Concept

Economic Development Board (EDB)

Definition
Singapore's Economic Development Board (EDB) is a quasi-governmental agency commissioned to ensure Singapore's continuous economic growth by providing a friendly business environment for Multi National Corporations (MNCs) and local businesses to invest and expand. ¹

Adapting to Changing Circumstances
Throughout its history, the EDB has exploited crises to refine its mission and transform its structure.

- The EDB's first phase was a response to expulsion from Malaysia in 1965 and Indonesia's trade embargo following Britain's withdrawal in 1967. Singapore lost access to raw materials and export markets and was faced with major unemployment that had the potential to cause social unrest. ² The EDB reorganized to attract MNCs ³ that would invest in export-oriented labor intensive industries. Two overseas centers in New York and Hong Kong were opened as a result.

- By 1967-68, with unemployment tamed and high trade barriers on Singapore's labor-intensive exports, the EDB no longer excelled at attracting suitable foreign investment. The organization changed its focus to making Singapore the world's ‘precision engineering shop’ ⁴ by promoting

---

¹ "The EDB has from the beginning been an exemplar of how a small government statutory board can organize itself to have a major impact on the development of a country." Schein, E. H., Strategic Pragmatism, The Culture of Singapore's Economic Development Board,(MIT Press, 1997), p. 235.

In 2007, Singapore enjoyed an average growth rate of 7.9%. Between the years 1995-2005 it had an annual growth rate of 5.1% and between the years 1985-1995 a growth rate of 8.7%. Pocket World in Figures, The Economist, 2008 edition.

² Lee Kuan Yew later commented: "a few weeks earlier, I had met with Dr Albert Winsemius, our Dutch economic advisor. He painted a grim but not hopeless picture. Because of confrontation by Indonesia, unemployment has risen. if we continued with no common market with Malaysia and no trade with Indonesia, by the end of 1966 unemployment would exceed 14 percent. This would mean social unrest. Singapore is walking on a razor's edge, he said." Kuan Yew, L., From Third World to First, (Harper Collins, 2000), p. 58.

³ This effort materialized through connections with many U.S based companies such as: General Electric (GE), Hewlett-Packard, American Optical, Timex, Bethlehem Steel, GTE and more. See: Schein, E. H., Strategic Pragmatism, The Culture of Singapore's Economic Development Board, (MIT Press, 1997), p. 47. Also, see: EDB's website.

⁴ The manufactured products became more sophisticated and included computer parts, computer peripherals, software packages and silicon wafers. This led to new investments, particularly in electronics. By 1987 and 1988, the machinery industry was growing at 17% and 20% respectively.

investment in capital and skills intensive fields. Functions associated with labor-intensive manufactures, such as finance and land, were spun-off while new activities better able to promote capital and skills intensive industries, such as R&D collaborations, were adopted.

Singapore's 1985 recession showed that foreign investors found Singapore too expensive and that local industries had been neglected by government policy. The EDB responded by promoting Singapore as a hub and headquarters for firms seeking to manufacture in neighboring Indonesia or Malaysia and by opening the Small Enterprise Bureau. The bureau encouraged local businesses to integrate into MNCs' supply chains, thereby improving their operations and connecting them to export markets.

Growing labor costs and globalization in the 1990s pushed the EDB to identify new service industries such as finance and tourism.

Recently, the EDB realized it could exploit Singapore's unique needs in areas such as urban solutions, ageism, and health care to provide a test-bed for emerging industries with a global market.

Identifying Trends

The EDB's structure is designed to identify new trends and investment opportunities.

Workers are encouraged to identify new industries that could combine existing capabilities.

Information flows easily through the organization due to its network architecture that eschews formal hierarchy.

The Planning and Policy department is in charged with evaluating and updating Singapore's business environment. It makes sure certain training programs are in place and it monitors Singapore's economic competitors such as Ireland and Malaysia.

---

5 Investment functions were spun-off into the Singapore Development Bank (DBS) and all land functions into the 'Jurong Township Corporation'.

To support skills intensive industries, the EDB established institutions of technology jointly with the governments of Japan, Germany and France. These trained Singaporeans for specialized jobs in electronics and engineering. The Science Park was set up next to the National University of Singapore to stimulate R&D activities by the private sector. EDB also took on the task of administering the Skilled Development Fund to encourage the right kind of manpower training.

6 By developing industrial parks in both the neighboring Indonesian island and the Malaysian state, Singapore could help a company place its low cost manufacturing while keeping the headquarters in Singapore. This was named "The Growth Triangle". See: Schein, E. H., Strategic Pragmatism, The Culture of Singapore's Economic Development Board, (MIT Press, 1997), p. 51.

7 Ibid, p.55.

8 See: Singapore's Ministry of Foreign Affairs website.

9 The EDB connects new investment to exiting industries to build clusters. For example, a new engine manufacturing plant will be connected to the existing airplane maintenance repair and operations industry to create airplane engine manufacturing capabilities. See: EDB's website.

10 Ms. Cynthia Tang, Senior Officer in the Asia Pacific region at the EDB, in a conference call on April 8th, 2008.
Customer Approach

The EDB's structure is designed to match the route an investor would take when investing in Singapore. The Market Department officers aim to attract international investors and connect them to industry specialists in the Cluster Department who serve as account managers. The account manager has a holistic view of the project and the authority to advance the proposal through the government's bureaucracy.

This allows the account manager to understand and address the investor's needs. However, The EDB's customer approach is not only reflected in its structure, but also in its culture. The EDB's employees want to solve its customers' problems.

End.

---

11 EDB's main regions are Americas, Europe and Asia Pacific. Some branches have expertise in certain market segments. For example, oil companies traditionally come through the NY office. Ibid.
12 For instance many of the Aerospace officers have background in Aerospace Engineering. Ibid.
13 Ibid.