

**FACTORS STIMULATING MALAYSIANS TO WORK IN  
SINGAPORE: CASE STUDY OF AGILENT SINGAPORE**

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### DECLARATION

I hereby declare that the project is based on my original work except for quotations and citation which have been duly acknowledged. I also declare that it has not been previously or concurrently submitted for any other degree at USM or any other institutions.

A handwritten signature in black ink is written over a horizontal line. The signature is stylized and appears to be 'Zafry Bin Zakariya'. Below the line, the text '(Signature):' is printed.

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Date: **29<sup>th</sup> JUN 2012**

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## **Abstract**

The present paper attempts to identify the actual reasons and factors that have influence Malaysian to migrate to another country especially Singapore. There is a lot of other research done about employment and emigration out there but this paper try to focus on emigration of professionals to manufacturing company specifically on Agilent Technologies, Singapore. The research includes the impact of the emigration to both countries in both positively and negatively. The content is further strengthen by using several theories by several well-known philosophers of the management from old time and recently. At the end of the study, the paper supposed to help both country to understand the implication of emigration and what can we do to improve it.

The data collected for this case study were derived from a lot of documentation such as articles, journals, news and others case study; and some was collected from the interviews with Malaysian that is currently working in Agilent Technologies in both Malaysia and Singapore. Some of them are based on observation to find out if the environment and culture are some of the factors influencing.

From the research, we conclude that there are a few pushing factors from Malaysia that has caused Malaysia to leave the country and stay in Singapore and pulling factors of Singapore that attracts Malaysia to find or accept a job there. This situation has been there for many years and it is unstoppable but controllable factors. It gives both positive and negative impact to both sending and receiving country.

Future researchers can extend the approach used in this research to other industry and country that may have similar overlapping paradigms. There are more to research based on the different culture, location and environment.

## **Abstrak**

Kertas kajian ini cuba mengenalpasti factor-faktor sebenar yang telah menyebabkan penduduk Malaysia berimigrasi ke negara lain seperti Singapura. Telah banyak penyelidikan telah dilakukan berkenaan pekerjaan dan imigrasi tetapi perbezaan yang dilakukan di dalam kaji selidik ini adalah lebih menumpukan kepada imigrasi oleh penduduk Malaysia ke syarikat pengeluaran Agilent Technologies, Singapura. Di dalam kaji selidik ini juga telah disertakan kesan baik dan buruk yang disebabkan oleh imigrasi kepada kedua-dua negara. Untuk mengukuhkan lagi kandungan kaji selidik ini, beberapa teori telah digunakan berdasarkan kaji selidik oleh ahli falsafah terkemuka di dalam bidang pengurusan di masa lampau dan juga terkini. Harapan supaya kajian ini dapat membantu kedua-dua negara memahami kesan imigrasi terhadap negara masing-masing dan apa yang perlu dilakukan.

Untuk kaji selidik ini, maklumat yang telah dikumpul didapati dari pelbagai dokumentasi seperti artikel, jurnal, berita dan juga kaji selidik terdahulu dan sebahagiannya diperolehi dari wawancara dengan rakyat Malaysia yang sekarang bekerja di kedua-dua Agilent Technology Singapura dan Malaysia. Ada juga maklumat diperolehi dari pemerhatian persekitaran dan budaya yang telah mempengaruhi.

Secara kesimpulannya, ada beberapa factor penolakan yang mempengaruhi penduduk Malaysia meninggalkan negara dan menetap di Singapura dan ada beberapa factor tarikan yang mempengaruhi penduduk Malaysia terpenggil untuk pergi bekerja di sana. Keadaan ini telah berlaku sejak zaman lampau dan tidak mungkin dapat dihentikan tetapi sebaliknya dapat dikawal. Untuk penyelidik yang akan datang, kaji selidik seperti ini dapat diperluaskan lagi ke bidang industry yang berlainan dan negara yang lain tetapi mempunyai paradigm yang sama. Yang pasti, lebih banyak dapat dikaji selidik dengan budaya, tempat dan persekitaran yang berbeza.

# CHAPTER ONE

## INTRODUCTION

### 1.1 Introduction

This chapter begins by explaining the background of study to identify the issue surrounding the case study. This chapter then discusses about professional emigration in general, and briefly describes the problem statement related to this subject matter. Finally this chapter presents the organization of the case study report.

### 1.2 Background of the Study

“I do not believe we can repair the basic fabric of society until people who are willing to work have work. Work organizes life. It gives structure and discipline to life.” In his November 1993 speech in Memphis, Bill Clinton addresses the importance of employment to the society. Employment is the backbone of a country to ensure that the people in that country live and stay in satisfaction.

