

# Entrepreneurial activity declining

**Global study ranks S'pore in 21st place among 31 countries**

*By Teh Shi Ning*

ENTREPRENEURIAL propensity in Singapore appears to have declined, according to the latest Global Entrepreneurship Monitor study conducted by the NUS Entrepreneurship Centre.

The study — part of an international project to benchmark entrepreneurial activity across countries — found that the total entre-

preneurial activity (TEA) rate here fell to 5 per cent in 2003 from 5.9 per cent in 2002. This put Singapore in 21st place among the 31 countries involved.

But it must be noted that many developing countries have a high TEA because of “necessity entrepreneurship” arising from relative lack of jobs. Among the 22 OECD and East Asian countries, Singapore ranked 15th in 2003, down from 11th place in 2002.

Though partly due to the impact of Sars, a major factor in Singapore's lower

ranking was a decline in informal (business angel) investment and a continued decrease in venture capital investment in start-ups.

This finding was confirmed by entrepreneurs and investors at a seminar yesterday, at which Prof Wong Poh Kam, director of the NUS Entrepreneurship Centre, presented the results.

Singapore fares better in terms of start-ups that have higher employment growth potential and innovative products or services.

The rate of people in-

tending to be entrepreneurs is also relatively high, while the exit rate of start-ups remains low. But new businesses here contributed only to 3 per cent of the total employment in 2003 — significantly lower than the overall average — due to Singapore's greater reliance on MNCs for job creation.

The environment for entrepreneurship here was rated above average on all fronts, although there was a slight decline compared to 2002. Singapore was most highly rated for accessibili-

ty of business infrastructure, low regulation and taxation burden and business service effectiveness.

It was poorly rated on the effectiveness of primary and secondary entrepreneurial education, entrepreneurial culture, R&D transfer and market access.

Prof Wong said the study implies that greater attention needs be paid to the increasing entrepreneurial propensity of the tertiary educated, and to promoting innovation-driven high growth-potential start-ups.