

HUMAN CAPITAL AND STATE MANAGEMENT: ESSENTIAL ATTRIBUTES TO SINGAPORE'S ECONOMIC PROSPERITY

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ABSTRACT

This paper explores how the compelling authority of Singapore has been crucial for setting positive economic trajectory of Singapore and this topic is of high importance due to implications it holds for developing countries. The previous research presents various developmental policies and their influence on the overall economic activity in Singapore and similar settings. The gap identified is the comprehensive overview of why Singapore has shown results far greater than those of other developing economies while encompassing generally similar approach. To narrow the scope of the research the following research questions have been formulated: What aspects of Singapore's rigorous state resource management contribute to its sustained economic growth and trade competitiveness on the global stage? How did the People's Action Party promote Singapore to become one of the world's largest trading hubs despite its short and turbulent history? The research on the topic was conducted by synthesizing existing information from scholarly databases. One major implication of the performed research are the geopolitical specifics of the case which limits its applicability in different settings. The two main findings of the paper have been established on the topics of social freedom and human capital. One of the two conclusions has identified human capital to be an essential factor around which the main economic processes of the developing economy should evolve creating the best possible environment for effective development and work. Another conclusion was that in a state where population is incompetent at making vital decisions a centralized unit (such as PAP) may be established to commence initial economic activity and increase competence. The unit should be composed of individuals with competencies relevant to economic management and have the nationalistic motivation to do best for the country. Those findings should be of great help for the growth of other undeveloped or developing economies.
Keywords: *Foreign Direct Investment, Global Trading Hub, Singapore's Governance Model, Singapore's Social Welfare Systems and Urban Planning*

1. INTRODUCTION

According to Yao and Zhang (2015) and Okafor-Dike (2008), individual characteristics of leaders are one of the key criteria for assessing the potential dynamic of the economic trajectory of a country that leaders can guide by implementing certain economic changes. The field of research on economic leadership investigates the impact and combinations of leadership characteristics that are most closely aligned to the positive trajectory of economic development. The importance of research in the field lies in the constant striving for economic development by all countries around the globe. There are various theories that describe traits, patterns, and policies of the leader that are most likely to result in a positive impact on the economic dynamic of a country. This chapter will focus on providing the introduction to the research by first introducing the context of the following research, followed by the research problem, research gap, aims of the research, research questions, the significance of this research, and finally, the limitations of the conducted research.

The setting for which this research is conducted is the period of rapid economic development experienced by Singapore from 1965 till the beginning of the 2020s. This time frame is of special importance not only for Singapore which in this relatively short period of time has gone from a poor, undeveloped state with permanent social unrest to the state where it is now considered to be synonymous with economic prosperity, but also to other leaders of undeveloped or developing nations all around the globe who are looking to replicate the success that Singapore has achieved. So far research has presented the readers with a vast amount of developmental strategies such as policies for attracting inward FDI, optimal utilization of the country's strategic location, available natural resources, investments in the improvement of human capital, and many more. More closely researchers look at the extent to which certain developmental strategy is applicable in various contexts of undeveloped and developing countries to evaluate the impact of geographical characteristics of the region and demographic characteristics of the population. However, the research problem or the gap of this research is that research up to date fails to identify how Singapore using similar development strategies achieved results far greater outcome. Biswajit (2016), Beng-Huat (1985), Brecher and Alejandro (1977), Chia (2015), Ergin Akalpler and Hemn Adil (2017), Leggett (2007), Mauzy et al (2002), Nam (1969), Phang et al. (2018), Rajah (2019), Saner and Yiu (2014), Wong (2003) and Zhan (2022) all provide research-based conclusions on effectiveness of some individual measures utilized by the government of Singapore. However, no research was identified to synthesize what exactly has given Singapore an edge over its neighbors who have been utilizing similar approach. A cohesive conclusion of what aspects of economic leadership and management have set Singapore apart from other developing countries could solve the problem for those and many other developing nations which are looking to take a step further their economic development. The aim of this research is to identify why and how some of the previously utilized economic decisions have had a greater impact on the economic development of Singapore than in the settings of other developing economies. Additionally, this research will identify what policies and systems were novel to the concept of economic growth prior to the case of Singapore and despite their slightly contradicting nature have had significant economic contributions to the economic development of Singapore. To focus research on the specific aspects of the investigated research gap the following research questions will be used: (1) What aspects of Singapore's rigorous state resource management contribute to its sustained economic growth and trade competitiveness on the global stage? (2) How did the People's Action Party promote Singapore to become one of the world's largest trading hubs despite its short and turbulent history? Potentially, the conclusion of the following research should be able to identify Singapore's differentiating features which have allowed it to produce greater economic results regardless of the short and turbulent history of about 55 years and its inferior starting point with no natural resources, social unrest due to multiethnic population, lack of economic processes and historical dependence on the external influence. Those features will encompass the specifics of the leadership that are essential and the actual systems implemented by the People's Action Party to achieve long-term economic growth. The significance of such a conclusion cannot be undermined as it should provide specific ideas on how undeveloped or developing countries should alter their current development strategies to set a better trajectory for economic growth of the state. This research covers Singapore as the area of investigation which is a limitation. Despite the high relevance due to vividness of utility, this is a limiting factor as any specific case limits the conclusion only to the specific geographical, demographic, and historical setting which may significantly vary across other developing economies. According to Hofstede (1980), every country varies in the metric of human role in society as an individual or more as a member of a collective. Since Singapore scores decently high on the collectivism scale that means that its population values the success of the collective higher than the comfort of an individual.