Professional Emigration is an interesting topic to be discussed and debates nowadays by policymakers, politicians and international agencies around the world. For a small country such as Malaysia, professional emigration causes a big impact to the economy, social and politics. This situation was the main focus of the government last year due to the increase in number of citizens that move to other countries and stay permanently. It is expected to increase in the coming decades if there are no actions taken by the country and the gap of wages keep increasing. There is no statistic available from the Immigration Department of Malaysia but in a glance what we see nowadays is the increase of lower skilled immigrants into the country is in compare to the small number

of emigration of high skilled professionals to this country. This shows that the country may soon run out of people with skilled and professionals to develop the country as most of them have decided to move to other country such as Singapore. Vijayakumari Kanapathy, 2008 in his journal shows that there are about 2 million unskilled and semi-skilled foreign workers in Malaysia in 2007 in compare to 22,000 skilled foreign workers in this country in the same year where unskilled worker from foreign country are all over the place in Malaysia such as in restaurants, kopitiam, development project and even as a maid in houses and nurseries. Robyn Iredale (2001) mentioning about how the current globalization of firms and internationalizations of higher education has contributed to the internationalizing of profession too. Better standard of living and quality of life, higher salaries, access to advanced technology and more stable political conditions in developed countries are among the reasons given by them as a passport to stay and work in foreign countries. However, professional emigration is not an easy situation where there are formulas that can be used to solve or even to reduce it. It is a very complex situation and until now there are only theories and research done without significant result yet.

The word emigration in Oxford Online Dictionary defined as the act taken by an individual of a country leaving one's own country to settle permanently in another or moving abroad and the word professional means a person competent or skilled in a particular activity. Basically Professional Emigration means movement of an individual with competent or skilled in a particular job from his country to another country permanently. This situation normally occurs between developing countries (emigrant) and a developed countries (hosting) where the resource that being transferred from one country to another is the human capital. From this definition we understand that this

situation will benefit one country and causing disadvantage to the home country. The receiving countries sometimes have to use this method to acquire foreign citizens to work in their country due to scarce of professional labor locally. Some of the professional skills that have migrated are doctors, scientist, entrepreneur, teachers and engineers. For this case study, the focus will be on the manufacturing site professionals that consist of engineers, managers and analysts.

Professional migration were become well known to most of the countries around 1960s to 1970s. Most of them choose America as their destination to find a better job that can fulfill their satisfaction. There were around 2.5 million highly educated immigrants who went to America to work which 5% of them were from Asia and they are purely comes for work purpose (not students), Hillel Rapoport (2002). The Star, 2011 mentions that in Malaysia it all starts right after the country independence in 1957 where the urge to find a better educational for their citizen has force them to send their students abroad for tertiary education. With the mindset that overseas education can give a better syllabus, these students are expected to gain the knowledge and come back to teach locally. Unfortunately, according to The Star (2010), some of the students sent abroad choose to stay and find job there because of the better job opportunity, new life-style and social environment compare to back at home. As of today, there are around 300,000 professionals working in Singapore alone. We are running out of professionals year to year with the numbers increasing significantly. What went wrong?

There are many reasons that caused professional emigration of Malaysian to another country and it is very complex situations that very difficult for us to stop it from happen. It is more on individual expectation on what they want to achieve and can satisfy

their needs. Sometimes, even with a lot of inducement provided to attract the emigrants to come back to the country, the percentage that think it is a good deal in compare to staying in abroad are still too low. As mentioned by Human Resources Minister Datuk Seri Dr Fong Chan Onn (2008) in the website of Ministry of Human Resource Malaysia, there is a lot of incentive given by the government in order to lure their professionals to come back and serve the country as mentioned in 2001 Budget such as that income repatriated within two years of return would be exempted from income tax; all personal belongings, including two cars, would be exempted from import duty and non-Malaysian spouses and children would be given permanent resident status within six months. From 2001 to 2008 since the program was launched, only 400 had return to the country.

