

Global Entrepreneurship Monitor Study GEM 2005

Highlights on Singapore

February 2006



Program

- Welcome Remarks
- Presentation on GEM Singapore
- Panel Discussion
 - Patrick Turner, INSEAD
 - Harold Fock, Litespeed Education
 - Richard Pigossi, Pegasus Capital
 - Cheong Wai Chew, Independent Business Consultant
- Q & A
- Refreshments

GEM 2005

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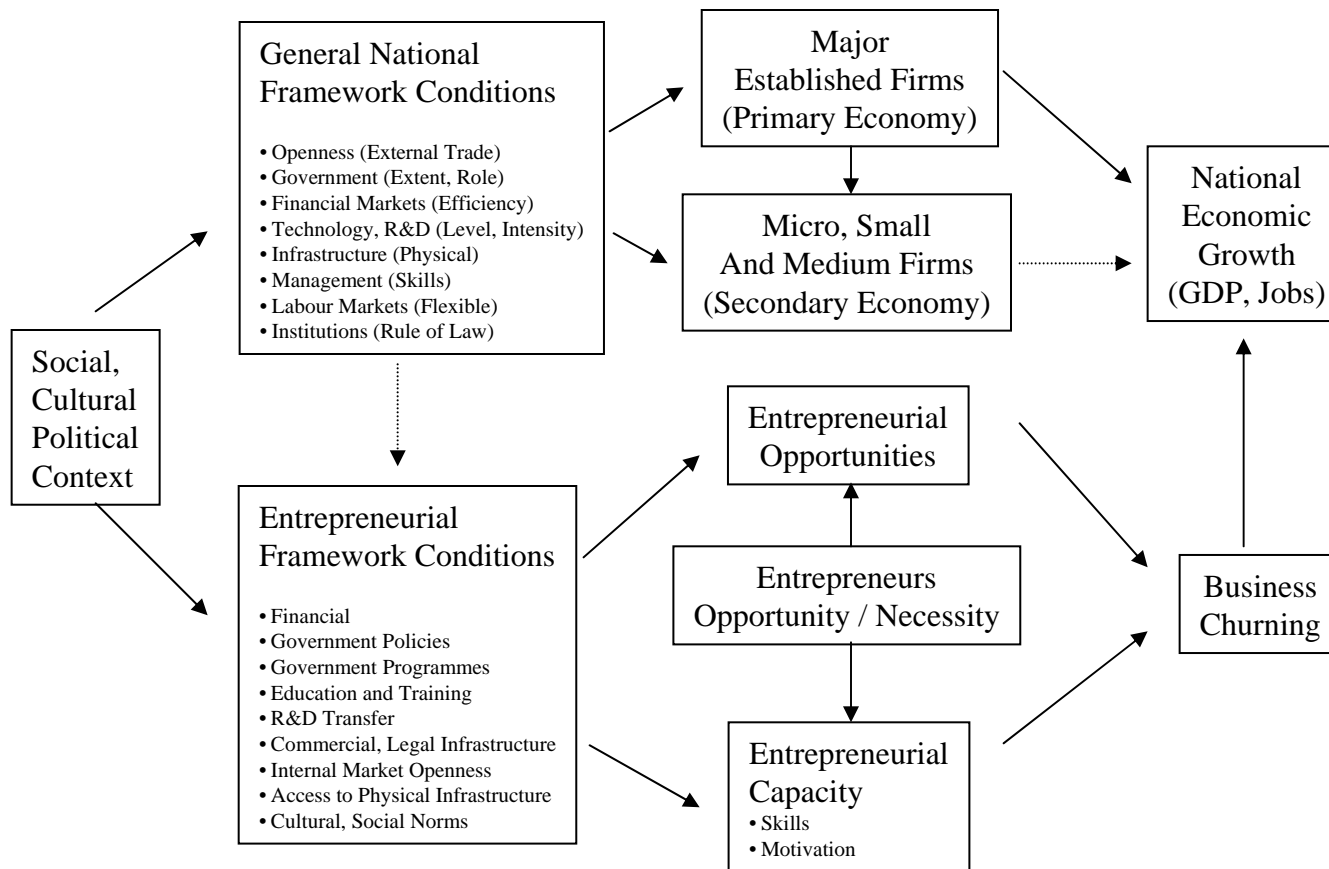
GEM Singapore 2005

Overview of GEM Research Methodology

Overview of GEM Singapore 2005

- An annual GEM cross-national assessment of the level of entrepreneurial activity.
- 10 countries in 1999, 21 in 2000, 28 in 2001, 37 in 2002, 31 in 2003, and 34 countries in 2004, and 2005.
- For Singapore, this is our sixth year of participation.
- NUS Entrepreneurship Centre was invited to carry out the Singapore Country Study since 2000.
- Jointly funded by NUS Enterprise and Action Community For Entrepreneurship (ACE).

GEM Conceptual Model



GEM Research Methodology & Data Sources

GEM employs 3 approaches:

➤ Adult Population Surveys

- ✓ 2000 adults or more were selected in each country for a random sampling survey using a common survey instrument. In Singapore, the survey was carried out in June 2005. (Sample size for Singapore: 3,876)
- ✓ The results of the analysis are drawn from the responses of the working age group (18 to 64 years old).
- ✓ This year, a total of 106,495 individuals in 34 countries were surveyed by GEM.

GEM Research Methodology & Data Sources

- Country Experts Interviews
 - ✓ Up to 50 key informants were interviewed by the GEM national research team in each country in 2005 (36 for Singapore). The key informants include entrepreneurs, investors, government policy makers and venture support professionals.
 - ✓ The informants were asked to assess the environment for entrepreneurship in their country along NINE dimensions:
 - Financial Support
 - Government Policies
 - Government Programmes
 - Education and Training
 - Research and Development Transfer
 - Commercial and Professional Infrastructure
 - Barriers to Entry
 - Access to Physical Infrastructure
 - Cultural and Social Norms

GEM Research Methodology & Data Sources

- Collection of Secondary National Social-Economic Data for each country
 - ✓ International benchmark Social-Economic data from World Bank, World Competitiveness Report
 - ✓ National sources of data on venture capital investment, firm formation, etc.

Key Indicators of Entrepreneurial Activities in GEM 2005

- **Total Entrepreneurial Activity (TEA) Rate (Early-Stage Entrepreneurship)**
 - Nascent Start-up vs. New (“Baby”) Businesses
 - Opportunity vs. Necessity

- **Other Entrepreneurship Indicators**
 - Entrepreneurial Established Businesses
 - High Employment Growth Potential TEA rate
 - Entrepreneurial Intention Rate
 - Prevalence of Business Discontinuation (Exit rate)

- **Financing for new business**
 - Prevalence of informal (business angel) investment
 - Venture capital investment/GDP ratio

Key Indicators of Factors Affecting Entrepreneurship in GEM 2005

- **Personal Attitudes towards Entrepreneurship**
 - Know someone who has started a business
 - Perceive the skills to start a business
 - Perceive good business opportunities
 - Do not perceive fear of failure as a deterrent

- **Perception of Social & Cultural Values for Entrepreneurship**
 - Perception of entrepreneurship as a career
 - Media publicity for entrepreneurship
 - Preference for Uniformity of living standards
 - Perception of status of successful entrepreneurs

- **Assessment of National Environment for Entrepreneurial Activities**
 - Rating on 9 dimensions of national environment for entrepreneurship by selected key informants

GEM Singapore 2005

Core GEM Indicators Findings

GEM 2005 Singapore – Nascent Start-Up Prevalence Rate

* Definition *

- This variable attempts to measure the proportion of working age adults (age between 18 to 64 years old) in a country who is actively engaged in starting up a new business.
- To meet the criteria for this variable, the respondent had to fulfill each of the following criteria:
 - ✓ if they had done something – taken some action – to create a new business in the past year.
 - ✓ they expected to share ownership of the new firm and
 - ✓ the firm had not paid salaries for more than 3 months

GEM 2005 Singapore – New Business Prevalence Rate

* Definition *

- This variable attempts to measure the proportion of working age adults (age between 18 to 64 years old) in a country who are currently running a new business (as opposed to trying to start one).
- To meet the criteria for this variable, the respondent had to fulfill each of the following criteria:
 - ✓ they are currently managing a new business.
 - ✓ they personally owned all or part of the new business.
 - ✓ the firm was started in year 2002 or later (this meant that the business was, at most, 42 months old in June 2005).

