

Vibrant Entrepreneurial Spirit in International Markets - New Possibilities for Singaporean-Owned Small and Medium Entrepreneurships

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Abstract

Vibrant entrepreneurial spirit in the international markets open new opportunities for competition . Out in the world the rules are usually not fair. Singapore is neither resource rich nor does she have favourable factor conditions, yet she has managed to achieve tremendous economic progress over the last two decades.

As the economy matures, Singaporean small and medium entrepreneurships(SMEs) have to be able to identify opportunities , seize them and dare to find niches in the world markets. They need creativity and determination in order to gain access into the global market.

This Paper investigates:

- Whether Singaporean SMEs have a vibrant entrepreneurial spirit to identify new possibilities and courage to invest in international business ventures and opportunities outside Singapore ?
- Are Singaporean SMEs reactive and opportunity driven in entering the overseas markets OR are they proactive and have strategic plans in entering the overseas markets ?
- What are the factors which contribute to Singaporean SMEs decision to internationalise?

To appreciate and understand the nature of the problems and challenges faced by Singaporean SMEs in doing international business, one must understand the Four Stages of Development which our entrepreneurs go through.

Singapore has the smallest economy, land mass and population among the four Asian “Tigers”. As the economy matures, Singaporean-owned small and medium entrepreneurships (SMEs) have to invest in foreign countries and find niches in the global markets. Further growth of the Singapore economy is only possible through her ability to gain access into the world markets, especially in the Far East Region. Therefore, by developing an external dimension to the Singapore economy, it will give the GNP an added boost.

A vibrant entrepreneurial spirit opens up new possibilities in the international market place. Competition is out there in the World. Out in the international market place the rules are not always fair but success goes to those who can spot opportunities, seize them and dare to try (Goh, 1991).

Does Singaporean-owned SMEs have a vibrant entrepreneurial spirit to identify new possibilities and courage to invest in international business ventures and opportunities outside Singapore? Are they reactive and opportunity driven in entering into the overseas markets or are they proactive and have strategic plans in entering into the overseas markets.

This Paper begins by reviewing the historical development of SMEs in Singapore. It also investigates:

- the Four Stages of Development which Singaporean entrepreneurs goes through.
- factors contributing to SMEs decision to internationalise.
- the nature of the problems and challenges faced by Singaporean-owned SMEs who are doing international business.

Historical Development of Singaporean-Owned SMEs

(Period: 1960 - 1994)

In the 1960s, the economic activities of Singapore relied mainly on commerce and entrepot trade. At the end of 1963, there were only 548 small manufacturing companies. They manufactured low value-added products. These products were sold in the local market. The domestic market in Singapore was small and unprotected from foreign imports (Lim, 1984). The demand for locally manufactured goods was low and the impact of this market demand made it difficult for the small manufacturers to attain cost competitiveness and economies of scale (Lee, 1988).

During the early years of the post independence period, there was an urgent need for Singapore to industrialise. The Government had to achieve rapid economic growth for the country. One major problem the Government had was a relatively scarce supply of industrial entrepreneurs (Yoshihara, 1976). They made proactive efforts to attract multi-national corporations (MNCs) to invest in Singapore because it was an effective way to achieve export-led industrialisation. The MNCs provided employment, capital and ready made export markets.

In the 1970s, the Government's role in the industrialisation of Singapore was to achieve rapid and substantial changes in the industrial structure. Since the beginning of Singapore's industrialisation program by the Government, the role of local entrepreneurship had been a limited one. Industrial growth in the past two decades was made possible mainly by foreign investments of MNCs. During this time, many of the companies in the manufacturing sector were doing subcontracting work for the foreign owned MNCs.

MNCs manufacturing investments in Singapore have helped to nurture local industrial entrepreneurship by providing a ready market for the output of locally manufactured products, e.g, metal components and machinery parts. MNCs constitutes a training ground for local engineers and technicians. Some of these technical people who have resigned from MNCs opened their own companies and factories. In addition, these MNCs provided product specifications to the Singapore subcontractors who manufactured the components. As a result, technology transfer occurred in terms of business capital and backward linkages.

