

Fewer entrepreneurs despite good start-up environment

By **NARENDRA AGGARWAL**

FEWER Singaporeans aspired to be entrepreneurs last year than in 2002, even though the country's environment for founding high-growth start-ups is almost the same as the global average, according to a new study by the National University of Singapore.

Five out of every 100 people were involved in business start-ups last year, down from 5.9 per cent in 2002, the study by the university's Entrepreneurship Centre found.

As the estimate was from a survey done in June last year, shortly after the Sars crisis, "this timing may have contributed to the fall compared to 2002", Associate Professor Wong Poh Kam cautioned.

Prof Wong, who is the director of the Entrepreneurship Centre, is the principal researcher for the Global Entrepreneurship Monitor (GEM) annual study, which covered 31 countries last year.

The study, initiated in 1999, seeks to benchmark the level of entrepreneurship across countries.

On the plus side, the study showed that Singapore measured almost on a par with the global average when assessed for high-growth potential entrepreneurship in the country. Singapore turned up a score of 0.8 against the global average of 0.9 in the newly introduced indicator.

High-growth potential is defined as new start-ups that intend to hire at least 20 people.

Releasing the findings yesterday, Prof Wong said that the new and existing indicators provided a more complete picture of the entrepreneurial dynamics in Singapore.

The indicators suggest that Singapore generally fared better in terms of providing an environment for founding start-ups that have higher employment growth potential and orientation towards innovative products and services.

Prof Wong said that statistical analysis of all the countries that participated in the study showed that the strongest factors influencing entrepreneurship were "perception of self-efficacy, personal knowledge of entrepreneurs, perception of business opportunities and fear of failure, in that order".

Among external environmental factors, the availability of informal capital from family and friends and market entry barriers were found to be most significant in influencing opportunity-based start-ups.

Singapore, he said, scored below average on all these six factors and public policy should therefore focus on improving each of these areas.

While entrepreneurship needs to be encouraged in general, greater attention should be paid to the promotion of innovation-driven high-growth potential start-ups, including in particular by those who are tertiary-educated.

FEWER ENTREPRENEURS DESPITE GOOD START-UP ENVIRONMENT

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