GEM 2005 Singapore – Total Entrepreneurial Activity (TEA)

* Definition *

- TEA is the sum of
 - ✓ (1) the propensity of individuals involving in the start-up process (nascent entrepreneurs) (start-up prevalence rate) and
 - ✓ (2) the propensity of individuals engaging as owner-managers of firms less than 42 months old (new business prevalence rate)
- Those that qualified for both are counted only once.

GEM 2005 Singapore – Necessity / Opportunity TEA

* Definition *

- There are two major motivations for individuals to participate in entrepreneurial activities.
 - ✓ (1) “Opportunity Entrepreneurship” - those who voluntarily seek to pursue a perceived business opportunity and
 - ✓ (2) “Necessity Entrepreneurship” - those who become involved in starting up a new business as a last resort, when other options for work or participation in the economy are perceived as absent or are considered unsatisfactory.

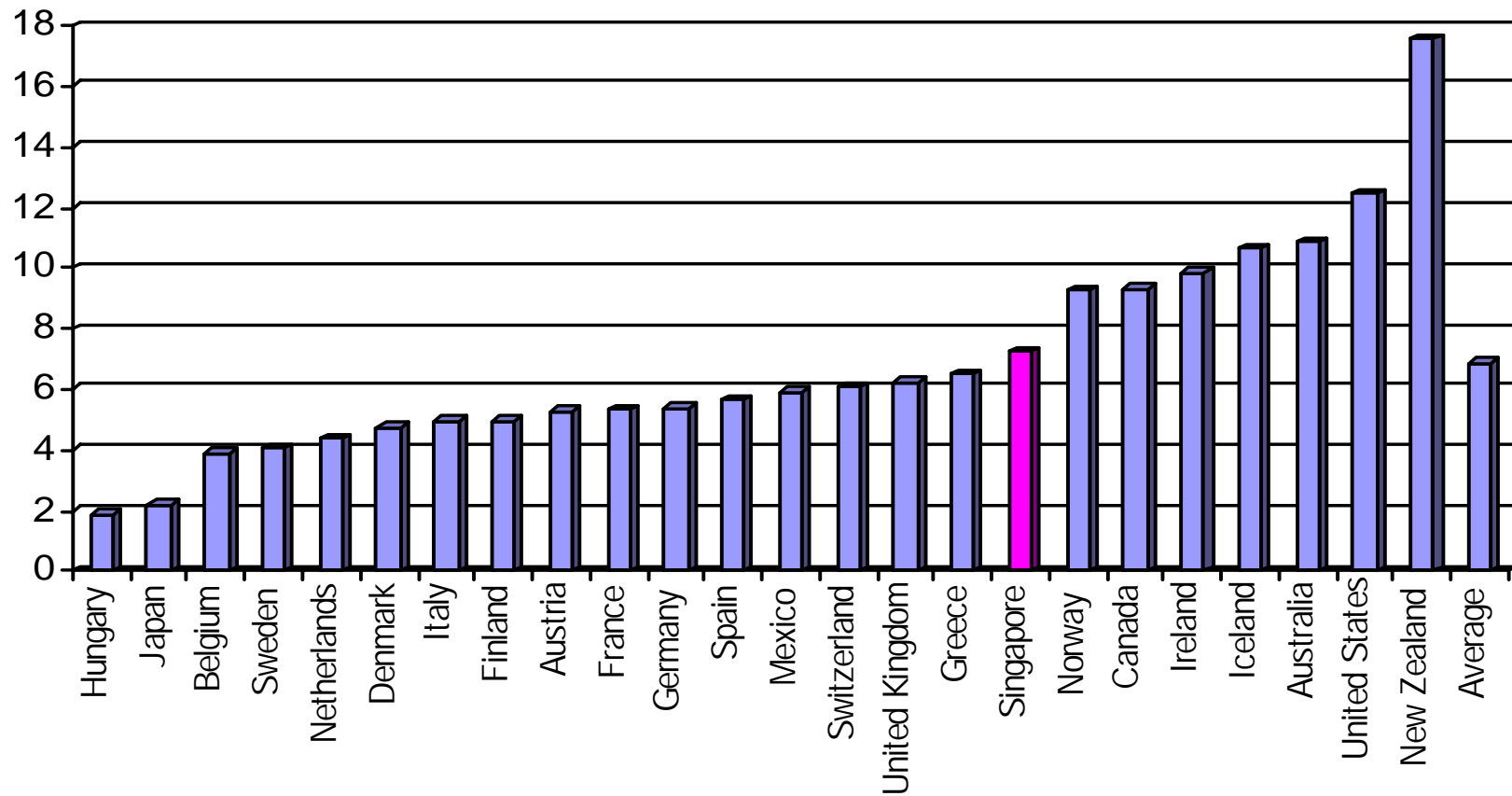
Entrepreneurial Activity Rates – 95% Confidence Interval, persons per 100 Adults, 18-64 years old.

	RATES	95% Confidence Interval
Overall TEA 2005	7.2	6.5 – 8.0
TEA Opportunity	6.1	5.4 – 6.8
TEA Necessity	1.1	0.9 – 1.4

GEM 2005 Singapore – Total Entrepreneurial Activity (TEA)

- Singapore ranked 8th among the 24 OECD countries with a TEA of 7.2% for 2005, higher than 5.7% in 2004 and 5.0% in 2003.
- Among the OECD countries that participated in both the GEM 2004 & 2005 surveys (20 countries), the overall TEA rate has increased slightly from 6.6% in 2004 to 7.3% in 2005.
- Among the subset of 20 OECD countries that participated in both GEM 2004 & GEM 2005, Spore's relative ranking is slightly higher in 2005 (8th/20) than 2004 (11th/20).

2005 TEA Prevalence Rate among OECD Countries



GEM 2005 - TEA Prevalence Rate & Rank in OECD

Country	2005		2004	
	Rate (%)	Rank	Rate (%)	Rank
NEW ZEALAND	17.6	1	14.7	1
UNITED STATES	12.4	2	11.3	4
AUSTRALIA	10.9	3	13.4	3
ICELAND	10.7	4	13.6	2
IRELAND	9.8	5	7.7	6
CANADA	9.3	6	8.9	5
NORWAY	9.3	7	7.5	7
SINGAPORE	7.2	8	5.7	11
GREECE	6.5	9	5.8	10
UNITED KINGDOM	6.2	10	6.3	8
SPAIN	5.7	11	5.2	13

Country	2005		2004	
	Rate (%)	Rank	Rate (%)	Rank
GERMANY	5.4	12	4.5	15
FRANCE	5.4	13	6.0	9
FINLAND	5.0	14	4.4	16
ITALY	4.9	15	4.3	17
DENMARK	4.8	16	5.3	12
NETHERLANDS	4.4	17	5.1	14
SWEDEN	4.0	18	3.7	18
BELGIUM	3.9	19	3.5	19
JAPAN	2.2	20	1.5	20
Overall	7.3		6.6	

Rank among subset of OECD countries that participated in both GEM 2004 and 2005 surveys.

