

The Nation Sunday Print Edition - page 32-33

SEO Version

Page 32 Nation January 10, 2016

an innovative AN INNOVATIVE

Fostering

entrepreneurial culture

Sri Lanka was featured in the recently released annual Global Entrepreneurship Index (GEI) by the Global Entrepreneurship and Development Institute (GEDI). The country appeared in the Index for the second consecutive year, however, dropped 16 places from its debut rank of 71st to place 97th in the world.

Entrepreneurship also took a significant spot on the local stage as the 2016 Budget proposed an allocation of 500 million rupees to support Small and Medium scale Entrepreneurs (SMEs), and the creation of a central agency for SMEs. While the country seems to be taking many initiatives to promote entrepreneurs, there are still many challenges. This article explores the problems that Sri Lanka faces in terms of entrepreneurship and innovation, and suggests possible solutions to overcome them.

Who is an entrepreneur?

In the global perspective, entrepreneurs are regarded as an essential component in a country's economic growth. The interest and studies on entrepreneurship have flourished in the last decade with many theories presented on the classification and role of entrepreneurship in the economy. Ignoring the more nuanced classifications, Entrepreneurship can be broadly defined as the "capacity and willingness to develop, organize and manage a business venture along with any of its risks, in order to make a profit". It is basically the process whereby an individual makes use of the opportunities in the current marketplace to create a new business venture.

How innovative is Sri Lanka?

The distinction in defining entrepreneurship causes some issue in measuring the innovativeness of a country in a meaningful manner. Most studies that attempt to quantify entrepreneurship in a country usually measure replicative entrepreneurship – the number of small businesses or the number of self-employed people. While these numbers tell an important story about the economy in their own right, using them to determine innovativeness paints a much distorted picture. A large number of self-employed people are engaged in grunt work such as cooking, cleaning, driving, etc while most small businesses are small convenience stores that never grow into anything more. Innovators on the other hand, fill a void in the market that has not been filled and step in to do so.

Measuring entrepreneurship in Sri Lanka is therefore still largely uncharted territory. The GEI ranking is not a wholly accurate representation for the country due to significant methodological issues; for example, Sri Lanka is not surveyed to calculate some key data values. As such, it becomes difficult to state exactly how innovative Sri Lanka is, although in a more general sense it is clear that there is still a lot of work to be done.

Barriers to entrepreneurial growth

Innovative entrepreneurship largely depends on a prospective entrepreneur's ability to perceive opportunities in the market and responds to them by starting a new business venture. This entrepreneurial intent is affected by both economic and socio-cultural factors. The differences in socio-cultural and economic factors are major external influences that lead to certain parts of the world being more conducive for entrepreneurial activity than others. As such, a startup venture in Sri Lanka cannot really be compared to a similar venture in Silicon Valley, California which has been the breeding ground for thousands of startup companies and is internationally synonymous with innovative entrepreneurship.

From a socio-cultural aspect, there are many problems that can be identified as being directly harmful to an innovative environment. Studies have consistently found that Sri Lankans, in general, are not favourable towards 'entrepreneurism' as an occupation. This is partly a social standing issue as entrepreneurship is considered an inferior alternative to a salary/wage career path. Part of this problem is due to the generalization of all startups as reflective of small businesses rather than the concepts of innovation and value creation. The country's education system also plays a role in this issue as there is little done to promote and encourage entrepreneurship and innovative thinking.

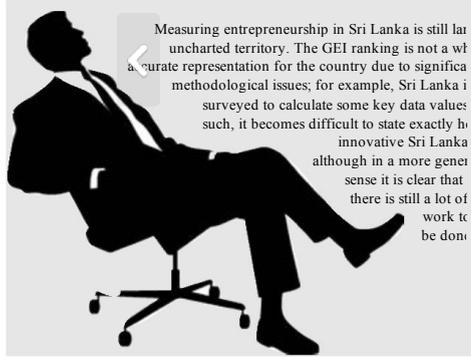
Even when this barrier is breached, starting a business in Sri Lanka is not always a walk in the park. Barriers in areas such as enforcing contracts, registering property and taxes are among major reasons that startups do not look to grow into large organizations that can provide a significant boost to the economy, but prefer to stay at a small manageable scale. Financing is another major hurdle for startups as the banking system in Sri Lanka is not a friendly place for young entrepreneurs that have no collateral to secure the necessary capital. A lack of Angel Investor networks, which pool funds and invest in small business startups, and other methods to fund potential startups prevent a lot of would-be entrepreneurs from ever getting started.