In the context of the state-implemented policies stated above this means that not all the rigorous practices applied by the authorities of Singapore would be feasible in a more individualistic state. Throughout the history of the economic spur of Singapore, the People's Action Party (PAP) has been the only party in power which is partially justified by the political oppression of opposing political parties. The population of Singapore at its early stages has willingly accepted this and some other partial freedom limiting factors as a tradeoff for the economic prosperity that the party has consistently delivered on their promises. The limitation of the research due to specifics of geographical location is justified by the superior strategic location of Singapore. Despite its lack of natural resources Singapore has successfully utilized the benefits of its strategic location connecting sea trading routes between Europe to South East Asia which was one of the tools used by the People's Action Party (PAP) to accelerate Singapore's economic growth (Busse et al., 2012). The second section of the paper will cover the specifics of the methodology used to obtain the information necessary for the argumentation. The third section will evaluate available literature on the most widely utilized developmental economic policies and their implementation in Singapore, fourth section will be used to discuss how a combination of the discussed systems and policies in Singapore has been different from other developing economies. Additionally, the fourth section will include a discussion on the extent to which those findings are applicable to other developing economies. Finally, in the fifth section conclusion of the research will be presented followed by a full list of references.

2. DATA AND METHODOLOGY

Research was performed based on the data available in the secondary sources. For the purpose of data collection on the topics of developmental policies and their utilization in the specific case of Singapore such as inward and outward-oriented FDI, development of human capital, Central Provident Fund (CPF), Monetary Authority of Singapore (MAS), and influence of People's Action Party on price and supply of labor, the following search strings were used: ("Singapore early FDI") AND ("Trade flow and trade restrictions of Singapore") AND ("Affordable housing keep wages low in Singapore") AND ("People's Action Party") AND ("Human capital improvement Singapore") AND ("When did south east asia start rapid economic growth?") AND ("Influence of strong leadership on economic growth") AND ("When did south east asia start rapid economic growth?"). To ensure the quality and relevancy of the collected information the following criteria were used in the source selection process: Scholarly reviewed sources, related to the discipline of economics, and by year of publication from 1965 onwards.

Table following on the next page

Source	Name of the Article	Conclusion
Akalpler, E., & Adil, H.	The impact of foreign direct investment on economic growth in Singapore between 1980 and 2014	In case of Singapore personal savings funds are relatively small and can't significantly enlarge economic activities hence FDI becomes an important factor for development
Lim, S. et al.	Measuring human capital: a systematic analysis of 195 countries and territories, 1990–2016	Singapore increased from rank 43 to 13 between 1990 and 2016 in human capital tracker
Chia, S. Y.	Globalization and regionalization: Singapore's trade and FDI. The Singapore Economic Review	Lee Kuan Yew had a specific way of developing industry of Singapore by attracting FDI and encouraging foreign experts to educate local workforce
Chia, N. C., & Tsui, A. K.	Nexus between housing and pension policies in Singapore: measuring retirement adequacy of the Central Provident Fund.	Despite the controversial opinion of the media regarding mandatory savings fund, CPF was one of the key reasons to economic prosperity of Singapore citizens
Mauzy, D. et al.	Singapore Politics Under the People's Action Party	PAP nationalistic leaders and Lee Kuan Yew believed that you either dominate or you are being dominated (pg. 51)
Biswajit M.	Investment in Human Capital and Economic Growth in Singapore	Long-run relation between human capital investment and labour force employment in the economic growth in Singapore over the period from 1981 to 2010, not immediate effect (lag of about 4 years)