TEA Rates: Summary Findings

- ✓ The increase in Singapore's TEA from 5.7% in 2004 to 7.2% in 2005 is broad-based:
 - An increase in **New Business Prevalence Rate** from 2.8% in 2004 to 3.7% in 2005, while **Start-up Prevalence Rate** increased from 3% in 2004 to 3.9% in 2005. *(Note: 0.4% are involved in both new and nascent businesses)*
 - An increase in **Opportunity TEA** from 5% in 2004 to 6.1% in 2005, while **Necessity TEA** improved from 0.6% in 2004 to 1.2% in 2005.
 - An increase in **Prevalence of Male TEA** from 8.2% in 2004 to 9.6% in 2005, while **Female TEA** increased from 3.4% in 2004 to 5% in 2005.
 - An increase in **TEA among individuals with Secondary and Junior College education** from 4.7% and 6.7% respectively in 2004 to 7.2% and 8.1% respectively in 2005, while **TEA among Polytechnic and University graduates** increased from 8.6% and 10% respectively in 2004 to 11.9% and 11.5% respectively in 2005.

Summary of Level of Entrepreneurial Activity in Singapore (2000 – 2005)

	2000	2001	2002	2003	2004	2005
TEA	4.2	6.6	5.9	5.0	5.7	7.2
Opportunity TEA	-	5.1	4.9	3.9	5.0	6.1
Necessity TEA	-	1.2	0.9	1.0	0.6	1.2
Male TEA	5.8	9.7	9.3	6.5	8.2	9.6
Female TEA	2.7	3.6	2.7	3.5	3.4	5.0
Nascent	2.3	4.2	4.0	3.0	3.0	3.9
New Business	1.9	2.4	2.0	2.3	2.8	3.7
Polytechnic	2.9	4.0	4.2	6.4	8.6	11.9
University	4.0	9.7	4.1	9.6	10.0	11.5

Source: GEM Master Dataset 2000 - 2005

GEM 2005 Singapore – Entrepreneurial Established Business Prevalence Rate

* Definition *

- This variable attempts to measure the proportion of working age adults (age between 18 to 64 years old) in a country who are entrepreneurs currently running an established business
- To meet the criteria for this variable, the respondent had to fulfill each of the following criteria:
 - ✓ they are currently managing a business
 - ✓ they personally owned all or part of the business.
 - ✓ the firm was started before year 2002 (this means that the business was at least 42 months old in June 2005).
- ✓ **Singapore's rate is 4.8% in 2005 (3.9% in 2004), ranking 17th of 24 OECD countries (21st in 2004)**

GEM 2005 - Entrepreneurial Established Business Prevalence Rate and Ranking in OECD

Country	Rate(%)	Rank
New Zealand	10.8	1
Greece	10.5	2
Switzerland	9.7	3
Australia	9.6	4
Finland	8.6	5
Ireland	8.1	6
Spain	7.7	7
Canada	7.4	8
Iceland	7.3	9
Norway	7.3	10
Italy	6.4	11
Sweden	6.3	12

Country	Rate(%)	Rank
Netherlands	5.7	13
Belgium	5.6	14
Japan	5.4	15
United Kingdom	5.1	16
Singapore	4.8	17
United States	4.7	18
Denmark	4.4	19
Germany	4.2	20
Austria	3.8	21
France	2.3	22
Hungary	2.0	23
Mexico	1.9	24
Mean	6.2	

Singapore's 95% confidence interval is 4.1 to 5.5, hence countries ranked from Germany to Japan are within the same band as Singapore

GEM 2005 - ALL Entrepreneurial Activity (New & Established Businesses) Rates and Ranking in OECD

Country	TEA	Established Business	ALL Entrep Act.	Rank
New Zealand	17.6	10.8	28.4	1
Australia	10.9	9.6	20.5	2
Iceland	10.7	7.3	18.0	3
Ireland	9.8	8.1	17.9	4
United States	12.4	4.7	17.1	5
Greece	6.5	10.5	17.0	6
Canada	9.3	7.4	16.7	7
Norway	9.3	7.3	16.6	8
Switzerland	6.0	9.7	15.7	9
Finland	5.0	8.6	13.6	10
Spain	5.7	7.7	13.4	11
Singapore	7.2	4.8	12.0	12

Country	TEA	Established Business	ALL Entrep Act.	Rank
Italy	5.0	6.4	11.4	13
United Kingdom	6.2	5.1	11.3	14
Sweden	4.0	6.3	10.3	15
Netherlands	4.4	5.7	10.1	16
Germany	5.4	4.2	9.6	17
Belgium	4.0	5.6	9.6	18
Denmark	4.8	4.4	9.2	19
Austria	5.3	3.8	9.1	20
Mexico	5.9	1.9	7.8	21
France	5.4	2.3	7.7	22
Japan	2.2	5.4	7.6	23
Hungary	1.9	2	3.9	24
Overall	6.9	6.2	13.1	

GEM 2005 Singapore – Informal Investment Prevalence Rate

* Definition *

- To meet this criterion for operating as an informal investor (business angel), individuals had to fulfill the following criterion:
 - ✓ they had in the past three years personally provided funds for a new business started by someone else
 - ✓ public traded shares or mutual funds excluded
- Among the 24 OECD countries, Singapore is ranked 9th in 2005 compared to 10th/24 in 2004.
- **Singapore's informal investment prevalence rate is 3.5% for 2005, higher than 2.7% in 2004 and 1.6% in 2003. (Note: 95% confidence interval for 2005 is 2.9 to 4.1)**

GEM 2005 – Business Angel Prevalence Rate & Rank in OECD

Country	Rate (%)	Rank
Ireland	6.5	1
Norway	6.0	2
New Zealand	5.1	3
Canada	4.2	4
Switzerland	4.1	5
United States	4.0	6
Mexico	4.0	7
France	3.6	8
Singapore	3.5	9
Australia	3.5	10
Finland	3.5	11
Belgium	3.1	12

Country	Rate (%)	Rank
Greece	2.6	13
Spain	2.5	14
Ireland	2.5	15
Denmark	2.4	16
Sweden	2.3	17
Italy	2.3	18
Germany	2.1	19
Hungary	2.1	20
Netherlands	2.0	21
Austria	1.8	22
United Kingdom	1.7	23
Japan	0.8	24
Mean	3.2	

Singapore’s 95% confidence interval is 2.9 to 4.1, hence countries ranked from Belgium to Switzerland are within the same band as Singapore

