ILO Brief

Policy Brief

Technopreneurship: The Digital Path to Business Resilience

Background

Entrepreneurship is fundamental in employment creation and economic growth, whilst promoting equality and empowerment. However, in Sri Lanka, entrepreneurship is still viewed as an unstable and high-risk career.

Technopreneurs can be considered as a transformative instrument, which utilizes new technology to change the traditional systems. This change is a requisite for a developing country like Sri Lanka.

This policy brief has been prepared incorporating insights from the second of a series of policy dialogues, organized by the Ceylon Chamber of Commerce in association with the Central Bank of Sri Lanka under the **South Asia Leadership in Entrepreneurship** (SALE) Program.

The SALE Program is implemented by the International Labour Organization, in Sri Lanka and Nepal, with the financial assistance of the United States Department of State. The main objective of SALE is to promote youth entrepreneurship, by facilitating a change in the entrepreneurial ecosystem and encouraging youth transition into the entrepreneurial world.

The policy dialogues explore key themes related to youth entrepreneurship promotion. The policy brief of the first policy dialogue that was held in June 2022, under the theme of "Innovative approaches to reach youth entrepreneurship excellence".

This second policy dialogue, held in Colombo on the 27th of September 2022, under the theme of "**Technopreneurship: The Digital Path to Business Resilience**", brought together technopreneurs, heads of state institutions related to entrepreneurship, eco-system players, and representatives of academia and leading development partners.

Technopreneurship in Sri Lanka

Technopreneurs are a new breed of entrepreneurs who leverage digitalization to innovate. While this term has been in popular use globally since the early 2000's, it is still relatively new in the Sri Lankan context.

Technopreneurs have the potential to significantly contribute to economic development through innovating and enhancing product and service creation and delivery, thereby also combating youth unemployment.

The COVID-19 pandemic has witnessed a surge in digitalization, with digital economies and technological innovations evolving rapidly. The future of work and life will be more digital than previously imagined. With almost every organization having to depend on data, analytics, digital tools, and automation, digital technologies will constitute an increasingly critical element of business resilience tomorrow. (BCG, 2020)

In this regard, technopreneurs can be considered a transformative instrument, utilizing new technology to revolutionize the traditional systems – a vital requirement for a developing country such as Sri Lanka. Despite the availability of cutting-edge digital technology, the adaptation and optimization of these resources continues to be low in Sri Lanka.

Topics Explored

Against this backdrop, the policy dialogue explored the following sub-topics:

1. Improving talent and human resources
2. Recalibrating the environment- looking at supportive regulations and policies
3. Improving financial assistance
4. Advancing the landscape for Women in Technopreneurship
5. Improving commercialization of products/services
6. Accessing new markets

Macro Issues and Concerns

Education, Guidance and Awareness Creation of Technopreneurship

Educational and vocational training institutes often lack a culture that value and promote innovation. These institutions also lack futuristic approaches to produce strategic thinkers. Most of such institutions do not have competent teachers or trainers and infrastructure to provide the students with proper guidance and sufficient exposure to the modern technology. The lack of talent to mentor and support budding technopreneurs was also identified as a challenge.

Financial Knowledge and Assistance

Limited access to finance has been a longstanding challenge in promoting entrepreneurship: technopreneurship in particular. Stakeholders highlighted the lack of clear paths or criteria when it comes to entrepreneurs accessing funds, as well as extended red tapes involved in fund approval. Financial institutions are lacking with systems and tech-savvy staffs to appraise tech-based business proposals, causing frequent denial of such requests for finance. Technopreneurs also lack financial education and awareness, in terms of the types of financing available, accessing such resources and leveraging Fintech solutions to support their new ventures. It was also highlighted that youth and women in particular, have less access to financial support.

Gender Disparity

Young females are disproportionately represented in technological education, technical training and in gaining industry experience, thus find difficulties in exploring their real potential in technopreneurship. Further, women face more barriers in starting and pursuing tech-based businesses, due to gender stereotypes and cultural norms. The resultant limitation of female role models in technopreneurship, would further discourage young females to aspire this field, due to the fear of failure, and lack of acceptance and support.

Digital Divide

The digital divide is another pressing issue as urban areas are more technologically driven, while suburban and rural areas are lagging behind, owing to disparities in access to ICT education, equipment and internet facilities. Digital transformation is a heavy burden to Micro, Small and Medium Enterprises (MSMEs), due to limited scale they operate and costs of tech-based resources.