Table 1: Overview of the most relevant articles that were used and conclusions (source authors research)

Data Base	Keywords Searched
Google Scholar	"Human capital improvement Singapore", "When did south east asia start rapid economic growth?" "People's Action Party"
RITlibraries	"When did south east asia start rapid economic growth?", "Influence of strong leadership on economic growth"
EconLit	"Singapore early FDI", "Trade flow and trade restrictions of Singapore" "Affordable housing keep wages low in Singapore"

Table 2: Overview of the most relevant databases and keywords that were used (source authors research)

3. LITERATURE REVIEW

3.1. History of economic development

Up until the 1960s the world was split into more and less economically developed countries. By that metric regions such as Europe and North America were considered more developed while Latin America, Africa, and Asia were considered less developed. In the 1960s however, the undeveloped part of the world also split as Asia adopted a different approach to escalating their economic growth. Radelet (1997) has developed four key arguments as to why at that time Asia had developed a completely different development trajectory. Those four key reasons are: (1) had significant potential for growth (cheap and high-quality labor), (2) favorable geographical and structural characteristics, (3) favorable demographic changes following WWII, and the most important one being (4) conducive investment and trade environment. The reason why the fourth point is key for understanding how the two regions have set different trajectories is the way undeveloped and developing countries choose to coexist with the world economy. The majority of those countries have decided to protect their domestic production from foreign competition by any means utilizing protectionist policies and profligate fiscal policies. By creating a negative environment those countries have reduced motivation of foreign business to engage in business in the area. Limited access to international markets would limit investors only to the specific regions which has daunted investors away. By the means of such actions, those countries have limited their ability to attract inward FDI and experience the benefits of being an international trading hub. As a consequence, there was very little or no economic growth, with stagnant wages and no significant improvement in the living standard of the population. Countries in the region of South East Asia on the other hand have decided to do the very opposite of what has been done by the rest. Due to very limited natural resources in the region especially Singapore, countries in the region have decided to open up for the world economy by facilitating trade and investment opportunities in the region.

3.2. FDI and trade policies

One of the key measures of economic development is the growth of Gross Domestic Product (GDP). Increasing GDP frequently implies improving the efficiency of the economic performance of the country. That is why today many undeveloped or developing regions are striving to make economic processes more efficient and consequently increase useful output reflected in the positive dynamic of GDP. However, in order to make effective changes undeveloped countries frequently require external investment and expertise to improve the state of human capital and improve production efficiency by acquiring more production capital. That is exactly how Singapore and many other Southeast Asian countries have started their initial economic processes. Many researchers conclude the following: "in terms of foreign investment, it is the direct investment that should be actively sought for and doors should be thrown wide open to FDI. FDI brings huge advantages (new capital, technology, managerial expertise, and access to foreign markets) with little or no downside" (Bajpai and Sachs, 2000, p. 1). The conclusion above was established as a result of an analysis of India in the 1990s. At the time country started to fully experience the benefits of inward FDI expressed as the rapid growth of GDP which was rather impossible before due to pervasive factors and product market distortions as the result of nonconductive FDI and trade policies. Busse and colleagues (2012) similarly conclude in the context of other less developed countries in the region that by eliminating any form of behind-the-border restrictions and investing in trading channels such as ports and roads, the country reduces costs of operations for potential investors who bring in the necessary capital, expertise, and money to increase economic activity in the region. Despite all the positives like many Brecher and Diaz-Alejandro (1977) identify FDI to be much less effective or even harmful if the distortions in the financial market are present.