GEM 2005 – Informal Investor Relationship to Investee

	%
CLOSE FAMILY	22.9
OTHER RELATIVE	13.0
WORK COLLEAGUE	6.1
FRIEND or NEIGHBOR	52.7
STRANGER	5.3
Total	100

GEM Singapore 2005

Other Indicators of Entrepreneurial Activities in 2005

*** Key Findings for Singapore ***

GEM 2005 –High Employment Growth Potential TEA

- **Definition:** High Employment Growth Potential entrepreneurial activity rate is defined as new start-ups that indicated they intend to employ at least 20 people in 5 years. Prior literature has shown that a small proportion of new businesses eventually contribute the bulk of job and value creation in most countries; this indicator seeks to focus on such high growth potential ventures.
- Overall, across the 24 OECD countries, the overwhelming majority of new start-ups did not expect to employ more than 20 people in five years. High employment growth TEA rate varies from 0.1% for Finland to 1.6% for Canada.
- Singapore's high employment growth potential TEA rate is 1.5% (vs 1.1% in 2004) (about 1 in 5 new start-ups), ranking 2nd out of the 24 OECD countries, better than its overall TEA ranking (8th out of 24 countries). *(Note: 95% confidence interval for 2005 is 1.3 – 1.7)*

GEM 2005 – High Employment Growth Potential TEA Rate & Rank among OECD Countries

Country	Rate	Rank
Canada	1.6	1
Singapore	1.5	2
New Zealand	1.4	3
United States	1.4	4
Australia	1.0	5
Ireland	1.0	6
Iceland	0.9	7
Norway	0.7	8
United Kingdom	0.7	9
Austria	0.7	10
Switzerland	0.6	11
Denmark	0.6	12

Country	Rate	Rank
Sweden	0.5	13
Germany	0.5	14
France	0.4	15
Hungary	0.3	16
Italy	0.3	17
Netherlands	0.2	18
Spain	0.2	19
Japan	0.2	20
Belgium	0.2	21
Greece	0.1	23
Mexico	0.1	24
Finland	0.1	22
Mean	0.6	

Singapore's 95% confidence interval is 1.3 to 1.7, hence New Zealand and United States are within the same band as Singapore

GEM 2005 – Entrepreneurial Intention Rate

* Definition *

- Proportion of Adult Population that have not engaged in any start-ups or new businesses but expects to start a new business in the next three years
 - ✓ Includes any type of self employment
 - ✓ May be alone or with others
- Singapore's Entrepreneurial Intention rate is **17.0%**, an improvement from **13.5%** in 2004. (*Note: 95% confidence interval for 2005 is 15.8 – 18.2*)
- This ranked Singapore **4th** out of the 24 OECD countries, rising from a ranking of **7th** in 2004.

GEM 2005 – Prevalence of Entrepreneurial Intention Rate & Rank among OECD countries

Country	Rate	Rank
Iceland	19.4	1
Mexico	19.2	2
New Zealand	18.7	3
Singapore	17.0	4
United States	16.4	5
Sweden	15.7	6
Greece	15.4	7
Australia	15.0	8
Canada	14.6	9
France	13.0	10
Ireland	12.6	11
Norway	11.5	12
Italy	11.1	13

Country	Rate	Rank
United Kingdom	9.0	14
Denmark	9.0	15
Switzerland	8.8	16
Belgium	7.7	17
Austria	7.6	18
Germany	7.3	19
Finland	6.2	20
Netherlands	6.2	21
Spain	5.9	22
Hungary	2.3	23
Japan	1.6	24
Mean	11.3	

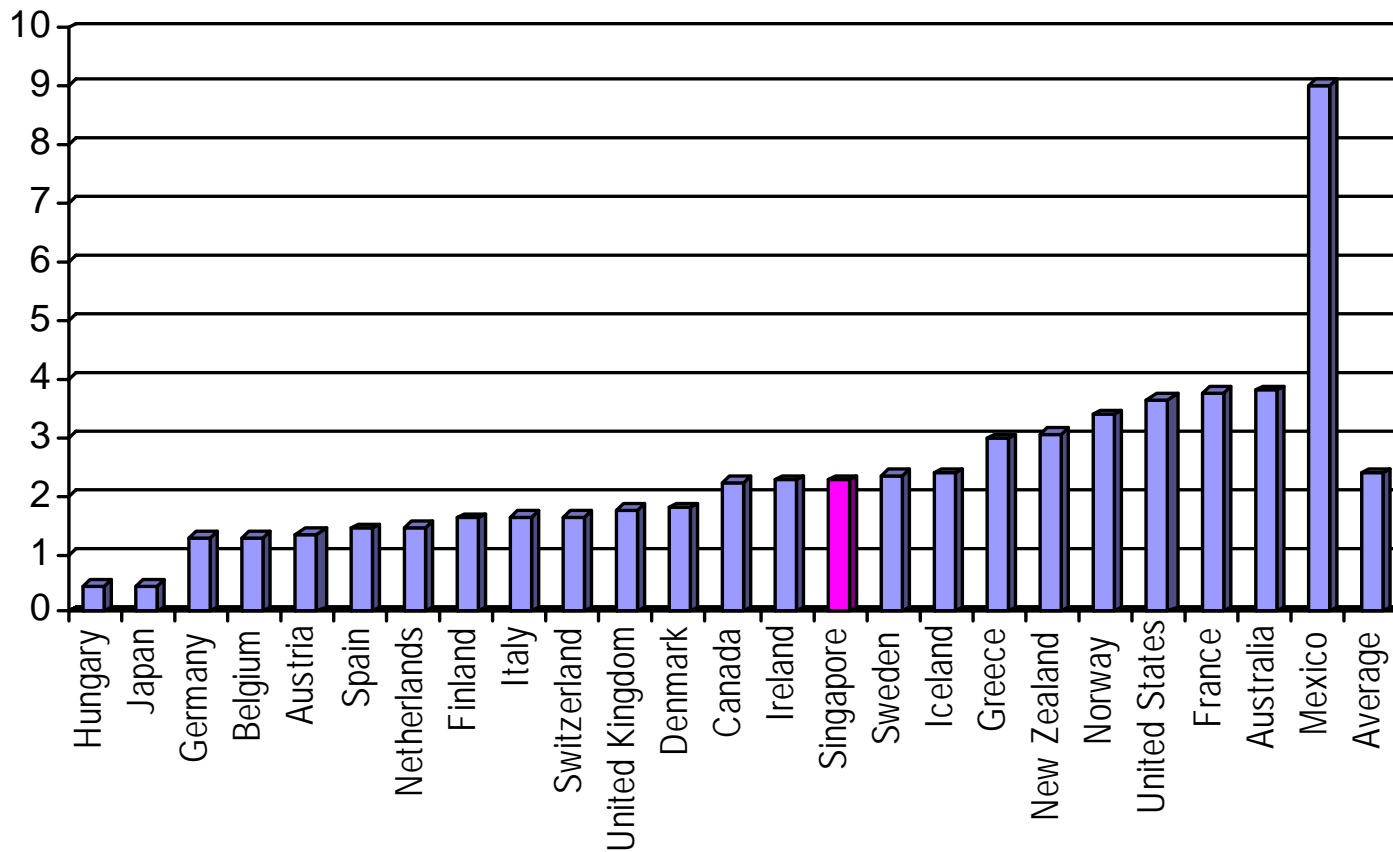
Singapore’s 95% confidence interval is 15.8 to 18.2, hence United States is within the same band as Singapore

GEM 2005 – Prevalence of Businesses Discontinuance (Exit Rate)

* Definition *

- Proportion of Adult Population that has in the past 12 months shut down, discontinued or quit :
 - ✓ A business that was owned and managed by the individual
 - ✓ Any form of self employment
 - ✓ Selling goods and services
- Excludes those who sold off businesses
- Singapore's business discontinuance rate in 2005 is 2.3% (2.2% in 2004), ranking 10th among the 24 OECD countries.

