surbana International are still prevalent, but appear to have been given a freer hand, more in line with the 'C' then the 'GL', and a good number of non-GLCs, such as Banyan Tree Holdings, BreadTalk, Charles & Keith, Fish & Co, Osim, Pastamania and ThaiExpress, have also made their own way over, albeit with some level of support from Singapore government agencies. This corporate-represented internationalization, it seems, is the new way forward for the Singapore government – at least in the Middle East – and represents a marked departure from their previous stratagem.

As such, continuing in our series of studies on the city-state's regionalization, and now, internationalization initiatives, we turn our sights on this internationalization of Singapore companies of various stripes into the Middle East, and present this preliminary paper, with both overviews on both the region and the relevant Singapore companies expanding into said region. As well, a number of more in-

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depth case studies put together partially through field research into the relevant regions of the Middle East, paying particular attention to the impact of local socio-political influences, in keeping with the tone of our previous research, and the successful (or not) transfer of core competencies of the internationalizing companies in question, the closest corollary to the 'Singapore brand name' which the country's regionalization projects were predicated upon. With this, we hope to both provide a reasonably up-to-date panorama into the role of Singapore in the Middle East, and build a foundation for further research into the both this fascinating region, and the cryptic and enigmatic methodology which the city-state continues to employ in its internationalization efforts.

In the following section, we sketch the political and historical backgrounds of the United Arab Emirates (UAE). Thereafter, we present an overview of Singapore companies, government-linked or no, that have ventured into the abovementioned regions, and discuss the various issues and challenges faced by these companies with reference to more specific case studies; and finally conclude with our preliminary conclusions on the state of Singapore internationalization into the Middle East.

## UNITED ARAB EMIRATES

A fairly recent phenomenon, the current prominence of the Middle East in terms of business in general, and property in particular, has been the direct result of a pace of construction nothing short of breakneck and a scale of investment only describable as overwhelmingly immense. Driven, popular knowledge claims, primarily by surges in oil prices and consumption in the late 1990s to early 2000s, this increased focus on the development of infrastructure, tourism, and industrial and educational foundations in the less troubled parts of the Middle East was born from the realization that oil could not continue to be the main and only relevant revenue stream of the region. The natural result of the above for some parts of the Middle East, especially given a need to overcome international ignorance owing to the tendency of the popular media to focus on less palatable elements of the Middle East, has been the plethora of mega-projects completed or being undertaken across the region, ranging from the highly

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publicized The World artificial islands in Dubai to relatively smaller, but still immense, construction projects from malls to sports complexes, from arts villages to, literally, towering office and residential buildings, that have served as the poster children for the development of the various countries of the Middle East – such was the case in the UAE.

Comprised of seven distinct and largely separately governed emirates, the political makeup of the UAE is a rather different beast than most are probably used to dealing with; while united under a common international entity and possessed of an overall legislative body, the Federal National Council (FNC), each emirate has its own governance, practices, priorities, and distinct social character. Owing partially to a difference in natural resources and partially to dissimilarities in leadership and policy direction, the emirates are further separated by a gulf in prosperity and development status. As such, it is generally easier to mentally depict the seven emirates as distinct city-states situated in the midst of a vast desert; some of which, at the current time, are rapidly expanding into said desert.

Among the most prominent of these seven 'city-states', insofar as international recognition goes, is the emirate of *Dubai* (general facts of which are laid out in Table 1), well-known around the world for reasons both enviable – its meteoric pace of development, for instance, and its famed construction projects such as the Burj Dubai, The Palm Islands, and The World. Having experienced immense growth – both literally and in fortunes – since the 1990s, enthusiasm is high in the emirate, with admiration for the sovereign of Dubai, Sheikh Mohammed bin Rashid Al Maktoum, running just as high. As such, no serious political opposition currently exists in Dubai, nor is there any real degree of political instability – the latter probably owing in part to the low percentage of actual native Emiratis among the population. Being the second largest emirate, Dubai occupies a prominent place on the FNC; Sheikh Mohammed currently also occupies the position of the Prime Minister of the UAE. Interestingly, despite being in such a position of importance on this legislative body, Dubai is oddly independent of it; together with Abu Dhabi, it is one of only two emirates to hold veto power in the FNC, and together with Ras al Khaimah is one of only two emirates to not conform to the federal judicial system of the UAE.