Based on the statistical report from Singapore Ministry of Trade and Industry Publication "The Singapore Economy: New Directions" (Feb. 1986), it was reported that in 1985, Singapore's economy declined by 1.7%. This was the first time after independence that the economy had a negative GDP growth. The global recession of the early 1980s coupled with increased trade protectionism and decline in world trade, all have had a strong impact on Singapore's economy. In 1982, 7500 workers were retrenched by 148 companies. At the end of 1985, a total of 90,200 workers lost their jobs.

A survey was conducted by the Ministry of Trade and Industry indicated that in 1985 the profitability of foreign manufacturing companies dropped by 70% while the decline profitability for Singaporean-owned SMEs was only 35%. It was then that the Government realised the significant role which small manufacturing enterprises can play in Singapore's future economic growth. The Economic Sub-Committee on "Entrepreneurship Development" advised the Government that SMEs could be the catalyst for Singapore's social and technological changes as these Singaporean owned SMEs identify and establish themselves in new market niches.

The Ministry of Finance Interim Report from the Committee to Promote Overseas Markets to Entrepreneurs (1993) stated that Singapore's economy was entering a mature phase. The GDP growth was averaging between five to seven percent per annum. Such modest growth rate could be achieved if the world political and economy situations remained stable and Singapore continued to be competitive in land, labour and resources.

Singapore cannot compete with her neighbouring countries in terms of land, labour and natural resources because these countries were better endowed with these factors of production. According to the Singapore Government, an external economy would improve Singapore's economic structure in two ways:

1. The external economy would generate business and economies of scale for companies operating in Singapore. It would simulate the domestic economy to be more vibrant.
2. Singapore would be able to contribute to and benefit from the rapid growth of the neighbouring countries. It would make Singapore less dependent on the developed countries for growth and market opportunities.

In 1993, a Committee to promote Singaporean SMEs to do overseas business was set up by the Ministry of Finance and the Ministry of Trade and Industry. The aim of the Committee was to recommend to the Government the measures that would assist Singaporean owned SMEs to venture abroad. The Committee set out to identify the obstacles which were obstructing local SMEs from venturing abroad. They suggested incentives on how the Government could provide support to the SMEs. For example, tax incentives for Singaporean-owned SMEs going to do global business. According to the 1993 Report No: 8 from the Ministry of Finance, only 6.3% of Singaporean-owned SMEs have so far invested overseas. Only a small proportion of the 80,066 local SMEs would have the aspirations to or be successful by venturing abroad.

4 Stages of Development

Many theories of entrepreneurship provided information about the dimension on the creation of new overseas ventures, start-up strategies and how new ventures approach market opportunities.

According to Sandberg (1992) he summarised the 4 major dimensions of entrepreneurship (which were based on the various theories from researchers).

1. INNOVATION - the commercial exploitation of some new products, process, market, materials or organisation (Schumpeter, 1942).
2. CREATION - creation of a new organisation to pursue opportunities (Katz & Gartner, 1988, Gartner, 1985, Timmon, 1985, Vesper, 1980, Bygraves & Hojer, 1991).
3. RISK-TAKING - acceptance of risks from the potential losses or failure of a business unit (Palmer, 1971, McClelland, 1961).
4. GENERAL MANAGEMENT ACTIVITIES - the managerial directions of or resource allocation for business units as a whole (Cole, 1965, Stevenson & Gumpert, 1984, McClelland, 1961, Sanberg, 1992).

These Theories of Entrepreneurship were derived from economics, business history, anthropology, psychology and sociology.

Research done by McClelland (1961) focused on the area of psychology. He theorised that the creation of new overseas ventures by the SME was risky and was a function of the qualities of the entrepreneur who owned the SME. Such individuals possessed a high need for achievements. Shaver & Scott (1991) research highlighted that “a person, in whose mind all of the possibilities come together will believe that the innovation is possible, and he or she would have the motivation to persist until the job is done”. Such persons would be prepared to create a new organisation in order to pursue opportunities in overseas markets. According to Gartner 1985, “entrepreneurship is a complex and multi dimensional subject. There is no single unified theory of entrepreneurship that can explain the stages of development for SMEs internationalisation process.”

These 4 major dimensions of entrepreneurship i.e., innovation, creation, risk taking and general management are used to explain the Four Stages of Development which Singaporean-owned SMEs go through in their efforts to do international business.