The Star, 2011, Datuk Seri Dr Fong Chan Onn (then Malaysian Minister of Human Resources) explains about the root cause of Malaysia losing its talent. Firstly, it is the legislative issues where for those who their husband or wife not a Malaysian, they are not entitled for Malaysian Citizenship or even Permanent Resident (PR) status. Worst is if they have kids born overseas with their foreign citizen husband or wife, their child will not get the Malaysian Citizenship too. As a result of this regulation, even the foreign husband or wife is a highly skilled professional; they are denied as the resident that can contribute to the country. At the end, they may decide to leave the country with their Malaysian husband or wife and reside in a country that is having better privilege such as Singapore. Second reason mentions in that newspaper article is a lot of top notch universities are from overseas. Most of the parents want the best for their kids in terms of education. Due to the quota imposed by Malaysian government, most of non-bumi decided to move overseas where they can send their kids to a better education. Thirdly,

even though we are proud to call our country as a peaceful multi-racial country, we are having difficulty to adapt to the domestic social-political issues. We are constrained by the much sensitivity of our multi-religious and multi-ethnic background that limiting our socio-relationship. Lastly, Datuk Seri Dr Fong Chan Onn mentioned about how first-world pull policies contribute to the situation. They introduced talented-immigrant attraction policies as where it gives a lot of benefits to professionals that comes to the country to work.

Singapore unique economic situation are highly dependence on the inflow of foreign workers. The country economic model was born out of necessity due to the size of the domestic market, and eventually has to open its economy to external markets (Economic Market, 2010). Weng Tat Hui (2004) explains how Singapore since the British colonial, using the Free Immigration policy has increase the number of immigrant into the country not only for work but also their population and eventually boosting the country economy. Until today, this policy helped the country to import talent and expand the market. World Bank (2011) has announced that Singapore is the easiest country to work in better than United Stated, Hong Kong and United Kingdom. The advancement of technologies and population of the world has contributed to the demand of jobs all over the world. Singapore, as mentioned by Monetary Authority of Singapore (2011) the introduction of the new biomedical technology by the government in 2011 has caused the strong increase of job market of the country from 2010 to 2011. Singapore Ministry of Manpower (MAS) (2011) has estimated 17% increase of job vacancies in just the first quarter of the year. Even though during that period we foresee the economic recession of the world market, this has not slowed down the country development and demand for

work force. Instead that percentage where it was reported was the highest since 2006. With over 5 million populations in Singapore, 66% of the overall jobs are filled by the local residents and remaining 34% are from foreign country as stated by MAS. On top of that there are abundant of other growing industries in the country such as electronics, IT communications and technology, transport engineering, hospitality, healthcare and the financial services sector. For Agilent Technologies, Singapore, the introduction on Life Science and Chemical Analysis in 2011 has increased the number of employment in the company (Agilent.com, 2011). Due to this initiative, the company job vacancies increase and eventually attract a lot of foreign workers. Business Times, 2012 mentioned that there are currently 45.4% of foreign workers in Singapore in compare to 37% fin the past 10 years. Currently there are around 58% professionals in Agilent Technologies Singapore itself with 21% of them are Malaysian. Overall populations of Singapore comprise of 77% Chinese, 14% Malays, 8% Indians and about 1% others (Mui Teng Yap, n.d.).

### **1.3 Problem statement**

Numbers of Malaysians recently choose to leave the country to work or live in another country such as in Singapore, Australia, United States and Europe has increased in the recent study. Over the past 45 years, the number of emigration of Malaysian out of the country has increased tremendously with 350,000 of them currently worldwide (The Star, 2010). Even with various job opportunities and an abundance of job vacancies in the country, a lot of people still choose to find a job in other countries. It got worse when those who government sent to overseas to get tertiary education decided to find a job and stay there. It is a problem to the country when most of these people who decided to work

and stay overseas are those with talent and involved in the professional jobs. As a developing country, it is a waste when we need a lot of talented people to develop the country but they choose to serve other countries.

In this paper, we are focusing on the emigration of Malaysian professionals to Singapore. Malaysia and Singapore are two countries that situated close to each other with the similar culture and geographical environment but different economic situation. Malaysia is 500 times bigger than Singapore in terms of land size and there are so many raw materials and resources but Singapore's economy are far more developed compared to Malaysian (CIA World Facts, 2011). A lot of Malaysia takes this opportunity of similarity of culture and distance to choose Singapore as their destination of career improvement and better living. It will be much easier to cope with the new environment that they are familiar with or minimal different from their birth country. The distance is an advantage for them as they may still have families and friends that are still situated in Malaysia where they may need to visit from time to time especially during special events such as Chinese New Year, Christmas or Hari Raya Aidilfitri. That's why Singapore is the best choice for most of Malaysian whose choose to move out from the country to the other country regardless of the reason for their life progression or any other personal reason.