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Economically, the emirate continues to experience substantial growth year on year, as investors flock both to this well-known name in a region growing in economic prominence, and to the immense amounts of capital the emirate itself seems willing to invest. With an estimated GDP of some US$37 billion in 2005, the emirate is in good shape for the years yet to come, despite the imminent depletion of its oil reserves; as it stands, the oil and petroleum industries supply just 6% of the emirate's GDP, with trade, manufacturing, and financial services instead supplying much of the remainder, and tourism and property development both steadily creeping up the number tree. The Dubai economy is so diversified as to be a virtual smorgasbord of industries in various states of development, many with 'free zones' of their own demarcated and all but constructed by the government of the emirate; of which the Dubai Internet City and Dubai Media City are counted amongst. Almost certainly a purposeful endeavor, the heavy-duty diversification of Dubai provides myriad opportunities for investment and entrepreneurship; the question remains, however, as to the sustainability of said industries and, indeed, of the rapid growth of the city itself; an issue brought swiftly home to any who experience the traffic congestion created as a result of an infrastructure straining to keep up, and exacerbated by the view of ever more housing projects under construction while existing developments are far from fully occupied.

In social terms, Dubai is, perhaps, the most liberal area in the entirety of the Middle East at the current time; gender equality is barely an issue, and religious conflicts are all but non-existent. While maintaining a distinctly Middle Eastern cultural flavor – to be expected given the pride Arabic peoples take in their history and culture, and certainly enough for tourists to swallow – Dubai is otherwise so cosmopolitan as to be almost Western; a fact that fails to surprise when one realizes that only some 15% of the population is native Emirati, with the remainder being almost entirely foreign nationals, mostly Americans, British and Eastern Europeans, and a swathe of other nationalities native to no land in the Middle East. Business travelers quickly find themselves quite at home, which no doubt contributes further towards the economic growth of the emirate; few, however, seem to stay long, with many spending only a number of years working in the emirate before leaving for their home countries. Similar to the situation in other parts of the Middle East, however, significant advantages, both financial and

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social, are extended to native Emiratis, from cash subsidies to preferred entry into universities. Furthermore, cosmopolitanism appears to have brought a number of its vices along with its advantages.

*Abu Dhabi* (general facts of which are laid out in Table 2), on the other hand, takes on a more family-friendly identity, seeking perhaps to draw more permanent residents to its shores. The capital of the UAE and the largest of the emirates by far, Abu Dhabi was the founding force behind the UAE and therefore shares a large amount of its wealth and influence. Astonishing numbers abound in this emirate; from an estimated GDP per capita of some US$63,000 in 2006, to the sheer size of the Abu Dhabi Investment Authority, the emirate's sovereign wealth fund, at some US$875 billion, every indication is of a booming economy; certainly indication enough to attract hosts of investors to the main city of Abu Dhabi. The emirate also occupies a place of premier prominence in the politics of the UAE, with its leader, Sheikh Khalifah bin Zayed Al Nahyan, being the president of the UAE and the direct descendant of the founder of the UAE, Sheikh Zayed bin Sultan Al Nahyan. This position of power, the respect due to the leader and to his predecessor, and the continuing economic success of the region – and the accompanying affluence of the natives – leave little room for disgruntlement among the people; and the relatively liberal environment of the emirate (again, as in Dubai's case, due partially to the low proportion of actual native Emiratis) further promotes cordial relations with much of the world community. In recent years, however, with the rise of the emirate's old rival Dubai, a slowly sharpening sense of competition has once more developed between the two emirates; and while large-scale and flashy projects are by no means the exclusive province of the UAE, the rate at which both Abu Dhabi and Dubai appear to be beginning such projects may speak somewhat, to the proverbially uninterested observer, of one-upsmanship.

