Ancient city, modern ambitions

Xian is proving to be profitable for investments and businesses, say ISABELLE LIM and JACQUELINE SITORUS

The Chinese city of Xian is well-known for its terracotta warriors. For 25 of us – undergraduates from the Singapore Management University (SMU) – it was a rare opportunity to travel together to this historic city as part of a business study mission.

The week-long trip in April set out to help us gain deeper insights into the economy and business climate of Xian – the provincial capital of Shaanxi province – and Chinese culture and tradition that is unique to the western region of China. We also explored some meaningful issues of business, entrepreneurship and career development in the field.

Xian, which has been the capital of 13 dynasties in China, is the gateway to the western region of the country. With its vast resources and skilled workforce, the city is attractive, especially in the light of the global economic downturn, for being an inexpensive place for investments compared to the economically saturated coastal areas of China.

Its central geographical position and logistics infrastructure, one of the most developed in the western region, make Xian very accessible. The city is becoming more affluent and is open to ideas and new products.

Thanks to the local government’s plans to expand economically and drive up-and-coming industries, Xian is proving to be profitable for investments and businesses. Western China is expected to enjoy a greater influx of investments in the years to come.

We spent six weeks to prepare ourselves thoroughly for the trip. We divided ourselves into five groups, each focusing on research in a specific area such as foreign company investments in Xian, tourism, feasibility studies of Singapore companies investing in Xian and the development of small and medium enterprises (SMEs) in the city.

These areas were significant to Xian’s economy, providing a comprehensive look at the region’s business, socio-political and cultural environment and its developing relationship with Singapore.

During our trip, we visited companies of varying sizes and industries, such as Shi Yang, a food produce company, to the Xian High Technological Zone, Kami, a local detergent manufacturer, as well as Singapore subsidiaries in Xian such as edible oils producer Wilmar International and real estate developer Ascendas.

The wide variety of companies visited enabled us to understand the city’s business environment from the perspectives of both large and small businesses across industries.

Throughout our visit, we were privileged to meet company presidents, general managers and other senior executives. Questions on doing business in China flowed freely from us during the numerous networking dinners and we were encouraged to keep in touch with them after the trip.

After the day’s many meetings and discussions, we would take time to unwind by taking in some of the city’s sights and historical attractions, including the mausoleum of Qin Shi Huang and his terracotta army, the well-preserved city wall of Xian based in the inner imperial palace of the Tang Dynasty, and the bell tower and the Drum Tower, both located at the city’s central axis.

Xian’s booming tourism industry was evident from the large crowds during the Spring Festival and Labour Day holidays that coincided with our trip.

We completed the business study mission with valuable insights into issues such as the stability of foreign enterprises, how SMEs face against the larger firms in Xian, its up and coming industries and what Singaporean companies have to consider before exploring Xian as an investment and expansion location.

Jeffrey Tan, a second-year student from the School of Information Systems at the SMU, said: “The company visits were eye-opening as we got to see how the companies operated, such as the manufacturing of oil, electronics and accent poles.”

We also learned more about aspects of Chinese culture and way of life that are crucial to establishing a foothold in the western region. The complex nature of globalisation and the government is a well-known important feature of doing business in China.

We also better understood the nature of the Chinese market and the attitudes and needs of consumers. The meetings with business leaders also proved fruitful as in addition to expanding our network, it also opened doors for future internship opportunities.

Helen Sim, a second-year student from the School of Information Systems, said: “This study mission gave me a good opportunity to learn things that are not in textbooks. Through the company visits and networking dinners, I am able to get a deeper understanding of the opportunities and challenges faced by different companies, and the contrasting business environment of Xian and Singapore. The trip also left me with deep memories of the rich friendships, culture and history.”

The writers are final year students at the Singapore Management University.