On the other hand, Agrawal (2000), Athukorala (2003), and Blomstrom and Sjöholm (1999) are consistent in identifying FDI as being a lagging yet positive contributor to the economic growth of a country, but are hesitant on the directionality of relationship. The majority of them have provided hypotheses on the potential intermediate variables and provide argumentation on the scope of functions that FDI positively contributes to. Specifically, in the case of Singapore, Ergin Akalpler and Hemn Adil (2017) find strong evidence in the absence of the long-run relationship between FDI and economic growth but identify the short-run effect. This exactly why PAP has employed maximum efforts to attract inward FDI in order to commence economic activity. Other conclusions of their research identify the negative potential of the FDI in the scenario that the state doesn't impose firm policies regarding the allocation and utilization of the obtained FDI. The potential negative outcomes mainly evolve around the increased dependence of the economic processes of the state on the external investors and consequently their increased influence in the region. This is the case as effective policies allocate inward FDI to the development of human capital and accumulation of physical capital in a way that may boost productivity and useful output of the economy but is also sustainable in the long run. Further on Wong (2003) investigated how the role of FDI has changed along the different stages of economic development of Singapore. The main conclusion of the research revolves around the changed directionality of FDI. For example in the early stages of development between the 1960s and 1990s when Singapore was considered a developing economy, Singapore was highly reliant on the FDI to maintain positive development of internal processes of developing local human capital and acquiring necessary capital for production and manufacturing processes. Chia (2015) and Wong (2003) argue that since the 1990s when Singapore elevated to a more developed state the relationship between the economy of Singapore and FDI has started to change. Firstly, the country turned to high-tech service-oriented startups making their output less reliant on the need for physical capital. Further on government has realized that fitting the production within the country limits its ability for further economic growth and has shifted its processes to develop its own entrepreneurial talent and expand its useful output outside the physical borders of Singapore. As a consequence, Singapore has become a much more outward FDI-oriented state using its financial capital to invest in ventures lying outside the country.

3.3. Human Capital

The PAP since the first election has foresaw rapid economic growth which relied on external entities investing and doing their business in Singapore. Abbas and Nasir (2001), Asteriou and Agiomirgianakis (2001), and Al-Yousif (2008) all found a firm association of some sort between the quality of human capital and the economic growth of a country. According to Saner and Yiu (2014), since the two variables closely align, PAP from the very start, as part of their plan had an idea to attract foreign businesses by providing high-quality human capital at competitive prices. The initial plan for increasing the quality of human capital relied on educating the local population. Saner and Yiu (2014) also argue that to avoid allocating a large proportion of a small initial budget to the purpose of developing educational institutions, PAP has managed to diversify sources of funding by utilizing public investments and by incentivizing private investment in public education. As an example of the policies used to improve the state of local human capital, the government has announced increased subsidizing for the companies that were willing to share their expertise with the local labor force. However, PAP initial initiative of organizing large scale, public technical and vocational schools didn't turn out to be as successful as the following the attempt. After the failure of the first attempt, Singapore devoted increased effort to the establishment of a more successful New Education System (NES) in 1979 (Biswajit, 2016). The NES offered various pathways for learning including innovation, creativity and research.

As the summary of the adopted educational reforms Biswajit (2016) provided consistent data that newly adopted educational reforms in Singapore have significantly increased literacy rates. For instance, between 1991 and 2012 the tertiary level of education went up from 6.7% to 29.4%, the secondary level of education from 46.9% to 49.9%, and the education level up to primary has dropped from 46.4% to 20.7%. Later by evaluating the dynamics of economic growth during and after the introduction of NES, Biswajit (2016) concluded that in the case of Singapore, economic growth is a lagging indicator (for about 4 years) of the development of human capital. Eventually, educational reforms and increased expertise gained from foreign businesses have increased the attractiveness of the local human resources for attracting more foreign businesses.