The numbers in the previous section should be clear enough indication of the massive economic power of Abu Dhabi; power built up gradually but surely over the past few decades on the back of oil revenues, which continue to provide a good percentage of the emirate's revenues, even with recent price surges in the vital resource notwithstanding. Unlike Dubai, Abu Dhabi's oilfields show no indication of running dry any time soon; diversification efforts, therefore, are not on the level of Dubai's splash

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pattern approach. Nonetheless, deep inroads have been made into other industries in recent years, most notably in the field of financial services. Tourism, too, is a good source of income for the emirate, which has positioned itself as the artistic and cultural centre of the area, being home to a bevy of cultural institutions, and being the site of the planned and infamously extravagant 'cultural district' on Saadiyat Island, which will include tens of immense and eclectically designed museums, theaters, and art halls by a number of famed architects. These include the partially-underwater Maritime Museum, the vaguely organic and amazingly huge Performing Arts Centre, and the avant-garde newest addition to the Guggenheim Museums; all funded and backed fully by the government. This cultural focus, together with a focus on education and a generally more family-friendly environment, seem calculated, unlike neighboring Dubai, to attract residents (mostly businessmen, but also otherwise) on a rather more permanent basis. Perhaps because of this, the city grows slower than Dubai; the title of 'capital city' notwithstanding, Dubai overtook Abu Dhabi as the largest and most populous city some years ago. While this may speak of more balanced – and therefore possibly more sustainable – growth, it does not seem to have spared Abu Dhabi, a city originally built to accommodate some 600,000 people, from many of the same logistical and infrastructural problems that plague the larger city. Endemic traffic congestion, a stuttering public transport system, and a confusing and often inaccurate addressing system are all glaring issues that the smaller city grapples with at the current time.

Sufficiently liberal in both business and social aspects as to almost pass for a Western nation, like its sister emirate, Abu Dhabi has little to no issues of gender equality or religion forming distractions for the people. Again like Dubai, the overwhelming majority of its population is comprised of foreign nationals; slightly over 20% of the populace is native Emirati, a figure that, while larger than Dubai's own percentage of the same, would still be shockingly small to most of the world. While Dubai has only relatively recently begun settling the crosshairs on education, however, and has taken measures mostly on the university level (most probably with an eye on foreign students), Abu Dhabi has long promoted education on all levels, with both a host of schools – sometimes catering to select groups of foreign nationals – at the primary to pre-university levels, and a number of universities with high standards of education, many of which of a science and technology bent. In an effort, presumably, to be more 'moral'

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and family-friendly, the emirate also appears to have actively kept itself from becoming *too* socially liberal; many of the alleged vices which its fellow emirate Dubai takes flak for are virtually unknown in Abu Dhabi, at least insofar as international attention is concerned.

**SINGAPORE IN THE MIDDLE EAST**

As noted above, a good number of the Singapore firms that have made the internationalizing journey to the Middle East fall into the convenient classifications of GLCs leading the way into this relatively (to Singapore) new frontier of investment and internationalization, but with non-GLCs following close behind, relying for the most part on their own business acumen and strategies, but taking advantage of support from both Singapore governmental entities and from independent institutions, such as the Singapore Business Federation, which takes a keen interest in internationalization efforts in the region. Where Saudi Arabia and the UAE in particular are concerned, however, categorizations past the above two become markedly less convenient; Singapore companies in the UAE tend to be concentrated more in the property and development industry, although ventures into the other industries, including food & beverage operations to luxury and lifestyle goods, are also present.