1. NESTING STAGE

As the Singapore market is small and matured, entrepreneurs are encouraged by the Government to invest in the neighbouring countries. Some businessmen are afraid to invest in markets which they are not familiar or knowledgeable with. Entrepreneurs who strike-out to do overseas business have incredible creative powers. Potential ideas are conceived because these entrepreneurs have the foresight to see the opportunities that are available in the overseas markets. They dare to strike out because they respect, trust and admire their thoughts.

2. TESTING STAGE

Acting firmly upon their faith, these SMEs venture out to do business abroad. In starting out, the companies face a myriad of problems. The degree and intensity of the problems vary according to the type of industry and external environment in which they are operating. They usually become entangled in a web of problems such as inadequate funds, labour shortages, lack of marketing skills, lack of technical and managerial skills. This stage is the most difficult for the entrepreneurs and their enterprise because they have to persevere in order to succeed. The SMEs will attempt to minimise risks. Brush (1992) noted that generally, most firms will expand outwards from home markets that are cognitively and geographically close before entering into markets which are geographically and culturally distant.

In order for the SMEs to pass through this TESTING STAGE, the entrepreneur has to be physically and mentally prepared to grapple with international entrepreneurship problems at every stage in the development of their international business i.e. from the initial stage to the expansion into the international markets.

Successful entrepreneurs do not throw away ideas which appear to be impossible, instead they allow their enterprises a chance to start and a sincere commitment to try and eventually win. Ideas which are more creative will attract more critical criticisms. The successful entrepreneurs and their enterprises do not allow themselves to indulge in negative fantasies which will only limit the size of their goals and stifle their creativity. These men and women do not see failures in their businesses as failures in themselves, instead they consider that it is only a phase in their path to entrepreneurial success. With determination and perseverance, the problems are managed by the entrepreneurs. After going through the Testing Stage, these entrepreneurs are more innovative in managing problems.

3. INVESTING STAGE

By an act of will power and determination, these enterprises and their entrepreneurs make public commitment by investing their time, effort and money in order to overcome the odds. One such characteristic of these enterprises to reach the INVESTING STAGE is that the successful entrepreneurs does not play the “game” alone but instead they use their enterprise as a means to get partners who are possibility thinkers and problem solvers who have a track record of achievements and successes. An understanding of the nature of the problems encountered by SMEs have facilitated not only in identifying the problems areas but also to manage the problems. Experiences made it possible for the entrepreneurs to manage start up problems of internationalising their business operations.

4. CRESTING STAGE

The CRESTING STAGE is reached by these successful entrepreneurs because they did not abandon their dreams. Through their companies they have worked on their ideas until they materialised and they succeeded. Companies which have reached the CRESTING STAGE is because of the determination and perseverance of their entrepreneurial owners.

Combining the 4 dimensions of entrepreneurship, i.e. creativity (during the Nesting stage), innovation (during the Testing stage), risks taking (during the Investing stage) and with professional general management practice, these SMEs reach the Cresting Stage. At this stage the money starts and flow into the organisation.

Factors Contributing to SMEs Decision to Internationalise - Literature Review

Theories of Entrepreneurship, does not adequately explain why new ventures internationalise or how opportunities may be taken by SMEs to internationalise. A synthesis of theories on international businesses and entrepreneurship are used to explain the factors contributing to the SMEs decision to internationalise. The Theories of International Business are viewed from 3 aspects:

1. Behavioural Aspect : (Aharoni, 1966, Johansson & Vahlae, 1977) theorised that motives for internationalisation includes response to opportunities, problem resolutions and internal or external stimuli. For example, a firm exports its products in order to fulfil customers request.
2. Classical Aspect : Hymer (1960), proposed that firms will search for new exchange opportunities while seeking profit maximisation through larger market share.
3. Neo-Classical Aspect : Buckley & Casson (1983), argued that the SMEs internationalisation activities seek to achieve cost efficiency and to decrease risks in doing international business.

The integration of these theories focused on four factors, i.e. management factors, firm factors, industry factors and environment factors. Based on existing theories, emperical studies and secondary data, further investigations on the international business activities of SMEs are made by considering the reasons why these SMEs internationalise.