3.4. Labor Market

Owing to constraints of available resources in the area covered by the city-state of Singapore, at any stage of economic development main part of Singapore's economic processes relied on human capital. The caliber, volume, and cost of human labor were all essential factors that enabled Singapore to attract FDI and become an established trading hub in the region. At the initial stages of economic development, Singapore had no means of attracting high-skilled workers and talent from abroad which is why it has heavily invested in increasing the efficiency of work of the local population by investing in education, healthcare, and affordability of housing. Nevertheless, as Singapore's economic condition has ascended up the echelons some adjustments were necessary to maintain the competitiveness of the labor force. To facilitate further economic progress, the government of Singapore had to ensure that the price and quality of labor remained enticingly competitive. With the rapid improvement of labor force quality and accelerating urbanization, the labor force usually finds itself compelled to increase wage demands to maintain and improve spending habits. With Singapore's reliance on price and quality competitive edge of human capital in attracting foreign investment, the government was incentivized to alter such dynamic. As a means of dealing with the ongoing trend, the government of Singapore has adopted the following three policies: (1) Centralized control over visa and immigration of foreign talent, (2) Differential fairness between high and low-skilled members of the labor force and (3) Establishment of Central Provident Fund as one of the ways to ease the monetary requirements of an average household. One of the key reasons for the growing price of labor is the growing demand for the scarce resource of highly skilled labor as more investors enter Singapore. To deal with the matter government has organized a centralized unit to deal with labor management named the Ministry of Manpower (MOM). According to Leggett (2007), the growing influence of MOM in the labor market correlates to the overall economic growth of Singapore identifying it to be one of the essential factors for economic success. The role of MOM is to strategically leverage market competition to maintain low labor prices, recognizing labor prices to be of high importance in attracting foreign investment to Singapore. Awareness that the total labor supply of labor in Singapore is comprised of the local population and foreign talent makes MOM incentivized to utilize immigration policies as a useful tool for attracting foreign talent. Foreign talent, on the other hand, is an effective mean of effectively adjusting labor prices, maintaining Singapore as an attractive investment destination. Immigration policies as a labor market manipulation tool grew in their effectiveness as Singapore was becoming an attractive place to live. That is why Rajah (2019) identifies the 1970s to be the period when Singapore experienced the biggest influx of foreign talent as at that period of its economic history, Singapore was globally recognized as a state of rapid economic development and could utilize this status to attract high-skilled foreign talent. Furthermore, alongside the influx of the necessary amount of foreign talent, Singapore has directed efforts towards recalibrating the population mindset to grow into high-skilled individuals motivated to contribute to the advancement of the nation and benefit from it.

One of the most controversial concepts developed to encourage such a shift in mentality is the development of the concept of “differential fairness”. Zhan and colleagues (2022) provide a comprehensive overview of the sharp line, the government of Singapore drew between high and low-skilled workers which included both local people and immigrants. Discrimination in various domains, including family reunion opportunities, citizenship acquisition, access to public resources, and more, have contributed to an increased awareness of the advantages associated with being recognized as a highly skilled individual, leading to an escalation in overall motivation to reach such status. Despite controversial social views on this policy, the policy has demonstrated significant effects in its early stages of economic development in Singapore. Furthermore, since the start of the 21st century, adjustments have been made to render it more inclusive, irrespective of individuals' skill levels. One of the common issues faced by states experiencing growth of population, rapid economic growth and urbanization is increased demand for housing in the urban regions. An increase in demand for housing consequently significantly increases prices for housing incentivizing the population to increase salary demands. To deal with the issue, the government of Singapore has also come up with a way to deal with the issue by introducing centralized institutions to tackle the issue. The two institutions Housing Development Board (HDB) and Central Provident Fund (CPF) were the two main institutions dealing with the management of larger expenditures of the population such as housing purchase, healthcare, and education. Phang and colleagues (2018) identify CPF to be an expanded version of the British CPF which was used to collect 5% of everybody's salaries to contribute to their pensions in the future. Singapore has gone further and developed an awareness that by means of taxation government is limited in assisting its population with larger investments including housing, healthcare, and education. This is why CPF established a mandatory rule for every employee and employer to contribute 25% or more to their mandatory personal accounts used to complete those larger investments. The role of HDB however is to specifically tackle housing matters in Singapore. Raslim and colleagues (2020) provide evidence that funds from CPF have enabled HDB to provide over 73% as a percentage of the total supply of housing in Singapore putting it far above its closest competitors. The decreased need for larger personal expenditure was used to decrease wage demands again increasing the attractiveness of Singapore's labor force and further boosting FDI intake.