As such, case studies have been selected to paint a representative picture of these various industries in the Middle East, with some focus on firms with operations in both regions:

**Company A: Non-Government Linked Company in the Food & Beverage Industry**

A company operating low- to medium-priced restaurants providing ostensibly ‘authentic exotic cuisine’ in Singapore, Company A is a new entrant to the Middle East, having only just recently established one of its restaurants in Dubai. In sharp contrast to its chain of restaurants within its home country, Singapore, and in its closest neighbors, its foray into the Middle East, similar to other areas of the company’s international expansion, are limited at the current time to a single outlet, franchised to a local operator. The company states an intention to eventually move into other cities in the Middle East;

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analysis, however, points to certain elements of their strategy which may well stymie these further expansion plans.

Certainly sound decisions lie behind the decision to adopt a franchise approach to the company's new entry, such as it has in so many other countries. The most influential of these – if also one of the most obvious – is the lack of market knowledge pertaining to the new environment, especially given the vast cultural, geographical, and demographic gaps present between not just UAE and its home country of Singapore, but even with most of the other countries the company has had experience with thus far. This gap the franchisee is expected to be better able to address and adapt to; a sound assumption and practice, for the most part, and one that has largely proven itself to this point in the company's other international ventures, albeit in less drastically differing environments. Manpower restrictions also prevent Company A from diverting an entire managerial staff to the Middle East, in addition to the simple impracticality of expecting a recently uprooted managerial staff with utterly no experience with the area to successfully run and adapt a restaurant. A more worrying rationale, however, is the company's stated interest in an inward focus strategy, where overseas operations are left largely on trust to the franchisee, with the company itself focusing on developing its domestic brand, with theoretical benefits to overseas operations being a 'ripple effect' from improvements made in Singapore. Given the significant cultural gaps and market differences between Singapore and many of the company's staging areas for single outlet ventures, this may very possibly prove to be a strategic error; in all probability not a fatal one, but UAE is very different from the markets Company A has entered to this point.

This is especially so given Company A's seeming preoccupation with its 'core competencies'. Besides concerns of 'overadaptation' diluting said competencies, the company also intends to take measures to maintain said competencies, from a relatively benign continued insistence on 'authentic cuisine' (understandable, given the very nature of the company's brand, and qualified by modifications pertaining to local tastes), to more concerning requirements on a standardised management system, to be enforced by representatives from Singapore – representatives, we note, with little to no knowledge of the local environment, nor of the conditions and expectations of the local workforce. Finally, despite

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marketing itself as a provider of 'exotic' cuisine, the company appears to intend to continue its 'casual chic' ambiance, using contemporary designs for its restaurant and aiming to communicate the same upper middle class message that it does in Singapore. The inconsistency is plain to see, and there is a good risk of said message being completely lost while attempting to span the cultural divide between Singapore and Saudi Arabia, given abject differences in simple affluence and in strength of religious customs in everyday life. The company's eventual plans for expansion into Riyadh and into the UAE are likely to exacerbate these issues, and not in a negligible way; Dubai, especially, will require far more intensive changes, to its idea of 'ambiance' if not to its single franchise venture model. In this case, at least, the concept of 'core competencies' appear to betray a local focus not quite compatible with internationalization; only time will tell if it will prove mere distraction, or an active hindrance.

**Company B: Non-Government Linked Company in the Food & Beverage Industry**

Another company operating a chain of medium-priced restaurants, Company B's cuisine of choice is Japanese, of a particular, well-known style suited to casual dining. Similar to Company A, Company B has its base in Singapore and has expanded operations to multiple countries across the Southeast Asian region and beyond; unlike Company A, however, Company B has yet to actually enter the Middle Eastern market, instead being on the cusp of expansion into the area, with Dubai being the chosen entry point. Our analysis points to certain similarities to Company A in their business model that may, pursuant to our above analysis, pose problems for Company B in its pending expansion plans, as well as key differences that we find may work more in their favour.