Johansson & Vahlae (1977), reasoning was based on organisational behaviour theories, whereby the SMEs would internationalise because they have established a track record of operations and thereby gained sufficient experience. Chew (1988), analysis stated that Singaporean owned SMEs were affected by the increase in labour cost in Singapore. Therefore they followed the multi-national corporations to relocate their manufacturing plants into the Third World Countries where these multi-national companies have moved to. Bilkey & Tesar (1977) concluded that unsolicited orders were most important motive for SMEs to enter into exporting activities. Bilkey (1978) findings further showed that SMEs were motivated to do international business where their managers have foreign language ability, travelled widely and have overseas experience. These managers have a better perception of risks, cultural differences and similarities because they were better informed about overseas markets. Cavusgil & Nerin (1981) stressed that SMEs behaviour in doing international business was attributed to characteristics of the firm and the management's commitment and interest in the overseas markets. Cavusgil (1982) further found that the higher the level of management commitment in international business, the higher would be the international

business activities of the firm. One of his conclusion was that the size of the firm does not play a significant role in the growth of its international business activities. In fact, it was the managers' international business experiences which was directly related to the firm's growth in the international market place. Small manufacturers were able to perform better in international business when their management have a "world vision".

Results of Brush (1988) research found that younger SMEs were motivated to internationalise because of the entrepreneurs' personal contacts, expertise, product innovation and information available about foreign markets. However, older SMEs considered the distribution and transportation infrastructure of the host country as motivators in their international business activities. The empirical research done by Brush (1988) concluded that in young SMEs, market opportunities and management factors operated in tandem to motivate them to internationalise, whereas in older SMEs, their reason for internationalisation was to increase sales and profits.

Several studies were made by researchers on how opportunities have been taken by SMEs to internationalise. For example, studies by Mitton (1989), Aldrich, Woodard and Rosen (1987) and Christensen (1991) concluded that SMEs used their local and overseas contacts and relationship to build a network of "Know-who". This opportunity led to the "Know-how" of doing international business. Kindleberger (1969) and Buckley (1983) research concluded that by seeking international exchanges after a domestic market place had been established, the SMEs could gain competitive advantage by taking opportunity of their experiences in internationalising their business. Lau (1984) found that companies involved in international business have more employees, who were experienced in exporting will perceive more marketing strengths to pursue the opportunities of internationalising their business. Such companies were able to use their experiences in commerce (e.g. the use of documentary credit) to efficiently do overseas business. Galbraith, Denoble and Estavillo (1990) concluded that to decide on the location of overseas manufacturing plants, the SMEs would consider the business climate of the host country, such as cost and availability of labour, political stability and infrastructure within the country. The research carried out by Johnson and Czinkota (1992) concluded that by having proactive and reactive motives such as unique products with technical features and benefits and competitive priced products (which are value for money) SMEs could take advantage of the opportunities available in doing international business. Kohn (1988) found that cost, strategy and technology advantages were important factors in the SMEs decision to invest in overseas markets. In order to take advantage of the opportunities available in foreign markets, SMEs needed to generate a variety of innovations which were related to their core technology. Such a strategy would enable the SMEs to carve a narrow technological niche in the target foreign markets.

Internationalisation by Singapore SMEs has been a reactive process because these entrepreneurs somehow responded to opportunities for selling their products overseas. A survey done by Chng and Kau (1988) found that 27% of Singaporean-owned SMEs do not have any formalised written plans or strategies to proactively internationalise their business. Many did not choose the foreign country to do their business but instead the customers from a particular country selected them. 15% of these SMEs had to internationalise their businesses out of necessity because they faced a declining home market. 36% decided to go into overseas market because their management were proactive market developers. They were able to identify the large potential in overseas markets. 7% internationalise for other reasons. Many

of these Singaporean-owned SMEs were very interested to internationalise if these problems could be managed or resolved.

Chng and Kau (1988) survey results showed that many other reasons for Singaporean SME's not wanting to internationalise their businesses, some of these were:

1. Inability to compete with foreign manufacturers.
2. Lack of business contacts.
3. Shortage of capital.
4. Products manufactured in Singapore were not suitable for overseas markets.
5. Selling only through local agents.
6. Lack of information on foreign markets.
7. Lack of experienced export personnel in the organisation.
8. Quality of products not good for overseas markets.
9. Serving only as a "support" industry. Therefore, they do not have experience in marketing their manufactured goods in overseas markets.
10. Fear of business failure as this can wipe out their resources which were accumulated over the years. The parent company may even be bankrupt as they are not experienced in doing business in foreign markets.
11. Manufacturing facilities could only cope with local demands.
12. SMEs who have experiences in doing international businesses are protective and not willing to share their experiences with local SMEs who lack international business experience.

