



BACKGROUND NOTE

Digital Entrepreneurship Interview Survey (DES)

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DIGITAL ENTREPRENEURSHIP INTERVIEW SURVEY (DES)

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I. INTRODUCTION

The Asian Development Bank, through its knowledge and support technical assistance for Digital Entrepreneurship in Asia for Economic Resilience and Post-Pandemic Recovery aims to deepen our understanding of how digital entrepreneurs leverage digital technology for economic growth and development in the post–coronavirus disease (COVID-19) world, improve their policy-relevant knowledge, and build dynamic entrepreneurial ecosystems.¹

A cross-country Digital Entrepreneurship Survey involves interviews with digital entrepreneurs in six countries of the Association of Southeast Asian Nations (ASEAN); namely, Indonesia, Malaysia, the Philippines, Thailand, Singapore, and Viet Nam. The study focuses on *five* dimensions: (i) application of digital technologies in business, (ii) business model changes, (iii) number of new products and services ideas in the past 12 months, (iv) financial and operational performance, and (v) sustainability.

A total of 685 digital entrepreneurs were identified and interviewed. The interviews particularly (i) focused on their adoption of digital technologies into business models and the business model experimentation activities, and (ii) explored the implications of these processes

¹ Asian Development Bank. 2021. *Technical Assistance for Digital Entrepreneurship in Asia for Economic Resilience and Post-Pandemic Recovery*. Manila (TA 6711-REG).

for business performance and their performance in terms of conforming to and advancing the United Nations' Sustainable Development Goals.

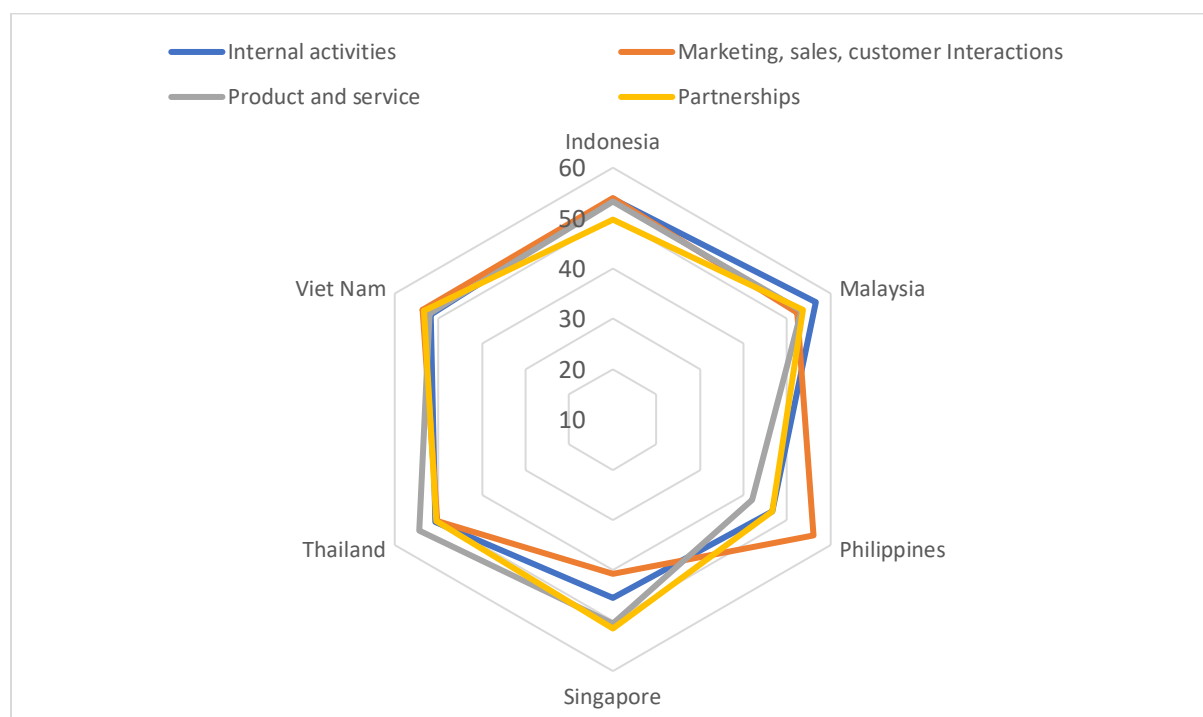
A. Application of Digital Technologies

The application of digital technology includes the implementation of digital technology through internal activities; marketing, sales, and customer interactions; products and services; and partnerships. Digital entrepreneurs in Malaysia and Indonesia exhibit a high degree of digitalization in internal activities and products and services (Figure 1). The interviewed firms represent mainly the digital entrepreneurs who innovate their core products and services as digital solutions; thus, they embody digital mindsets and capabilities that highly reflect their digitalized business operations in internal activities. Businesses offer products and services that are fully digitalized, connected to mobile applications, and tested on digital platforms to get user feedback.