Similar to Company A, Company B has a stated focus on developing their domestic brand, as well as a marked concern for the import of management and cuisine competencies into their overseas expansions. We note, however, subtle differences in the approach taken by Company B in both of the above; the company's focus on their domestic brand, for instance, comes in the form of active development of overseas outlets in order to complement domestic operations; a 'catchment' approach, as a convenient description, as opposed to Company A's 'radial' approach, which has the advantage of developing the entire network to build the central domestic brand, as opposed to relying on said central

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domestic brand to trickle improvements down to the rest of the network – an advantage we feel will be a definite asset in areas such as the Middle East, which require a significant amount of adaptation in an internationalizing company's operations. This is also made possible by the higher degree of ownership Company B tends to hold in its overseas operations through joint ventures and similar vehicles, as opposed to Company A's pure franchise deals; we note, however, that limitations on foreign ownership do still exist even in Dubai, and certainly in the rest of the Middle East, which may possibly pose a problem for the replication of this model in Dubai.

Regarding management and cuisine competencies, the former may be as much an issue with Company B as they are currently for Company A, albeit slightly ameliorated by their experience with ownership and management of their existing overseas outlets, while the latter is – again, like Company A – understandable and even complementary to their operations, especially given that theirs is the more established and arguably popular market. Company B also has no particular ambiance or message it attempts to convey; in addition, its greater experience in delivery, and its stated intention to concurrently operate several outlets, point favourably towards the company's coming experience in Dubai – which, in itself, will pose less socio-political environmental issues, being a rather more cosmopolitan environment, and with an established market having already created precedents and examples. Perhaps the conclusion we should draw from this is, instead, that first movers being naturally more prone to issues stemming from adaptation to the local socio-political environment, core competencies (and a preoccupation with them) do not tend to translate as well for them – such appears to be the case for Company A, and will probably be far less of an issue for Company B.

**Company C: Non-Government Linked Company in the Health Technology Industry**

Moving away from the food & beverage industry, Company C is one of the leading (and only) players in Singapore's health technology industry, with a focus on lifestyle products – naturally classifiable as high-end and niche luxury goods, and just as naturally leading to a high emphasis on internationalization and a greater international focus, as the domestic market is simply too small to

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support long-term growth. It is unsurprising, then, that Company C is also one of the earliest and most well-established entrants into the Middle East from the city-state of Singapore; having a presence across the region in not just the UAE and Saudi Arabia, but also in Kuwait, Iran, Oman, and most recently, Bahrain.

In many ways a first-mover for their style of product in the Middle East, Company C's international focus appears to have served them well, perhaps also owing to a lack of overarching 'core competencies' to import allowing regional managers full rein to adapt to new cultures and environments – a possible advantage of a highly international focus. (If anything, Company C's 'core competency' was its willingness to adapt operations to a high degree to local environments.) Much of their relative success, however, is also owed to the nature of the product itself; a luxury good with high price and high price elasticity, well-suited to the affluent environs of the Middle East, especially the UAE and Saudi Arabia. In both of the above areas, too, lifestyle and social elements are heavily centered on the home and family, which is a definite plus for the kind of products Company C produces. Additionally, the mechanical nature of these goods sidesteps a host of cultural issues that more personal lifestyle products and services, such as spas and other treatments, have run into; in many ways, it seems, Company C's products are almost uniquely suited to the environment of the Middle East. Nor has the company been idle in its approach to understanding and adapting to cultural issues; the layered pattern of the company's international expansions exhibits a clear consideration for cultural issues, with the company first expanding into Malaysia and Indonesia (more moderate Muslim countries, in close proximity to Singapore), then to the UAE, Oman, and Kuwait (relatively more cosmopolitan areas of the Middle East), and then to Iran and Saudi Arabia – a focused strategy that has apparently seen them in good stead, for the most part.