GEM 2005 – Prevalence of Businesses Discontinuance (Exit Rate)



GEM 2005

Personal Attitudes of Singaporeans Toward Entrepreneurship

GEM 2005 – Attitudes and Perceptions of Singaporeans towards Entrepreneurship

- 31.3% of adult population surveyed **know someone who has started business**, compared to the OECD average of 38.7%.
- 29.0% of those surveyed **perceived to have the skills to start a business**, compared to the OECD average of 42.4%.
- 17.5% of those surveyed between 18 – 64 years old **perceived good business opportunities**, lower than the OECD average of 36.6%.
- In terms of fear of failure, 61.5% **do not perceive fear as a deterrent**, which is slightly lower than the OECD average of 64.5%.

GEM 2005 – Attitudes and Perceptions of Singaporeans Towards Entrepreneurship

Entrepreneurial Population Attitude Ratings

(Source: Adult Population Survey, Rating % of answering “Yes”)

	SG	24 GEM OECD COUNTRIES (2005)		
	2005	Mean	High Score (Ctry)	Low Score (Ctry)
Know someone who started a business	31.3%	38.7%	60.5% (IS)	25.3%(HU)
Have skills to start a business	29.0%	42.4%	59.8%(NZ)	13.4%(JP)
Perceive good start-up opportunities in next 6 months	17.5%	36.6%	65.8%(DK)	10.4%(HU)
Fear of failure is not a deterrent	61.5%	64.5%	81.4%(JP)	38.5%(GR)

Source:

- 1) GEM 2005 Adult Population Survey
- 2) GEM 2005 Master Dataset

GEM 2005

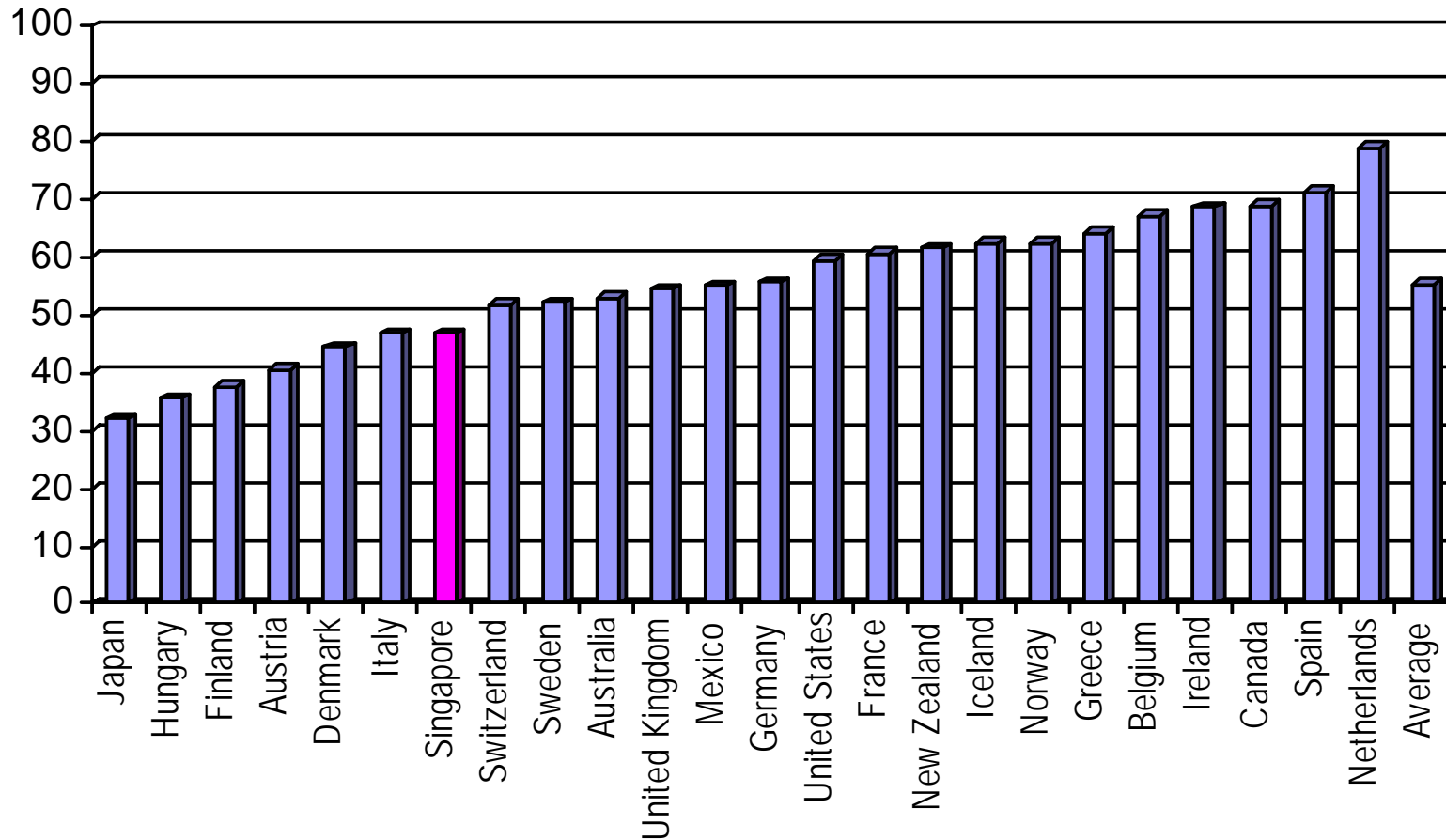
Indicators of Social & Cultural Values for Entrepreneurship

GEM 2005 – Starting Business is a Good Career Choice

Definition

- Proportion of Adult Population that perceives starting a business is a good career choice.
- 46.8% (vs 49.1% in 2004) of Singaporeans perceive that starting a business is a good career choice, compared to an average of 55.4% (59.5% in 2004) in the OECD countries.
- This ranked Singapore 18th out of 24 countries (22nd in 2004).