With the development of Life Science and Chemical Analysis technology in Agilent Technologies Singapore, there are a lot of new job opportunities introduced in the company over in the branch over in Singapore (beAgilent.com, 2011). With the system available in the company on managing employee job progression, requesting for job transfers to other countries within the same company is not that difficult. As long as the

current manager approves of the job transfer, they are free to work in Singapore either as permanent worker or as expatriate. Surprisingly, the job application from employee here in Malaysia was overwhelming with over 100 applications was submitted to Human Resource department for the past 5 years for the position in Singapore (beAgilent.com, 2011). These numbers are purely to support the both new groups Life Science Group (LSG) and Chemical Analysis Group (CAG). Is it purely due to the job opportunity on the new area of technology or there is other reason for these people to choose to move to other country?

#### **1.4 Significance of Study**

This paper is a case study where the method being used to produce it is using qualitative analysis approach. The case study generally trying to find out the factors that has caused professionals from Malaysia decided to move from the country to other country. The focus of the study is mainly on Agilent Technologies in Singapore. There are multiple sources being used to produce the paper in order to give a clearer picture to audience on what is currently happening and what to focus on in order to solve this problem. The case study will provide a detailed and contextualized picture of a particular issue (Creswell, 2007). In addition, with this case study, we have a hope that it will benefits both hosting country and sending country not only for Malaysia-Singapore case but also for other countries around the world. Below are a few points that signify the usage of this case study:

- For a country to be able to find out the push factors influenced professional migration and what they can do to reduce it
- For a company to find out the pull factor of professional migration

- To influence the policy maker on what they can do differently in order to encourage / discourage professional migration
- As base information to other researcher on factors that influenced professional migration – detail research on each factor or other scenarios
- As a base for the educator on what they can improve in the current education syllabus and overall education level of the country

### **1.5 Research Questions**

This case study is trying to address a few questions listed below.

- How quality and different of work life has influenced professional migration from Malaysia to Singapore?
- Is money or the lucrative of salary is the major contributor of most professionals in Malaysia to move to Singapore?
- Is Malaysia far behind in terms of technology advancement that has caused the lack of job opportunity in the country compared to Singapore?
- Is Singapore providing a better quality of education as compared to Malaysia and this has influence the choice made by the citizen to move?
- How political situation, policies and economic stabilization of the country impacts the professional emigration?

### **1.6 Research Objectives**

In order to complete this case study, there are 5 objectives to that need to accomplish:

- To identify the impact of quality and difference of work life to professional migration

- To show that money or the lucrative of salary is the major contributor of most professionals migration
- To find out whether technology advancement contribute to the professional migration because of lack of job opportunity in the country
- To ascertain Singapore providing a better quality of education in compare to Malaysia and this has influence the choice made by the citizen to move.
- To verify whether political situation, policies and economic stabilization of the country has impacts the professional emigration

## CHAPTER TWO

### CASE WRITE UP: COUNTRY ANALYSIS

#### 2.1 Introduction

From where does Singapore get its name? As mentioned in Library of Congress – Federal Research Division, 2006, The history goes back a long time ago in fourteenth-century where the Island was once called Temasek by the Javanese chronicle, and a Malay story were told to their ancestors that during seventeenth-century, in the year of 1299 the name, Singapura (“lion city”) was named to this Island after the founder encountered a strange beast that looks like a lion in the Island. When the founder asked the people of the Island that mostly Malay on what is the name of the animal and they explain that it was a “Singa” or lion. So, that is where the name of the Island was found and being use until today.

Singapore is located South-eastern Asia, where this small islands can be found between Malaysia and Indonesia. It generally can be found at the very south of Peninsular Malaysia and this island located strategically on the straits of Singapore where in old days it is the popular route of traders from east to west. It was known as one of the many trading outposts serving as an intra-port and supply point for Malay, Thai, Javanese, Chinese, Indian, and Arab traders (Library of Congress – Federal Research Division, 2006). History shows that this island is very important because of its area situated at a very strategic location as a stop for traders for those who come from east to west. That is the reason why it was discovered by British trading colony in 1819 (CIA World Fact book, 2011). Nowadays, Republic of Singapore is one of the most prosperous

countries in Asia. Despite the size of the country, they are well known better than Malaysia to the western people due to their trading with these countries and their active activities in trading worldwide. Singapore departed from Malaysia and declared their independence on 9<sup>th</sup> August 1963 due to political reason. Despite of that, Singapore and Malaysia still continue to have a good relationship as a trading partner and help each other in a lot of situation.