Even with the above advantages, however, Company C has had – and still has – its issues with adaptation to local socio-political environments. Manpower was a large issue, with, firstly, a dearth of local employees due to unwillingness in the local populace to work as sales consultants requiring a larger pool of non-local employees than the company would have liked, given the cultural barrier and

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potential for miscommunication; an issue further exacerbated by regulations that prevented both the employment of female sales consultants, and the demonstration of products by male sales consultants to female customers; a marked disadvantage for a technological product that often needs to be demonstrated to potential customers, requiring, instead, private rooms for female customers to test products with no demonstration available. In fact, demonstration and publicity in general have been an issue across the region – in many parts of the Middle East, road shows and other such public product demonstrations are strongly regulated, and several times attempts at such road shows have met legal retaliation. Company C has also had to change its style of advertising from the similar style that has worked well for it throughout its Asian operations, given the degree of exposure often required in advertisements of some of its products, which are applied to various parts of the body; instead, advertisements now exhort the benefits of the product in much the same way as many other advertisements for a multitude of other products do. In many ways, other than the products, logo, and brand name, the process of socio-political adaptation has turned Company C's operations in UAE and other parts of the Middle East into a very different beast from its domestic operations; to, possibly, a sufficiently significant degree that some companies may well – and maybe even deservedly – baulk from.

**Company D: Government Linked Company in the Property & Development Industry**

The one GLC among our studied companies for this paper, Company D is one of many government-linked companies in the property and development industry extending its operations into the Middle East. Company D, in particular, focuses on industrial developments, rather than hospitality, retail, or lifestyle developments; also, while initially purely a consultancy firm, the company has recently expanded into the actual planning of developments, and is currently engaged in said planning and development in Abu Dhabi, of a projected major and iconic industrial development. It has also since established offices in several other emirates in the UAE, including Dubai, as well as in the major economic area of Saudi Arabia.

Company D is, in fact, a relatively recent entity, having been incorporated in 2001, but being a GLC, inherited much of its staff, contacts, contracts, and operational procedures from its parent companies and statutory boards. Its current contract in Abu Dhabi, indeed, appears to have been one of these inherited contracts; its parent bodies having initially been invited to review the abovementioned development before its incorporation. As such, despite its relatively recent conception, the company shares many of the aspects of the GLCs of its type, including the method by which it entered the Middle East – through invitation – and the issues which it has encountered thus far, including, at the current time, the presence of many internationally renowned players in the property and development industry having arrived and established themselves beforehand; the aforementioned issue, though, being slightly more of an issue for Company D. The company has, however, developed a positive reputation for itself in the years since its conception, partially owing to the large degree of autonomy granted to its regional offices, resulting in a greater capacity for adaptation to local socio-political forces, and eliminating the time delay that a greater reliance on the home office in Singapore would spawn. And, indeed, the company appears to have been rather more proactive in its internationalization approach than most; while, like many other GLCs, its chosen mode of entry is through joint ventures and partnerships with politically powerful partner firms (often local GLCs themselves), Company D appears to have been the inviter as often as it has been, so to speak, the invitee. This is, we feel, a positive contributor towards the company's nascent but growing reputation in the Middle East, and appears to have been a key factor in their relatively rapid expansion across the region. Another contributing factor, perhaps, is the company's stated focus on teamwork and integrity; a focus that not only echoes Singapore's purported selling points, but resounds with their highly social and trust-oriented Arabic partners.

Yet the same 'selling points' above contain an issue endemic to most GLCs expanding into the region; the expectation, from both local partners as well as the home office, of the company exporting Singapore's qualities of efficiency and reliability. From the home office, this translates into pressure on the company to achieve goals not immediate to the success of their projects, or indeed to their operations in general; from local partners, this creates the perennial risk of the occurrence of an expectation gap resulting from the impact of socio-political factors – the combined effect of which was

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displayed in China, in the case of Suzhou Industrial Park. Thus far, however, such disconnect in goals and communication does not seem imminent; perhaps, indeed, precisely *because* of the company's relatively recent ‘conception’. Company D, in fact, appears to be one of the more positive role models among GLCs in the Middle East thus far; a testament, perhaps, to a more decentralized approach to Singapore internationalization, and one with less political baggage.