3.5. Leadership and Political Structure

The economic success of Singapore is comprised of various contributions such as political stability, social composition, and strategic location. However, its initial economic condition isn't highly rated due to the low amount of natural resources, historical dependence on foreign influence, social unrest due to the multiversal population, and many more. Which is why despite the utilization of a wide range of developmental policies, the main part of the economic expansion is attributed to the proficiency of state management. Yao and Zhang (2015), Okafor-Dike (2008), and Brown (2020) all provide evidence of a direct relationship between various leadership characteristics and the economic performance of the state. Specifically, Brown (2020) provides evidence that an election of a leader proficient in the field of economics (such as Lee Kuan Yew) shows an average of 1.5% increase in economic growth, unlike the non-economic leader who usually show a 1.5% fall in economic growth. However, Glaeser and colleagues (2004) provide contradicting results, indicating that political proficiency is only a second hand reason for rapid economic development. Instead, their investigation provides evidence that the primary foundation for economic growth is the social capacity and human capital of the state. One of their key arguments suggests that a dictatorial leadership style at the early stages of economic growth is much more likely to provide major results in time much shorter than if all the democratic procedures were undertaken.

This conclusion holds one of the key remarks Mauzy and colleagues (2002) and Beng-Huat (1985) provide as an interpretation of the economic success of Singapore. Both investigations outline elitism, pragmatism, meritocracy, socialization, multiracialism, and the overall practice of prioritizing maximum utility over maximum satisfaction to be the core principles by which PAP has been able to channel social capacity and human capital. The key ideology stated by the most influential figure in the history of Singapore, Lee Kuan Yew: "the conflict of theory of management: you either dominate or you are being dominated" (Lee, 1957, pg. 51) adds to the idea of the success of the autocratic leadership style in Singapore. By the leader's and party's perception, this ideology should create a permanent sense of insecurity that everything could be taken away, leading to a permanent struggle for improvement (Mauzy, 2002). Such ideas, together with aligning policies enforcing certain centralized decisions such as mandatory salary contributions, one-party rule, and many more are the key arguments for which Singapore is being recognized as a non-democratic state.

4. DISCUSSION

4.1. Implications of the literature review

The review of the available literature on the developmental movement of Singapore and some other undeveloped or developing countries creates an overview of what policies are found to be most effective generally in accelerating economic growth. The contrast with other undeveloped or developing economies has provided an understanding of how Singapore's path turned out to be much more effective and rapid than some other states. One of the key takeaways of the literature review is that the majority of policies utilized by Singapore such as: attracting vast amounts of FDI, development of local human capital, manipulation of immigration policies for increased labor competition, and many others are not novel in propelling the undeveloped or developing economy. What sets Singapore apart is the effectiveness of the usage of any available opportunity which would not be possible without the rigorous management of the PAP. From the recognition of the opportunity to utilize the global trend for openness to international trade to the effective development of the local entrepreneurial talent to expand beyond the physical borders of the state was based on the maximum effectiveness of the leadership unit. The leadership identified to be just the second major influence on the economic growth is still essential for understanding why it was key in the occurring transformation of Singapore's economy. The initial members of the People's Action Party including Lee Kuan Yew have shown elite proficiency in the areas of economics, law, and political science acquired at some of the world's best universities. This proficiency aligned with the nationalistic intention to do best for the country has enabled the maximum utility of every applied policy or organized institution. Another major thesis of the ideology carried by PAP is that once elected the leaders shall be given full trust to make complex management decisions instead of inquiring additional input from the public which may decide upon self-interest or ignorance (Mauzy, 2002). Despite the controversial views on the management of inner politics by the PAP, its effectiveness has prevented the local population from mutinizing against the party due to the partial limitation of their freedom. In exchange for the trust, PAP has consistently delivered on its promises and propelled the economy of Singapore to the upper echelons of the world. An additional argument that speaks for the PAP's pressure on opposing parties was voiced by the PAP's representatives multiple times claiming that in order to fully implement ideas and benefit from their outcomes a much larger time period than usual time one party is in charge is necessary. This may be identified as one of the key findings of the reviewed literature. The approach utilized by Singapore which relied on centralized approach in decision making is hardly possible in nations with lower extent of collectivistic approach. This acts as a major limitation of the conclusion, but makes it even more applicable for the countries with a similar population mindset.