Creating an innovative environment

Facilitating a more innovative and entrepreneurial society to promote growth is vital for the Sri Lankan economy. One important aspect in this regard for policymakers is to provide access to relevant data related to innovation in Sri Lanka. Having an index that works at subnational level and caters to the country's unique socio, cultural and economic conditions would help obtain a better idea of the strengths and weaknesses of policies on fostering entrepreneurship.

Facilitating entrepreneurship can be approached from two angles. One is to encourage innovative thinking and promote new ventures that create value in the market. The other is to lower the risks and barriers associated with startups, allowing more people with commercial ideas to start and expand business ventures.

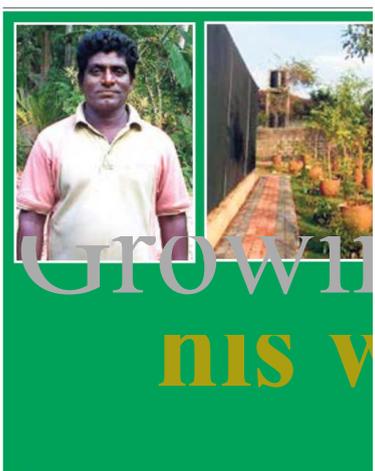
Overcoming all these problems cannot be done without a concentrated long-term effort by both the government and the private sector. We certainly cannot reach an innovative paradise overnight, but if the need for innovation and the barriers against it are acknowledged, Sri Lanka would be on the path towards becoming an entrepreneurial and economically stronger nation.



Measuring entrepreneurship in Sri Lanka is still largely uncharted territory. The GEI ranking is not a wholly accurate representation for the country due to significant methodological issues; for example, Sri Lanka is not surveyed to calculate some key data values. As such, it becomes difficult to state exactly how innovative Sri Lanka is, although in a more general sense it is clear that there is still a lot of work to be done.



Pamokya Marambe
Project Intern at the Institute of Policy Studies of Sri Lanka



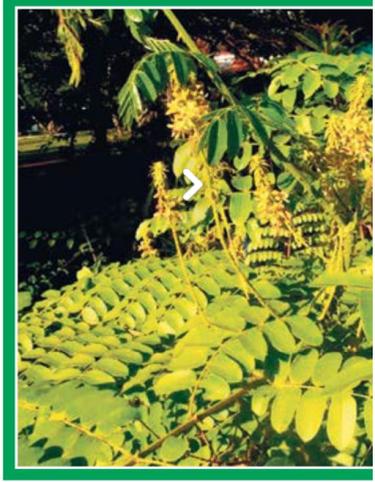
SCrystal Koelmeyer
Susi Fernando is a growing entrepreneur in the very sense of the word. Having transformed his passion successfully into his vocation, Susil today is the owner of a plant nursery which has a collection of over 400 varieties of medicinal plants out of which majority, according to him, are endemic. From his childhood days, Susil says, he had the curiosity and willingness to explore and learn about plants – medicinal in particular.

"From a very early age, I had the passion to learn about medicinal plants. Later during my youth years, I was attached to an NGO called Janawabodha

Kendrava and this is where curiosity to learn about the grew even further because key missions through the or was to promote traditional over Western. In the process planted a number of these in traditional medicine in and this exercise inspired a my own nursery," recalled

Having started planting commercial level in 2008, can look back and be really about his journey so far be planted over 1000 plants over years.

When asked if planting i



1,11-12-13,14-15,16-17,18-19,20-21,22-23,24-25,26-27,28-29,30-31

Powered by FlippingBook