GEM 2005 – Starting Business is a Good Career Choice in OECD Countries

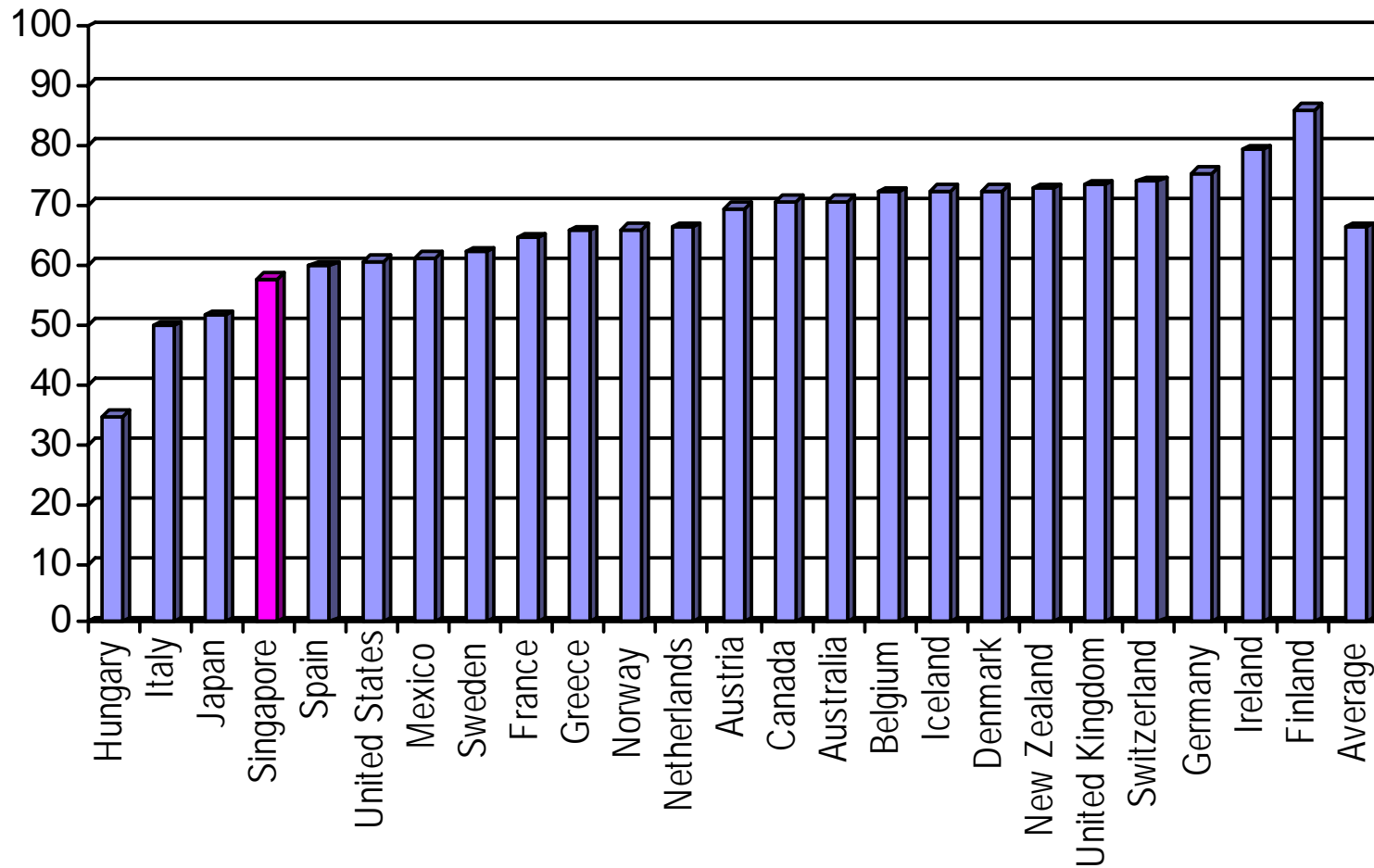


GEM 2005 - New business success is high status

Definition

- Proportion of Adult Population that perceives starting a new business provides high level of status and respect.
- **57.8%** (vs **53.1%** in 2004) of Singaporeans believe that new business success is accorded with high status in this country, compared to an average of 66.2% (67.4% in 2004) in the OECD countries.
- This ranked Singapore **21st** among the 24 countries (last in 2004).

GEM 2005 - New Business Success is High Status in OECD Countries

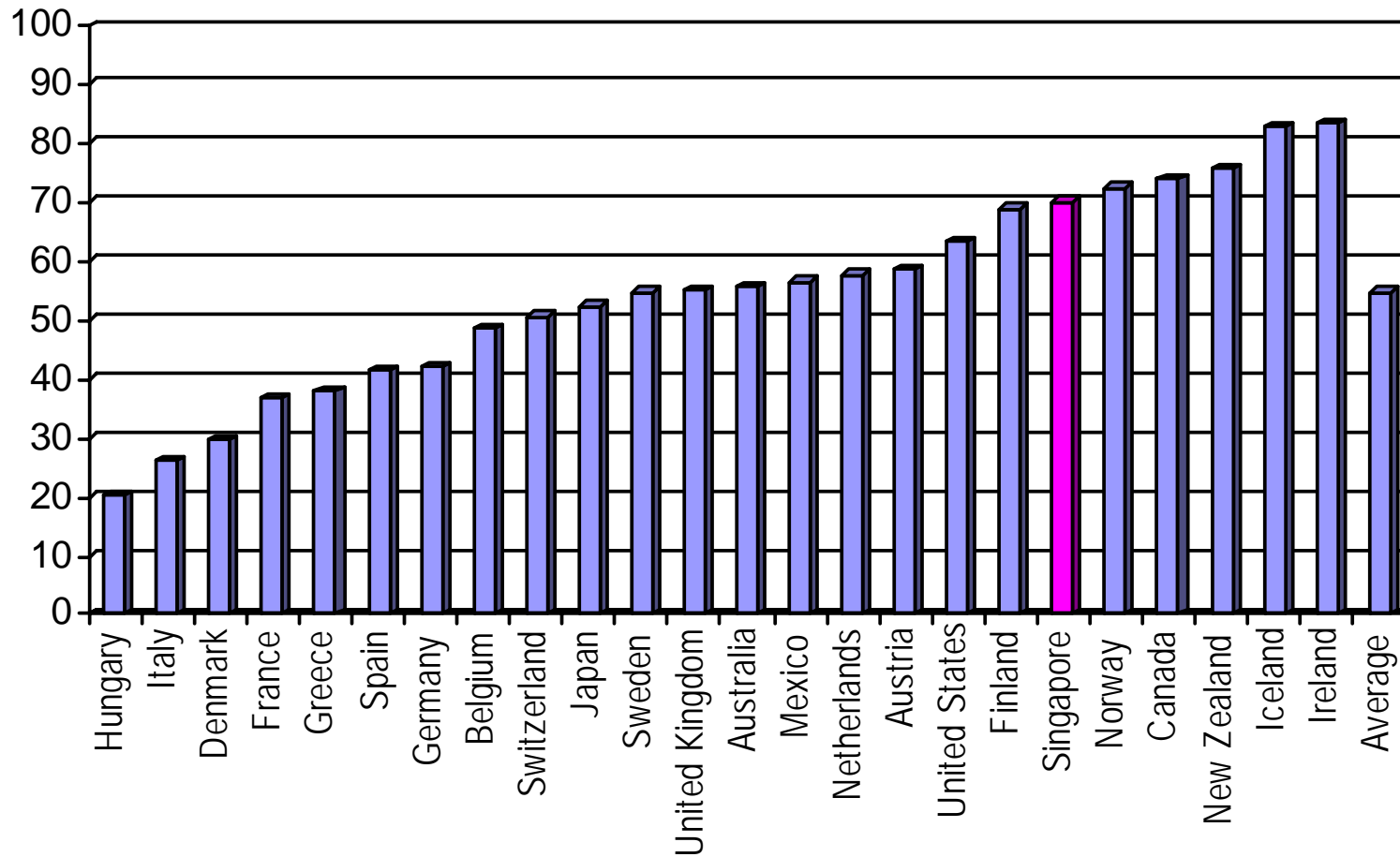


GEM 2005 – Media Publicity for New Business

Definition

- Proportion of Adult Population that perceives there is sufficient media publicity for new businesses.
- 70.2% (vs 65.4% in 2004) of Singaporeans perceive that there is sufficient media publicity for new businesses, compared to an average of 54.7% (56.5% in 2004) in the OECD countries.
- This ranked Singapore 6th out of the 24 countries (8th in 2004).