Commercialization and Access to Markets.

Majority of tech-products created through innovation drives, do not succeed in commercialization. Lack of knowledge on business fundamentals and financial literacy creates difficulties in cost estimation and product pricing, whilst lack of financial discipline hinders sustainability of tech-based ventures. Lack of exposure and limited access to global e-commerce platforms also limits the ability to leverage such platforms in reaching new markets. Youth often search for “quick wins”, thus do not possess dedication and resilience, which are essential in sustaining a business, specially in highly competitive and dynamic tech-based industries. The stakeholders also highlighted the inadequacy of soft skills, such as negotiation and communication skills, which obstruct young technopreneurs in reaching out the local and global markets.

Recommendations

Driving Education Reforms

The education reforms need to be relooked, divesting from the traditional misconceptions of “difficult challenge”, “time-consuming” and “less-productive exercise”, in order to understand the vital importance of breaking the silos and optimizing the opportunities, in order to ensure they have the necessary impact.

Shift in Education Delivery to Improve Employability

Education policy needs to shift from focusing on being content-driven and knowledge-oriented to being more future-driven, employability-oriented and growth-focused. Education ecosystem needs to become more outcome-focused and offer experiential learning opportunities.

Education institutions should produce strategic thinkers who will embrace change and diversity, hence will innovate technology-driven solutions that increase resilience and adaptability to a dynamic global environment. This approach has to be initiated at primary and secondary levels, with students been offered exposure to technopreneurship and opportunities to showcase their potential, then gradually extrapolated to tertiary education and professional development.

More focus is needed to STEM subjects and also for soft skills development.

Improving for Financial Assistance

The evaluation criteria need to be streamlined and enhanced in order to ensure more efficiency when meeting the financing needs of technopreneurs. Capacitating financiers to understand and appraise tech-based business proposals; improve access to information and guidance; simplify application and fast-track evaluation; introduce FinTech solutions; and ensure that funds are granted within the survival cycle of the business.

Entrepreneurship eco-system should also have funding options, such as Crowdfunding, Angel investments, Venture capitals, Business incubators, with adequate government supervision and facilitation.

Advancing Landscape for Women in Entrepreneurship

A paradigm shift in social mindset is needed, to provide equal access to opportunities for both males and females, in technological education and technical training. Parents and educators need to be guided to value technopreneurship as a better career choice for young females, in par with other professions, and encourage children in entrepreneurial pursuits. Proactive approaches, such as special upskilling and reskilling programs, are to be held targeting young females, to support the acquiring modern technical know-how.

Reducing Regional Disparities

Regional Chambers could help bridge the gaps in access to technology, financing, mentorship and support, which are comparatively higher in rural areas, by way of conducting programs relating to awareness creation, upskilling and reskilling training. Particular emphasis should be paid for identifying and supporting the disadvantaged groups such as young women and minorities, who has potential in technopreneurship.

Support Commercialization

It is important for technopreneurs to assess strengths of their products or services, before stepping into the global market. Facilitating this will require upskilling training and exposure to other markets, in order to understand their business from a global perspective.

National authorities should proactively support technopreneurs, identifying diverse types of businesses and formulating industry/sector-based specialized policies and regulatory frameworks, with sufficient understanding on nature of tech-based businesses. Universities and research/innovation hubs should support scale-up and commercialization of innovative tech-products, while attracting assistance of donor agencies to launch entrepreneurship and technical skills development programs.

Benchmarking Global Products

Quality is a critical element of technopreneurship. A promotional ecosystem should be devised, to support emerging young entrepreneurs with access to information, guidance and technology as well as opportunities to explore and experience global products.

Exploring New Markets

Highlighting success of tech-based innovations would be one method to attract more investments to develop such products to reach new markets. Devising partnership models with the Overseas Sri Lankan diaspora, will assist business growth, diversifying into global markets. Business to business (B2B) marketplaces were also identified as a viable platform to explore and enter into new markets more efficiently.

Digital marketing is a valuable tool to tap into markets, therefore more focus should be given to enhance training on digitalization and social media marketing. Developing an ecosystem with regional hubs for outreach and knowledge sharing could also help in accessing markets and supporting smaller companies to tap into new markets.