**CONCLUSIONS AND CONTINUATIONS**

Our previous research into Singapore’s regionalization programs provides telling evidence towards the critical importance of the socio-political dimension towards the location and eventual performance of international investment, hinted at in the work of Dunning (1997, 1998, 2001) and other modern economists, but not fully explored in the context of the influence of this dimension of forces on the location of investment and on the business derived thereof within the borders of a country or immediate region. The relatively small investment region of the politically stable area of the Middle East nonetheless abounds with a host of variances – minor and major – across socio-political environments, even despite their common identity as primarily Muslim Arab states; most especially in the United Arab Emirates, where even intra-country socio-political environments may vary so deeply, as to provide an entirely different set of opportunities and challenges to firms entering these respective areas of the country; and even with its recent relaxing of regulations, Saudi Arabia remains, as is apparent from the above case studies, a socio-political environment that requires a large degree of adaptation, to say the least. Further theoretical consideration is given rise to by the ramifications of this hands-off by Singaporean standards approach to internationalization; given the continuing question of the efficacy and sustainability of the entrepreneurial state, and the quandary of the above in relation to Singapore’s historical underdevelopment of indigenous entrepreneurship. The island-state’s new approach in the Middle East may very well be interpreted as an attempt to change the above paradigm; from the above, however, it appears that new viewpoints, in one way or another, may be necessary for the realization of this goal.

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The above case studies illustrate several pertinent factors. Firstly, some industries appear to have proven more resistant to local socio-political forces than others; specifically, the more niche the product and more rarefied the demand, the less impact the socio-political dimension appears to have; possibly due to items of rarefied demand being largely the province of the more affluent, which the local populace of Dubai, Abu Dhabi, and UAE generally fall under, but just as probably simply due to the relatively lower number of competitors and to a lower necessity for broad appeal as opposed to cultivating a dedicated customer base, as in the case of Company C, or establishing partnerships with particularly-motivated business entities, as is the case for GLCs like Company D. Secondly, as may have already been expected, we find that companies which chose less 'open' cities as initial entry points – or even as later expansion targets – have encountered more socio-political issues necessitating varying degrees of adaptation, or even abandonment, of prior strategies, as opposed to firms engaged primarily or purely in the UAE and other relatively more liberal regions. The evolution of business in tandem with changes in regulation in such areas will be, certainly, a process worth greater observation in the years to come.

We also find, intuitively, that firms with a more international focus had progressively fewer issues with the new socio-political environments of the Middle East – presumably due to said more international focus, as opposed to a preoccupation with domestic issues, creating a greater flexibility in operations. This often translates to an equivalent willingness to adapt. Such an international focus is also generally less conducive to the identification of particular business concepts and qualities as 'core competencies' – which, by and large, we find to not have been helpful, and possibly even hindering, operations in the Middle East, with the marked exception of competencies focused around adaptation on a social level. Thus, the theorized necessity for 'new viewpoints' – for companies to leave behind preconceptions and realize the greater need for companies to enact change in response to new business environments, to build new wings to their business with expertise, but not expectation. Perhaps even on a literal level; it is interesting, to say the least, that Company D, a relatively new entity among Singapore GLCs, should seem to find less trouble in taking a pro-active, international, and adaptive approach to business in the Middle East. Developing a good eye for business in the Middle East, perhaps, may be as simple as a pair of new glasses.

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**Table 1:** General information on Dubai

| | |
|---|---|
| **Name** | Dubai |
| **Capital** | Dubai City |
| **Total Area** | 4,114 sq. km. (1,287.4 sq. km. city) |
| **Total Population** | 2,261,995 |
| **Population Density** | 408.18/sq. km. |
| **GDP Estimate** | $61 billion (2008) |
| **Sovereign/Leader** | Sheikh Mohammed bin Rashid Al Maktoum |

*Source: Various sources*

**Table 2:** General information on Abu Dhabi

| | |
|---|---|
| **Name** | Abu Dhabi |
| **Capital** | Abu Dhabi City |
| **Total Area** | 67,340 sq. km. |
| **Total Population** | 1,463,491 |
| **Population Density** | 293.94/sq. km. |
| **GDP Estimate** | $105 billion (2008) |
| **Sovereign/Leader** | Sheikh Khalifah bin Zayed Al Nahyan |

*Source: Various sources*