How can Singaporean-owned SMEs take advantage of the business opportunities in overseas markets so as to create a prosperous external economy for Singapore?

Over the past three years, the government has been encouraging local SMEs, through governmental agencies and educational institutions, to internationalise their business. For example, the Trade Development Board provide information and consultancy services to SMEs who want international but are not familiar in doing overseas business. The Export Marketing Institute, Singapore Institute of Management, Marketing Institute of Singapore and the Productivity and Standards Board conduct courses on basic export marketing and international commercial practices for SMEs interested to internationalise their operations. Singaporean-owned SMEs can take the opportunity to proactively internationalise their businesses by taking positive action on some of the suggestions listed below:

1. Review and analyse the present business conditions in Singapore.
2. Monitor their competitors' strategies in the local and international markets.
Develop core strategies and internationalising these core strategies by selecting target overseas markets. Doing research on the size of the market, target market segment, market characteristics, political situation of the targeted foreign countries and the legalities of doing business in these countries.
3. Estimating the investments and operational costs of internationalising into the targeted overseas market. Determine whether there are competitive advantages in doing business overseas.
4. Use consultants who can provide the company in the production, marketing and finance areas. For example,
 - (a) product design and packaging

- (b) market and marketing research
- (c) training in marketing and sales force management
- (d) plant automation and production process improvements.

Non-profit organisations such as Singapore Manufacturers' Association, Productivity and Standards Board and Entrepreneurship Development Centre at the Nanyang Technological University provide management consultancy services to Singaporean-owned SMEs on "How SMEs can successfully internationalise their business".

The Singapore Government can negotiate with the governments of other countries regarding their trade policies, technical standards, marketing and commercial regulations so as to make it easier for our SMEs to invest in these countries. Our Government does not provide tax incentives and financing to Singaporean-owned SMEs who wish to internationalise their business because our SMEs must learn to compete in the international market place where "rules are not always fair but success goes to those who can spot opportunities, seize them and are to try", Goh (1991). Singaporean-owned SMEs must educate themselves in the essentials of planning their business operations. The management of SMEs usually place premium emphasis on immediate results rather than long term strategies. Nevertheless, irrespective on how rudimentary the planning process may be in the early stages, our SMEs must take proactive actions to establish long term gains in order for them to internationalise their business.

Problems Faced by Singaporean-Owned SMEs in their International Business Activities

Hamil (1995) classified 4 main categories of barrier faced by SMEs when they start to do business in the overseas market.

1. Psychological Barrier: SMEs have been used to look inward to the domestic market rather than outward to overseas markets. Psychologically, these SMEs were in their comfort zone when they do business in the domestic markets.
2. Operational Barrier: faced by SMEs included problems in understanding of export documentation, difficulties in foreign language, unfamiliar customs, culture and financial risks.
3. Organisational Barrier have arisen because the entrepreneurial company does not have experienced staff who are competent in handling international business. They have insufficient knowledge of the export markets, their distributors and potential joint venture partners.
4. Product and Market Barrier have been caused by unsuitable applications and design of the products for the overseas markets. In addition, the inexperienced entrepreneurs have difficulty to identify and select the most attractive markets. This resulted in the lack of profitability in doing overseas business.

Gomes - Casseres (1985) research on the problems of ownership strategy of SMEs internationalisation activities concluded that the choice of affiliate ownership in foreign direct investment (fdi) on a manufacturing plant depends on the resources available to them. Research done by Kohn (1988) on foreign joint ownership, concluded that problems have arisen when the SMEs entered a foreign market by sharing the ownership of foreign affiliates with partners from the host country. For example, if the foreign affiliate was operating at the leading edge of technology, there was a possibility that when the affiliate was able to generate more interesting but unrelated innovations, the major shareholder from the host country would usually be reluctant to share the profits with the Singapore parent company. Stobaugh and Twells (1984) highlighted in their research that depending on the resources available to the SMEs, the level of risk to internationalise was directly proportional to the resources available to the company. Kohn (1988) analysed that the problems on physical, financial and managerial resources which were required to establish and manage foreign affiliate were “lumpy”.