GEM 2005 – Media Publicity for New Business in OECD Countries

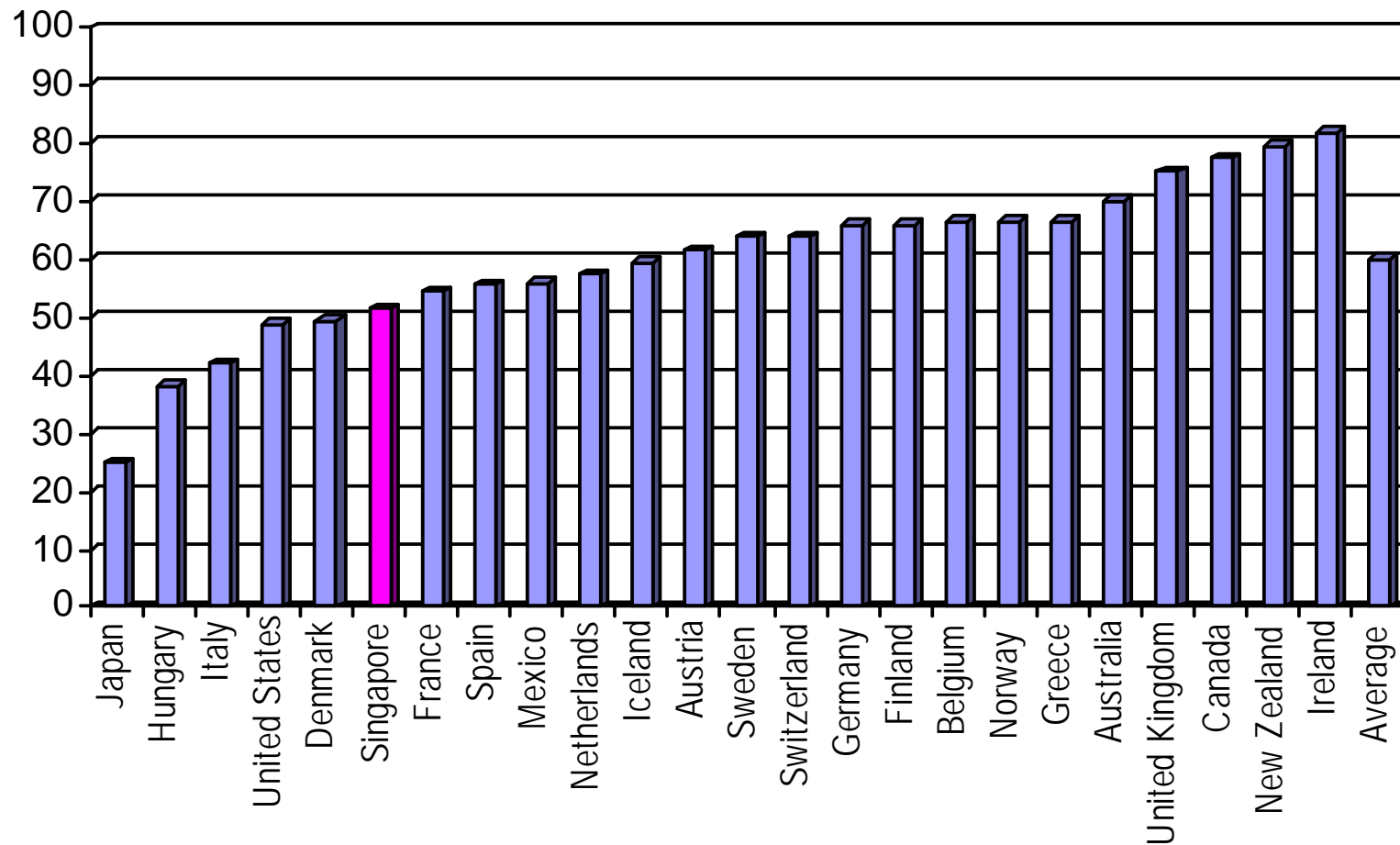


GEM 2005 – Uniform Living Standards

Definition

- Proportion of Adult Population that prefers a uniform living standard.
- **51.5%** (vs **46.9%** in 2004) of Singaporeans prefer a uniform living standard, compared to an average of 60.1% (63.8% in 2004) in the OECD countries.
- This ranked Singapore **19th** out of 24 countries (23rd in 2004).

GEM 2005 – Preference for Uniform Living Standards in OECD Countries



GEM 2005 – Summary Findings on Individual Attitudes & Social-Cultural Values for Entrepreneurship

- Overall, the *attitudinal, social and cultural measures* indicate that Singapore fared relatively **weaker** than other countries in terms of **individual and societal values** towards entrepreneurship

GEM Singapore 2005

Assessment of National Environment for Entrepreneurship

9 Dimensions of Entrepreneurial Environment

- Financial Support
- Government Policies
- Government Programmes
- Education and Training
- Research and Development Transfer
- Commercial and Professional Infrastructure
- Barriers to Entry
- Access to Physical Infrastructure
- Cultural and Social Norms

Each dimension is measured using several sub-indicators

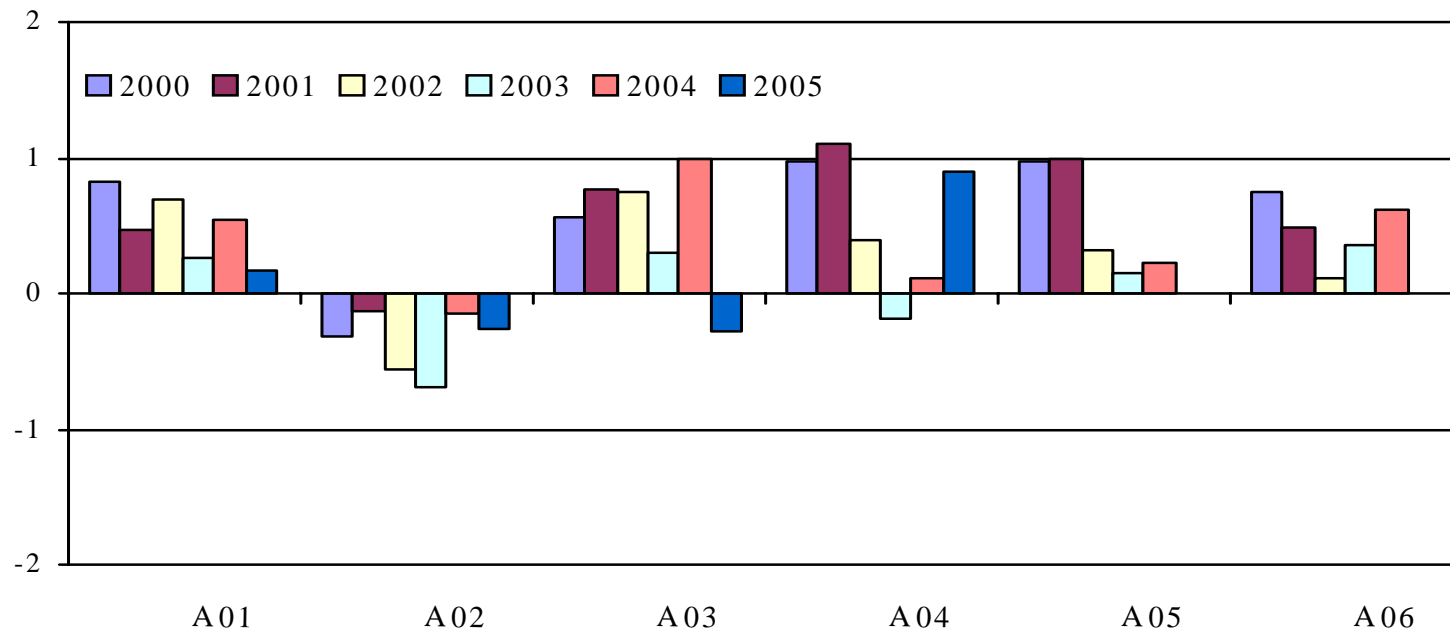
Breakdown of Key Informants – 2000 - 2005

	2000	2001	2002	2003	2004	2005
Entrepreneurs	17	6	18	11	16	19
Policy Makers	12	9	4	8	4	3
Investors	6	5	7	6	9	8
Venture Support	4	11	7	8	7	6
Total	39	31	36	33	36	36

Source: Singapore Expert surveys 2000-2005

Entrepreneurship Environment –Financial Support

(A) Financial Support



01 – In my country, there is enough equity funding available for new and growing firms.