## **2.2 Geography**

Singapore is a small island with the size of 697 square km where most of the areas are covers with flat land and tropical forest (CIA World Fact book, 2011). Similar to Malaysia, the country is experiencing a tropical climate where the weather is hot and rainy across the year. Malaysia and Singapore are separated by the Straits of Johor and the two countries are linked together by a causeway. This 1.05 km causeway was built in 1923 where it links Woodlands customs, immigration and quarantine (CIQ) - Singapore end and the Sultan Iskandar CIQ at Bukit Chagar - Malaysian end with 80,000 to 100,000 crossing it on daily basis (Chua Alvin, 2012).



Figure 2.1: Location of Singapore Island (Source: Leone Fabre, 2011)

Singapore is well known for their transportation. The main medium of transportation for Singaporean to move from one place to another is the Mass Rapid Transit (MRT) where it connects most of the cities in the country. It is very convenient, on schedule and not too pricey. SMRT Corporation Ltd was incorporated on 6 March 2000 as the premier company handles the MRT operation serving 1.5 million people daily along the 100km coverage ([www.smrt.com.sg](http://www.smrt.com.sg), 2012). Other than MRT, their bus service and taxis are convenient too as part of the preferred method of transportation to places where the MRT does not covered and those who prefer privacy (taxi). There are a lot of private car owner in the country but still, a lot of the residents preferred to use public transport instead.

### **2.3 People**

People of Singapore or also known as Singaporean consist of multi-cultural and ethnics similar to Malaysia but major race of the country are around 75% of the population is Chinese and the rest are Malays, Indians and mixed blood (www.mapsofworld.com, 2011). Their populations were estimated around 4,987,600 people based on the number reported by the Department of Statistic Singapore (CIA World Fact book, 2011). Their official language is Mandarin and most of them are practicing Buddhist as their religion. Their population growth rate is 0.817% with 8.5 births for every 1,000 people in the country (CIA World Fact book, 2011). As mention by Christopher J. Hails, n.d., Singapore is the second country with the highest density after Hong Kong with 4,122 people populating each square kilometre of the country.

The country background started with the ruler of Malayan Sultanates in 1299 and it was concurred by the Portuguese in 1511. Library of Congress – Federal Research Division, 2006 explained that the Island was after that being colonized mostly by the Malays that comes from Johor and they shared the land with hundred local ethnic people and planters that came from China. With the introduction of free trade and free immigration by Sir Stamford Rafles of British East India Company, by 1827 there are more and more Chinese came to the Island in compare to other races and ethnic mostly because of the need of more labour force and increase of world Chinese Immigrants. They came from neighbouring country of Malaysia such as Malacca and Penang; and also other parts of the Malay Archipelago such as Riau. From the Mainland of China, most of these immigrants came from the South China provinces of Guangdong and Fujian (Library of Congress – Federal Research Division, 2006). With majority of ethnic

belong to Chinese, they start to establish their own groups that fight for their rights and speak for them.

## **2.4 Government**

Singapore was influenced by the British colonial rules and regulation where it was brought in by the first founder of the Island – Sir Thomas Stamford Raffles in 1819 (World Travel, n.d.). As a result, a lot of the country ruling style is similar to what we can find in the British ruling countries (e.g. Malaysia). After ruling the country for several years, in 1953, British have decided to let the locals to govern their own country by establishing political parties. People's Action Party (PAP) was the first political parties that won the campaign and under the leadership of Lee Kuan Yew as the Prime Minister, the party leads the country starting in the year of 1955 (Library of Congress – Federal Research Division, 2006). Singapore is a parliamentary republic where it is now led by President Tony Tan Keng Yam since 1<sup>st</sup> September 2011 and governs by Prime Minister Lee Hsien Loong since 12<sup>th</sup> August 2004. The president were elected every six years and chosen by popular votes. The president will then choose the prime minister based on the leader of the winning party. As a British background country, English has been the primary language used as their legal system either verbally or written. Most of the government body and counters around this country use English as their main language for communication. Even in school, English is the main language follows by their native language such as Mandarin, Malays and Tamil.

## **2.5 Economy**

As mentioned earlier, Singapore is one of the first country in Asia that has developed their trading system efficiently for the past decade. They are well known better in compare to other countries in Asia despite of their size due to their trading. Their GDP growth was 14.5% in 2010 despite of the recent recession worldwide where service sector has contributed 71.7% of the overall GDP. Their unemployment rate is only 2.2% with total labor force estimated over 3 million in 2010 (CIA World Fact book, 2011). Singapore has known as a free-trade country. The government is committed to help boost the country economic by introducing several programs that may help to achieve the target such as Skills Development Fund (SDF) for training subsidies, Singapore Workforce Development Agency (WDA) and its Distributed CareerLink Network (DCN) that help the citizen and Permanent Residence to find jobs, The Central Provident Fund (CPF) that provide the support for the employee future (old age) and SPRING Singapore for enterprise development (Yearbook of Statistics Singapore, 2011).