Success in doing overseas business does not come easy to the Singaporean-owned SME. Besides having to overcome the entry barriers into overseas markets, the Singaporean owned SMEs have other challenges to meet such as company ownership, level of risk, availability of financial and managerial resources, family and governmental constraints. The two factors which influenced the Singaporean-owned SMEs choice of ownership structure for their overseas affiliates are:

1. the need for additional resources.
2. the desire to control the foreign affiliates.

At a fixed cost, the Singaporean-owned SMEs can share ownership with the host country partners because these partners know the local business practices, regulation, access to local marketing channels. Since the Singaporean SMEs own a minority share in the foreign affiliates, the managing cost of the business was upon the foreign partners. The role of the Singaporean SMEs was to provide regular supervision on technical matters. They were not involved in the day to day operations.

The Singapore SME Master Plan (1989), reported that Singaporean-owned SMEs faced problems on the level of risk when they decided to invest in the overseas markets. Therefore, to minimise the level or risk, it was prudent for Singaporean-owned SMEs to gain competitive advantage in whatever type of foreign equity ventures undertaken. Other problems faced by Singaporean-owned SMEs related to limited resources is the foreign affiliate’s inability to support the cost of product adaptation (which is essential for the consumer products industry). Next, those SMEs which have technological advantage face the threats on the frailty of their technological advantage when investing in foreign markets. The partners from the host countries may copy the Singaporean company’s technology. New development can be made by the joint venture partners which can make the Singaporean-owned SMEs present technology become obsolete.

A major attitude problem exist amongst owners of these SMEs. Their motives which pertains to internal management factors such as attitudes can be explained from the Theories of Behavioural Science. The four motives are

1. Resolving problems of international business.
2. The pursuit of opportunities in overseas markets.

3. Executive push and commitment from senior management to internationalise.
4. Long term profitability and growth of the company.

On January 8 1993, the Senior Minister, Lee Kuan Yew mentioned at the Economic Development Board Business Award ceremony that “the basic problem why we have not been successful abroad is the lack of entrepreneurs in Singapore. Singaporeans generally prefer secured careers and are home bound. They are not willing to give up the security of Singapore as the risk of failure abroad is high and working abroad entails much discomfort and disruption to their personal and family life”.

There are several macro-environment problems caused by external circumstances and government policies which have inhibited the rate of internationalising of Singaporean-owned SMES. For example,

1. There are insufficient tax incentives for the Singapore-owned SMEs foreign direct investments (fdi) in overseas markets. Presently , the double tax deduction scheme for expenses incurred on export promotion is not attractive.
2. There is no double taxation deduction for expenses which are incurred by SMEs while they explore and develop their overseas investment opportunities.
3. The Local Enterprise Financing Scheme for overseas investments which was set up and operated by the Economic Development Board is not attractive for SMEs.
4. The Government Rules and Regulations for companies operating in Singapore are not conducive to the promotion of international business and entrepreneurship. Many of these Rules and Regulations are obsolete in today’s context of encouraging Singaporean-owned SMEs to internationalise their business.

Implications for Management

There are many “attractions” for Singaporean-owned SMEs to invest in the overseas markets. Our SMEs which are going into the overseas markets should not “jump” onto the bandwagon and blindly response to pseudo-opportunities which may arise from internal and external stimuli. There is real danger that the word “internationalisation” becomes a fad. To meet the challenges of a fast changing international business environment, Singaporean-owned SMEs must upgrade their skills and technological level, improve their management and organisational skills, innovate and develop product lines in a professional way, and continuously focus on international business opportunities.

A new breed of Singapore entrepreneurs are beginning to emerge. They are innovative, dynamic, creative and outward looking. The growth industries for such entrepreneurs are in the information technology and bio-technology field. These new breed of entrepreneurs are proactively investing in overseas markets seeking to achieve cost efficiency and finding ways to decrease the risk of doing international business.

In 1994, the Ministry of Finance, Dr. Richard Hu, announced that the Government has set aside sufficient capital reserves to facilitate the formation of partnership with Singaporean-owned SMEs in order to help them to finance their overseas operation.

Implication of the International Markets

The importance for Singapore to have an external economy is crucial to its growth. Although the Republic is constrained by its physical size and limited resources, she has a competitive advantage because Singapore has a well developed infrastructure and its location is in the centre of business activity in South East Asia. As Singaporean-owned SMEs are opportunistic, they will response to the business potential in the Far East and beyond. The Far East region will develop and grow because there are many opportunities available, such as:

1. Increased intra East Asian trade which results in increase exports from Asian countries.
2. Large infra-structural projects in Vietnam and China.
3. Investment opportunities in manufacturing and industrial facilities in China and Vietnam.
4. Availability of low cost labour and abundant natural resources.