4.2. Suggestions to the leaders of undeveloped/developing countries

Evaluation of historic examples of rapid economic growth such as Singapore carries vast amounts of suggestions for the countries that can identify their state to be similar to the example and are willing to develop in a similar way. One of the major conclusions that are largely applicable to undeveloped countries is that while human capital possesses a lack of competence to democratically decide their future, a competent unit of leaders may be assembled. This will frequently propel economic progress as the perception of unrestrained freedom among the masses coupled with reduced competence for adequate decision-making will reduce the potential of competent people to act and could even cause social unrest if the masses would perceive certain decisions to be limiting. Another important conclusion that may be attributed as a build-on for the previous implication is the desired motivation of the leadership unit. In the case of leadership with either a democratic or dictatorial level of power, it is important that leaders possess strong nationalistic characteristics which exposes them to having the interests of the nation as priority instead of motivation to fight to be reelected or to simply work for the wage. Motivation would increase their openness to ideas that would create maximum benefit for the economy and the people. In the case of Singapore, the starting point is quite inferior to the majority of other cases due to social unrest, poor labor force quality, low amount of natural resources, war consequences, and many more. It is one of the reasons why its case is so special as the only resource it had available was human resources which was used to the maximum to kick off and accelerate economic processes in other fields of the economy. Hence, one of the major factors used to attract trading and FDI into the region was the price of labor and business/trade conductivity. The implication that is of high value is the way the government of Singapore has tackled the increasing wage demands. Their estimations have identified a growing demand for healthcare, education, and housing to be one of the primary causes of increasing wage demand. Hence, they have established the Central Provident Fund and Housing Development Board to make coverage of healthcare and education expenses through mandatory salary contributions. The housing issue was covered by the HDB by providing state-built housing opportunities at relatively low cost. Evidence provided above supports the idea that a competent leadership unit is capable of dealing with majority of the challenges faced by the undeveloped or developing economies.

4.3. Limitations

The literature review and its outlined implications are based on an analysis of 25 articles identified on the relevant topics reviewed in the paper. Despite the general similarity of contexts within the scope of undeveloped and developing countries and Singapore, this may be seen as a limitation as there is much more out there regarding the topic of economic leadership and developmental practices utilized by the countries to economically propel. Future research could build on the different subheadings discussed in the literature review as well as some topics just briefly identified under those subheadings. Another limitation of the implications and suggestions outlined above is the specifics of the Singapore case. An example of Singapore is comprised of various historical, demographic, geographic, social, and political factors which make some of the discussion points applicable to other countries. More specifically, according to Hofstede (1980), Singapore scores 43 points on the individualism versus collectivism scale which means that it can be seen as a highly collectivistic state. That is another limitation on its own as high collectivism implies that the population is ready to sacrifice personal comfort (reduced freedom and differential fairness) for the possibility of collective benefit. This reduces the utility of some of the findings as some of the key aspects Singapore's economic success are being attributed to the dictatorial style of leadership utilized to ensure maximum effectiveness of the applied policies.

In the context of more individualistic country's population may be unwilling to accept any personal sacrifice which may lead to mutiny and rebellion. Hence, it is worth evaluating the extent to which some of the policies limiting personal freedom are applicable in the context of other countries.

5. CONCLUSION

The establishment of Singapore as one of the world's wealthiest countries during its short and turbulent history can be greatly attributed to the rigorous leadership of the People's Action Party and the proclivity of the population to the autocratic style of leadership. Competence and nationalistic attributes of the people in charge of the party over the course of almost 70 years have established institutions and applied policies, carefully monitoring their implementation for maximum possible effectiveness. Some of the utilized policies and established institutions to propel the economy of Singapore were: the establishment of CPF and HDB, attracting vast amounts of FDI, investment in the development of local human capital, manipulation of immigration policies to attract foreign talent, and many more. However, despite the importance of all the factors for the establishment of Singapore as one of the worlds' wealthiest states, human capital was primal along all the stages of economic development. At the starting point of Singapore's economic development, possibility to alter certain economic processes and power in general lied among the people who have represented the most competent minority. Their leadership and development of all aspects of the Singapore's economy as well as human capital as the key element has allowed them to start developing a more democratic approach as people have grown more educated and competent to make important public decisions. Overall, the success of Singapore is no coincidence, and the pragmatic principles of the PAP from the very first day build on that proposition. Many implications may be extrapolated and applied to other undeveloped and developing countries.

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