## **2.6 Employment in Singapore**

Ask any of Malaysian citizens, they will agree that Singapore is well known with their abundance of jobs opportunities regardless of for their local people or some of them specifically for Malaysian. Even though that we are going to discuss the factors in more details in the next chapter, generally their currency exchange has been the main contribution for Malaysian to find a job there. Different from the other countries, Singapore is near to Malaysia and their culture is almost exactly as Malaysia where it attracts those afraid of culture shock. Let's have a look at various analysis made on the employment environment in this country.

### **2.6.1 Employment**

Singapore Labor Market Report, 2010, reported for the year of 2010, Singapore has been experiencing employment growth of 3.9% or in total, 115,900 compared to 2009. As mentioned above, majority number comes from the service industry with 111,000 new employments in service sector in that year. In 2009, the employment rate in the construction industry in the country boom to 25,100 due to a few major developments in the country such as the Marina Bay, Sentosa Island expansion and Resort World Casino and drop in 2010 upon completion of the projects. In total, there are around 3,105,900 people were employed in Singapore with 1,992,700 are Singaporean and the remaining 1,113,200 people are foreigners in 2010. (Manpower Research and Statistics Department, Singapore, 2011)

### **2.6.2 Unemployment**

With over 3 million local were hired and employed in Singapore and 1 million more from foreign countries, there are still around 57,400 citizen of Singapore that was unemployed - increase of 2.2% from the year 2009. This rate is considered small in compare to Malaysia with 3.4% of unemployed in the same year. However, sometimes unemployment is natural condition of a country. There are 4 types of caused of unemployment mentions in the TradingEconomics.com, 2011 are:

- a) Frictional unemployment: Unemployed people may need more time to find a job at certain time due to the method use to find the job.
- b) Structural unemployment: This type of unemployment is due to the missed-match of the job to the skills of the person. This person required training.

- c) Natural rate of unemployment: This is the sum of both frictional and structural unemployment where it is the minimal number of unemployment in each country should have. It will be different from different country and from time to time.
- d) Demand deficient unemployment: This is the type of unemployment caused by economic stability and demand such as what we had recently. The recent recession has caused a lot of lay off and eventually creates the unemployment.

### **2.6.3 Job Vacancy**

Basically unemployment sometimes is not due to the lack of job opportunity in the country but caused by other factors such as the 4 types mentioned above. This is proven by the number of job vacancy available in Singapore recorded were around 44,100. It is over 23% increases in compare to 2009 (Manpower Research and Statistics Department, Singapore, 2011). Almost 90% of the number of unemployed people can be filled in these vacancies. The job vacancies were from community, social & personal services; wholesale & retail trade; hotels & restaurants; administrative & support services; transport & storage; financial services; manufacturing and lastly construction.

### **2.6.4 Earnings**

There are 2 types of earning categories – nominal earning and real earning. Nominal earning is the earning without taking consideration of the inflation rate where it grew 5.6% in Singapore for the year of 2010. Taking into consideration of the inflation rate in Singapore, the real earning rate actually increase around 2.7% in the same year. Unit Labor Cost or ULC in Singapore drop by 2.7% in that year due to soften of the business in that year. (Manpower Research and Statistics Department, Singapore, 2011)

### **2.6.5 Getting a job in Singapore**

To get start working in Singapore is not that difficult as the government really encourage people outside the country to come and work there. The easiest way is to get the company that will be hiring you to apply for the working pass. As mentioned in the [Guidemesingapore.com](http://Guidemesingapore.com), 2011, there are 4 types of employment pass/visa for those who would like to get a job in Singapore. The first one is the Employment Pass (EP) and this type of pass is normally granted to those expatriate and professionals that fulfilled the qualification. This type of pass last for 1 to 2 years. Second type of pass is for those trying to open a business or company in the country. This type of permit is also last for 2 years but there is a flexibility to convert it into Permanent Residence type of pass. The third type of pass is called S Pass where it is given to those who is working in a company in Singapore but with limited quota. So, certain company can have only a few quota where once it is exceed, there should not be any more pass permitted to be given away and this type of pass normally for a lower skilled people. Lastly is the Personalised Employment Pass (PEP) is given to those plan to work in Singapore for limited time. The person who own the pass can change employer anytime but within limited time of 5 years. Different from the other passes, this type of pass cannot be renewed. For those who plan to stay longer in the country may choose to renew their working permit (except PEP) whenever it is due or they have a choice to be apply for the Permanent Resident (PR) or Singapore Citizenship. Most of people that comes from other country reluctant to give away their citizenship, so, they choose to apply for PR instead. With PR status, they have a lot of other benefits that those holding passes may not able to get. Passes holder may

have to renew their Visa from time to time, benefits for kids to study in the country, flexibility to purchase house and enjoy the CPF benefits (guidemesingapore.com, 2011).