02 – In my country, there is enough debt equity for new and growing firms.

03 – In my country, public subsidies have a major impact promoting firm creation and growth.

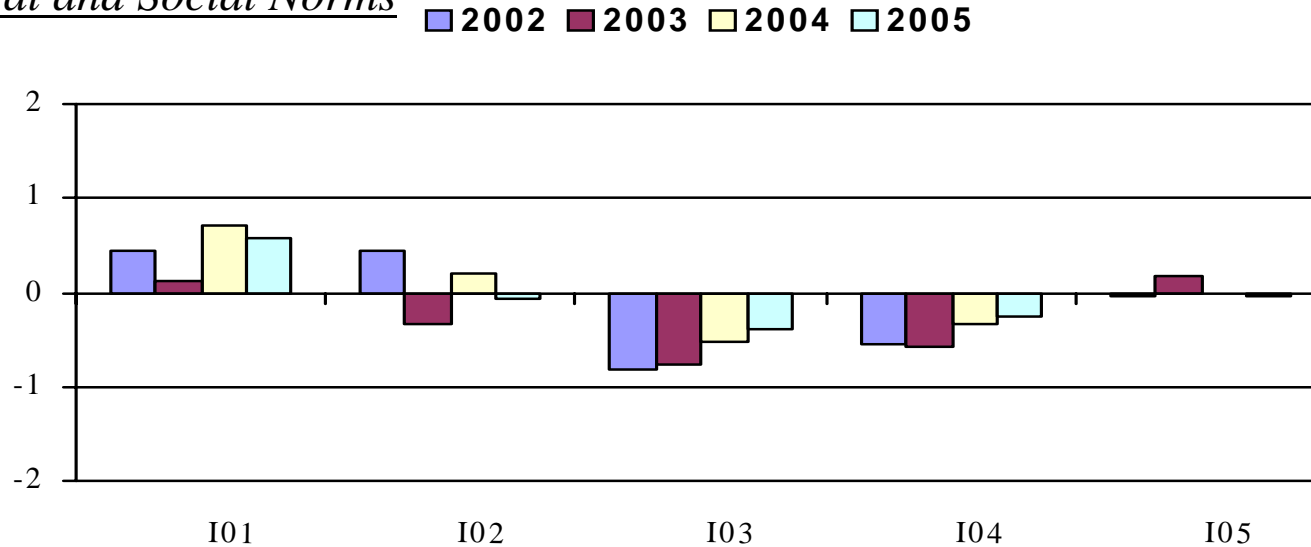
04 – In my country, private individuals (other than founders) are an important source of financial support for new and growing firms.

05 – In my country, venture capitalists are an important source of private support for new and growing firms.

06 – In my country, initial public offerings (IPO) are an important source of equity for new and growing firms.

Entrepreneurship Environment – Dimension on Cultural Norms

(I) Cultural and Social Norms



- 01- In my country, the national culture is highly supportive of individual success achieved through own personal efforts.
- 02- In my country, the national culture emphasises self-sufficiency, autonomy, and personal initiative.
- 03- In my country, the national culture encourages entrepreneurial risk-taking.
- 04- In my country, the national culture encourages creativity and innovativeness
- 05- In my country, the national culture emphasises the responsibility that the individual (rather than the collective) has in managing her own life.

Entrepreneurship Environment Ratings by Country Informants

(Source: Country Expert Survey; Scale 1 = Low to 5 = High)

ITEM	SG		20 GEM OECD Countries (2005)*		
	2004	2005	Mean	High Score (Ctry)	Low Score (Ctry)
Availability of capital	3.4	3.1	2.9	4.1(US)	2.4(IT)
Government policy support	3.3	3.5	2.7	3.5(SG) ⁺	1.7(HU)
Low regulation and taxation burden	3.8	4.0	2.7	4.0(SG)	1.5(HU)
Government program effectiveness	3.3	3.4	2.8	3.4(SG) ⁺⁺	2.0(HU)
Effectiveness of primary & secondary education & training	2.7	2.6	2.2	2.8(US)	1.5(AT)
Effectiveness of university & mgmt. education & training	3.4	2.9	2.8	3.4(US)	2.1(DK)
R&D transfer effectiveness	3.1	3.0	2.7	3.2 (US)	1.9(IT)
Business service effectiveness	3.7	3.4	3.4	4.1(US)	2.8(HU)
Rapidity of change in markets	2.8	2.8	2.6	3.5 (IS)	1.9(FI)
Market accessibility	2.7	3.0	2.9	3.5(US)	2.4(HU)
Ease of access to physical infrastructure	4.7	4.7	4.1	4.8(US)	3.1(IT)
Cultural value placed on independence	3.0	3.0	2.9	4.5(US)	2.3(AT)

* Only 20 OECD countries provided data on the entrepreneurship environment ratings by country informants.

+ Includes more than 1 country – Finland

++ Includes more than 1 country – Austria, Ireland

GEM 2005 - Overall Assessment of Singapore's Environment for Entrepreneurship

- Compared to the other 19 GEM 2005 OECD countries, Singapore was rated the **highest** on three attributes– “low regulation & taxation burden” (4.0), “government program effectiveness” (3.4), and “government policy support” (3.5).
- Singapore is also **near the top** among the surveyed countries in terms of “R&D transfer effectiveness” (3.0) and “effectiveness of primary & secondary education & training ” (2.6).
- Overall, in comparison with 2004, the ratings of Singapore's environment for entrepreneurship in 2005 appear to have **stayed more or less constant** for half of the sub-indicators, although a number of sub-indicators registered improvement, particularly, market accessibility, government policy support, and low regulation & taxation burden.
- On the other hand, the country informants' assessments on the availability of capital, effectiveness of university education & training, and business service effectiveness in 2005 have **declined** as compared to 2004.

GEM Singapore 2005

Conclusions

Conclusions

- **Entrepreneurial propensity** in Singapore increased from 5.7% in 2004 to 7.2% in 2005. This increase is **broad-based**, for both new business and nascent TEA, and TEA across gender and educational qualification.
- Singapore also fared better in terms of start-ups that have higher employment growth potential and is ranked higher on entrepreneurial intention rate.
- While the increase in entrepreneurial propensity in Singapore for 2005 reflects an overall global trend, a contributing factor for the rise in Singapore's TEA in 2005 may be an **increase in informal investments** in start-ups - informal investment propensity improved in 2005 vs. 2004.
- Various **government policies** that have been put in place in the last 2-3 years may also have contributed to the increase in entrepreneurial propensity.

Conclusions (Cont'd)

- Singapore's **environment for entrepreneurship** was rated **above average** on all dimensions vs. the GEM and OECD averages (except for rapidity of change in markets, which was on par with the GEM average; and business service effectiveness, which was on par with the OECD average).
- Overall, the ratings of Singapore's environment for entrepreneurship in 2005 were consistent with the ratings in 2004. The three dimensions where ratings were **highest** were Low Regulation & Taxation Burden, Government Policy Support, and Government Programme Effectiveness.
- Those with **tertiary education** i.e. polytechnic and university are found to be more likely involved in entrepreneurial activities, representing a continuous improvement since 2003.

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