Implications for Entrepreneurs

Gasse (1982) stated that “there is a fundamental difference between entrepreneurs and managers i.e. their willingness to take risk in order to achieve goals. While entrepreneurship involves managing, the same is not true in converse”. Based on the investigation carried out in this Paper, the difference between the educated scholar and the entrepreneur is that the scholar will carefully deliberate and weigh the opportunity costs before taking “calculated risks”. Whereas the entrepreneur realises that risk taking requires animal instinct and gut-feeling because where possible the SMEs who are quick to seize business opportunities usually wins. Most Singaporean-owned SMEs have accumulated their wealth through hard work, they are careful about investing overseas because they may lose their accumulated wealth if the advice given is inaccurate and a wrong decision is made on the investments in the overseas markets. The consequence of this attitude is the lack of courage amongst the Singaporean-owned SMEs to invest in overseas markets. This is one of the mark difference between Singaporean-owned SMEs and those SMEs from Hongkong and Taiwan.

Singaporean-owned SMEs intending to do business overseas need to have a means of “transportation”. Based on the “EntrepreneurShip Model” developed by Chan (1992), the entrepreneur is like the captain of a ship, known as “EntrepreneurShip”. He has to decide the type of goods and services which he intends to bring into the overseas markets. There are four “engines” which have to operate in parallel (marketing, finance, production, administration) in order to propel “EntrepreneurShip” to go overseas. The Singaporean-owned SMEs will have to rely on several “sign-posts” in the external environment (such as, technology change, culture, competition, social economics and political conditions) to manoeuvre “EntrepreneurShip” successfully into the overseas markets.

Conclusion

A decade ago, the Economic Sub-Committee on Entrepreneurship Development observed that Singaporeans are generally not against risk taking, but the risk they take tend to be short term and opportunistic. According to the research carried out by Ch'ng (1982)", he concluded that Singapore's economic success in the 1970s created a social environment which is not conducive to risk taking and entrepreneurial spirit. Most Singaporean-owned SMEs want to be successful. However, as most of them do not have a vibrant entrepreneurial spirit, it is essential for them to plan their strategies and proactively implement them so as to enter and do business in overseas markets. Guiltinan and Paul (1985) stated that planning encourages systematic thinking about the future as it leads to improved co-ordination. By establishing performance standards for measuring results it provides a logical basis for decision making and improve the ability to cope with change. Eventually, the SMEs will be competent to identify marketing opportunities in international markets.

SMEs which are founded and managed by the entrepreneurs will have to employ professional managers to run their business so that they, the entrepreneurs, can concentrate in looking out for new business opportunities. These professional managers will be able to managed the companies and bring about growth and development in the overseas markets for these Singaporean-owned SMEs. There are several unanswered questions which require further research, for example,

1. What is the decision making process used by the entrepreneur/manager in the internationalisation of their business activities?
2. What is the role of planning in the internationalisation of Singaporean-owned SMEs and how is it related to planning motives?
3. Are the reasons for internationalisation similar or different between small service companies as compared to manufacturing companies?

The outcome of such researches will help the new breed of Singaporean-owned SMEs to enter into the overseas markets with better understanding of the micro and macro factors within which they can operate successfully.

The Government can only assist the SMEs up to a point. Eventually, it is the individual entrepreneur who must decide on the company's internationalisation program in order to achieve his company's growth into the overseas markets. The Far Eastern Economic Review (April 15, 1996) reported that despite the help given by the Singapore government, Singaporean owned SMEs do not always find it easy to become regional entrepreneurs. Apparently, the Singaporean entrepreneurs are put off by the stifling inefficiency, opaque regulations and rampant corruption of places such as China and Vietnam.

In summary, vibrant entrepreneurial spirit amongst Singaporean owned SMEs can only be achieved as a process and not as an event. New possibilities for Singapore-owned SMEs can only begin when entrepreneurs become consciously competent of themselves. It is essential that they utilise their resources, (based on the M.A.P.S. strategy) and to take calculated risks so as to proactively internationalise their business.

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