### **2.6.6 Personal Taxation**

Singapore is well known as the country that promotes more people to come and work in the country. With that size of Island but huge number of industries and trading, they required a number of employees to support it. With that, they introduce a lot of policies and regulation that help to boost the incoming of immigrants, professionals and talents into the country. One of the benefits that a person can get by working in the country is the lowest income tax in the world. As mention by guidemesingapore.com, 2011, below are some of the features of the taxation in the country.

- Singapore follows a progressive tax rate starting at 0% and ending at 20% above S\$320,000.
- There is no capital gain or inheritance tax.
- Individuals are taxed only on the income earned in Singapore. The income earned by individuals while working overseas is not subject to taxation barring few exceptions.
- Tax rules differ based on the tax residency of the individual.
- Tax filing due date for individuals is April 15 of each year. Income tax is assessed based on a preceding year basis.

The overall Singaporean personal income tax is shown in the table 2.6.6 below

**From YA 2012 onwards**

<b>Chargeable Income</b>	<b>Rate (%)</b>	<b>Gross Tax Payable (\$)</b>
First \$20,000	0	0
Next \$10,000	2	200
First \$30,000	-	200
Next \$10,000	3.50	350
First \$40,000	-	550
Next \$40,000	7	2 800
First \$80,000	-	3 350
Next \$40,000	11.5	4 600
First \$120,000	-	7 950
Next \$ 40,000	15	6 000
First \$160,000	-	13 950
Next \$ 40,000	17	6 800
First \$200,000	-	20 750
Next \$120,000	18	21 600
First \$320,000	-	42 350
Above \$320,000	20	

Table 2.6.6: Personal Taxation (Source: guidemesingapore.com, 2011)

Basically, employment in Singapore is quite stable even during the recession. They manage to sustain the employment growth due to several factors such as the increase of demand for the construction for a lot of new attraction in Singapore. Related to that, it opens up a job opportunity in these new development areas. A lot new hotel, casino, restaurants and retail demand employment both for the local and foreigners.

## **2.7 PEST Analysis**

To further elaborate on the country analysis on Singapore, we are going to use the PEST analysis method in this paper. On top of case by case analysis on the facts and figures that available in the articles and journals, we should be able to find out more about the country by using this method. This will be the additional on top of what we have gathered above.

Singapore is well known worldwide as one of the best business location in the world with competitive environments, profitable business opportunity and they have a very organized intellectual property protection and enforcement. Agilent Technologies is one of the established company that based in US has testified and acknowledge the good manufacturing facilities and business environment here. As result, in 1965, the company has opened their manufacturing facility in Yishun, Singapore and becomes the Asia Business Center. Agilent Technologies Singapore has been the most competitive manufacturing location in compare to the other sites since then, with development and manufacture of cutting edge products such as the launching of Life Science and Chemical Analysis. Even though in compare to in terms of labor rate, Singapore's high cost loses out to other developing countries such as Malaysia, China, Vietnam and India, Singapore still being the preference sites to handles this type of product manufacturing due to its technology and environment. On top of manufacturing, as a business center, Agilent Singapore has focusses on the trading and services activities for Asia where all customer relater matter is handled in Singapore due to its legal and political factors. By looking at the strength and faith being put by the company headquarter; I believe that Singapore will be the leader as Asia's leading services hub, providing an array of world-class products and services. The following sections will analyse the factors of why Singapore is the best location for professionals to migrate to by using the PEST analysis method (Politic, Economy, Social and Technology) and also included are the weakness that we foresee.

### **2.7.1 Politics**

Singapore is a very stable Asia country in aspect of politics where we seldom see that there are any political issues in the country in media. As mention in the

cpi.transparency.org (2011) website and illustrated in the figure 2.7.1 below, the Corruption Perception Index for Asia, Singapore are one of the most ‘clean’ country with their trust-worthy index is 9.2 out of 10 in compare to the other neighbouring country such as Malaysia and Indonesia, they are 4.3 and 3.0 respectively out of 10 in 2011.

