

## Executive Summary

### Introduction

1. The terms of reference for the Entrepreneurship and Internationalisation Sub-Committee (EISC) are to recommend ways to strengthen the spirit of entrepreneurship and innovation in Singapore, and to foster the growth and internationalisation of Singapore based companies, including Government-Linked Companies (GLCs).
2. Our desired outcome is to create a vibrant self-renewing and self-sustaining enterprise ecosystem that is connected to the larger global ecosystem. We cannot manufacture entrepreneurs but we can create the environment and conditions that allow, encourage and facilitate entrepreneurship. For example, our social climate should better tolerate failures, and uphold successful entrepreneurs as role models. The EISC also highlights that given the constraints of a small domestic economy, internationalisation and entrepreneurship are closely intertwined.
3. The EISC's recommendations do not constitute a blue print cast in stone. Instead, they kick off the start of an iterative process. Not all of the recommendations will work out as intended, but the EISC hopes that the Government will be entrepreneurial in trying out new approaches. A self-renewing and self-sustaining enterprise ecosystem in Singapore will not be generated overnight, and the EISC hopes that Government will continue the debate and discussion so that new ideas can continually surface.

### Framework of Recommendations - 6 Cs: Culture, Capabilities, Conditions, Connections, Capital and Catalysts

4. The EISC believes there are 6 essential elements that need to be developed and sustained in a vibrant enterprise ecosystem.

- i. Culture

It is often debated whether entrepreneurs are born or made. The EISC does not have the answer but is of the view that there should be no lack of effort to prepare our young to be entrepreneurs. Entrepreneurship is not a textbook course and is best learnt from real world, hands on experience. EISC recommends creating the opportunities for our young to develop strong entrepreneurial instincts and understanding. The suggested approach is to provide all students at different levels, as well as working executives the opportunity to learn about enterprise and gain early exposure to business concepts.

- ii. Capabilities

Enterprise capabilities can be developed at both the individual and industry level. At the individual level, greater flexibility should be injected to allow freer movement of talent between the private and public sector. We should undertake a serious effort to attract global entrepreneurial talent to Singapore, as well as to tap local talent. At the industry level, there is scope to foster greater collaboration between enterprises to leverage each others' strengths to venture abroad.

iii. Conditions

d. Regulatory Landscape

Collectively, regulations can impose a significant burden on businesses and create barriers to new businesses entering the market. The EISC recommends that Government adopt a structured, institutionalised and coordinated programme to cut public sector red tape. Also, the Government should take enterprise-friendly approaches to economic management, industry regulation, and procurement.

e. Government's Role in Business

Singapore has entered into a phase of development where the market functions well in allocating most resources and it is private enterprise and not Government that is best able to exploit evolving market trends and technologies. The EISC suggests some principles and approaches for Government's involvement in the private sector to help develop conditions for a more entrepreneurial economy, and the strategies ahead for GLCs, with a strong emphasis on growing our external wing. The Government's participation in the economy has certain strengths and these should be harnessed to help Singapore-based enterprises globalise.

iv. Connections

Singapore has done well to develop the hard infrastructure to establish Singapore's global connectivity. It is important that companies whether local or foreign continue to treat Singapore as an integral part of their larger global operation. The EISC feels that much can be improved in terms of soft infrastructure to connect people and markets and recommends outward oriented policies to forge strong linkages between foreign markets and our home base.

v. Capital

There are currently several gaps in enterprise financing. Most are found in equity financing for start-up enterprises and debt financing for emerging enterprises, that are mainly due to the financial institutions' traditional reliance on asset-based financing and lack of domain knowledge of various industries. The EISC therefore recommends that mechanisms be put in place to encourage more private sector financing of enterprises at start-up, growth and internationalisation phases, and for Government to implement broad-based measures to free up capital tied in the

Central Provident Fund (CPF) and Housing Development Board (HDB) properties.

vi. Catalysts

Government has been using incentives to attract Multinational Companies (MNCs) to invest in Singapore and drive our economic growth. To develop another key driver for Singapore's growth, it is necessary to encourage enterprise and wealth creation. The EISC therefore recommends a package of incentives and changes to tax regulations to channel more capital towards enterprise.

**Single Agency to Co-ordinate Efforts**

5. The EISC recommends that the Government designates a single agency to co-ordinate and drive efforts to develop entrepreneurship and internationalisation. It should be headed by an individual who has the authority to effect the necessary changes to achieving a vibrant, entrepreneurial economy.

**Encourage giving back**

6. Greater entrepreneurship and internationalisation will likely lead to a wider income gap. To sustain this drive, we need to give greater visibility to philanthropy, and encourage successful entrepreneurs to give back to society