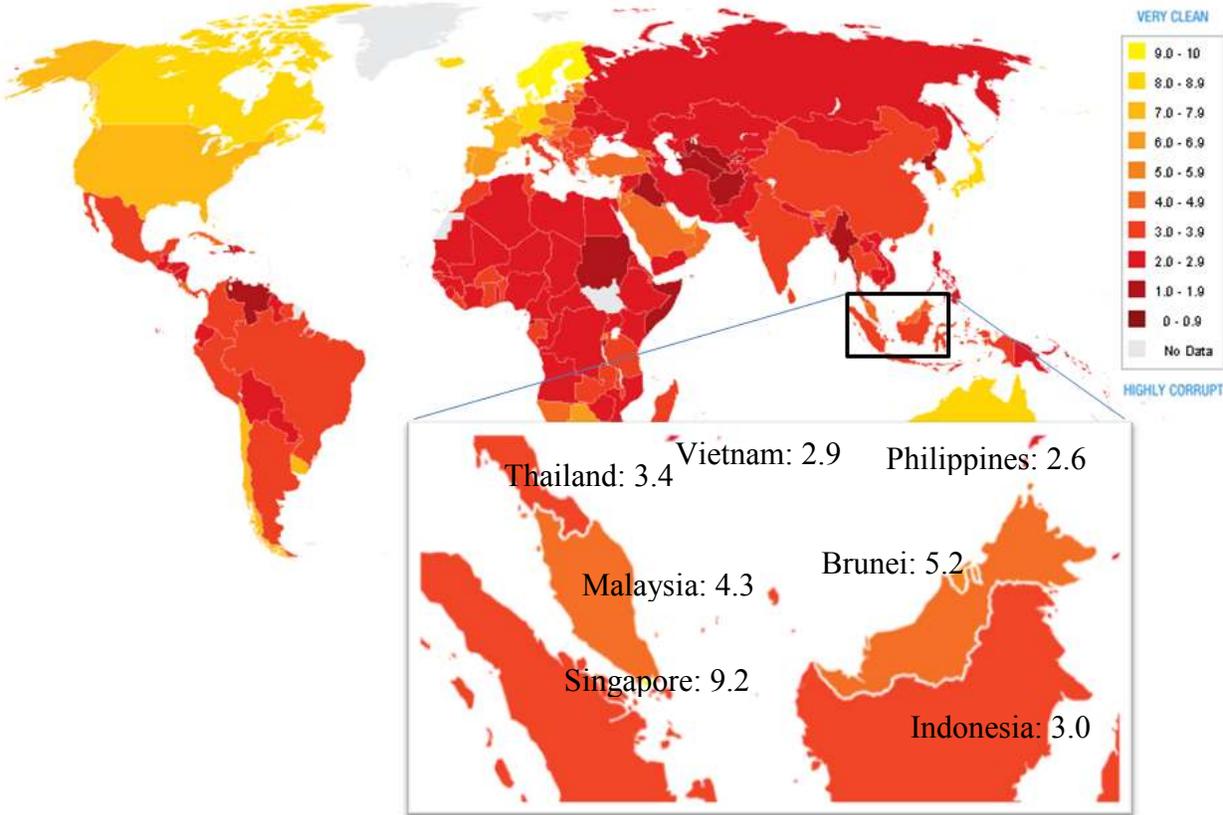


Figure 2.7.1: World Perception Corruption Index 2011

(Source: cpi.transparency.org, 2011)

Strength of their political environment is the strength of their Ministry of Trade and Industry where they are very active in promoting foreign investment and various business

supports. They embrace 5 key areas of development in trade and industry of the country (app.mti.gov.sg, 2010):

1. External Ties: Linking the country with other developed countries such as US, EU and Japan to expand the market and attract investment from these countries; working with WTO for the multilateral trading framework; participate in the Free Trade Agreements (FTAs), to secure their economic ties and access to their markets and lastly strengthen the ASEAN partnership to work toward closer economic integration and strengthen competitiveness as a group.
2. Competitiveness and Flexibility: Promote efficiency and flexibility in business environment by focusing on improving microeconomic competitiveness; reduce the taxes on companies and individuals down from 25 per cent to 20 per cent over the next two years; increases the Goods and Services Tax (GST) from 3 per cent to 7 per cent; refocus on the Central Provident Fund (CPF) where the original purpose of this fund is for saving for basic retirement, home-ownership and medical needs without giving burden to companies and the employee; the improvement of labor market and wage system be made more flexible to reflects more on individual performance and his or her company's profitability and not to the seniority of a worker to ensure it benefits all during good or bad time and lastly, to introduce competitiveness in telecommunications, port services, power supply or industrial land that is currently monopolized by certain company only and subsidized by the government.