Digital entrepreneurs in the Philippines lead in marketing, sales, and customer interactions.

This aspect reflects the engagement and interaction with the customers through digital channels and social media, the ability of the customers to order and pay online for the products and services, and the monitoring of online ratings and reviews. While being entrepreneurs across ASEAN, young firms tend to put the least effort into monitoring online ratings and reviews and operating their customer communities. The focus is mainly on customer acquisition, and much of the attention is put into advertising through digital channels and communication through social media. This reflects the emphasis on one-way communication from the entrepreneurs and the brands to the customers. Singapore's digital entrepreneurs coordinate resources, share data and ideas, and create new services in collaboration with partners. Thus, Singapore has the highest digital technologies application in business score in the partnership aspect.

Figure 1: Digital Technologies Applications in Business



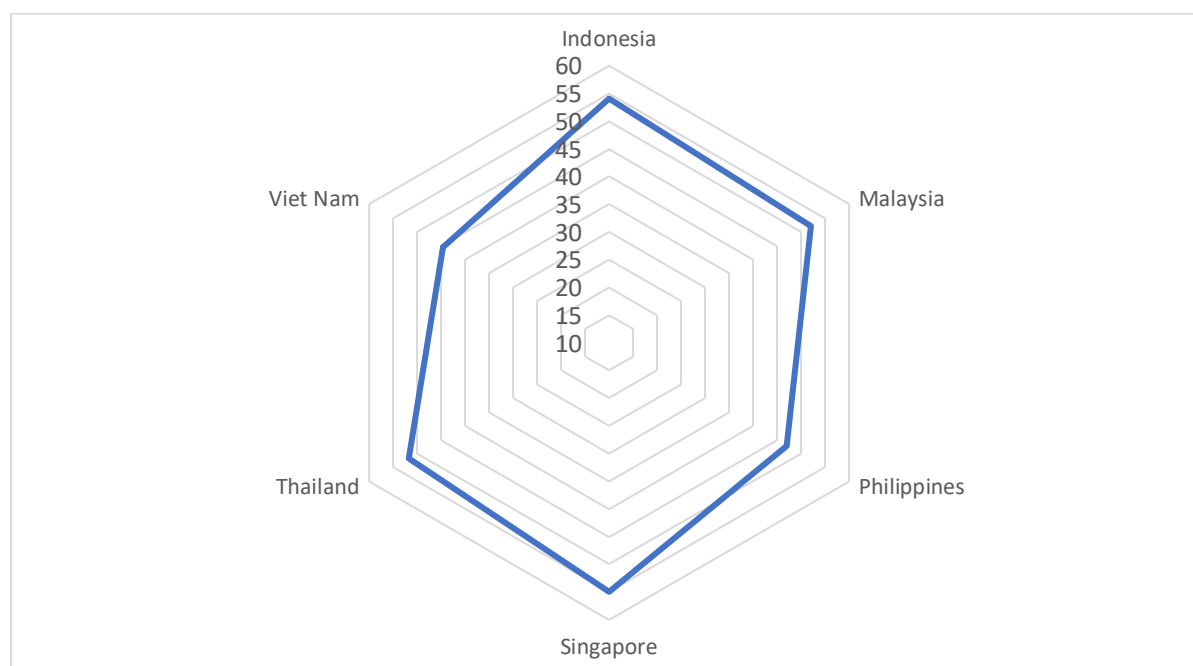
Source: Asian Development Bank.

B. Business Model Changes

Singapore's digital entrepreneurs have experienced the highest degree of business model changes among ASEAN countries in the past 12 months. With COVID-19 disrupting the operations of almost every business worldwide, Singapore's digital entrepreneurs responded to a range of COVID-19-related changes much more quickly than those in other ASEAN countries. Most of Singapore's digital entrepreneurs deliver the same value proposition with a more digital flavor to cope with the COVID-19 impacts. It is important to note that digital entrepreneurs have adopted the business model change rather than changing existing products or services or introducing new products or services altogether. Changes in the business model could be in terms of a shift in the business' target customers, adjustments in its sales and marketing operations, and how it produces and delivers its products and services. Changes could also be in the form of

new products and services, as well as in terms of new suppliers and business partners. It could also involve a significant rethink of how the company organizes its operations.

Figure 2: Business Model Changes



Source: Asian Development Bank.

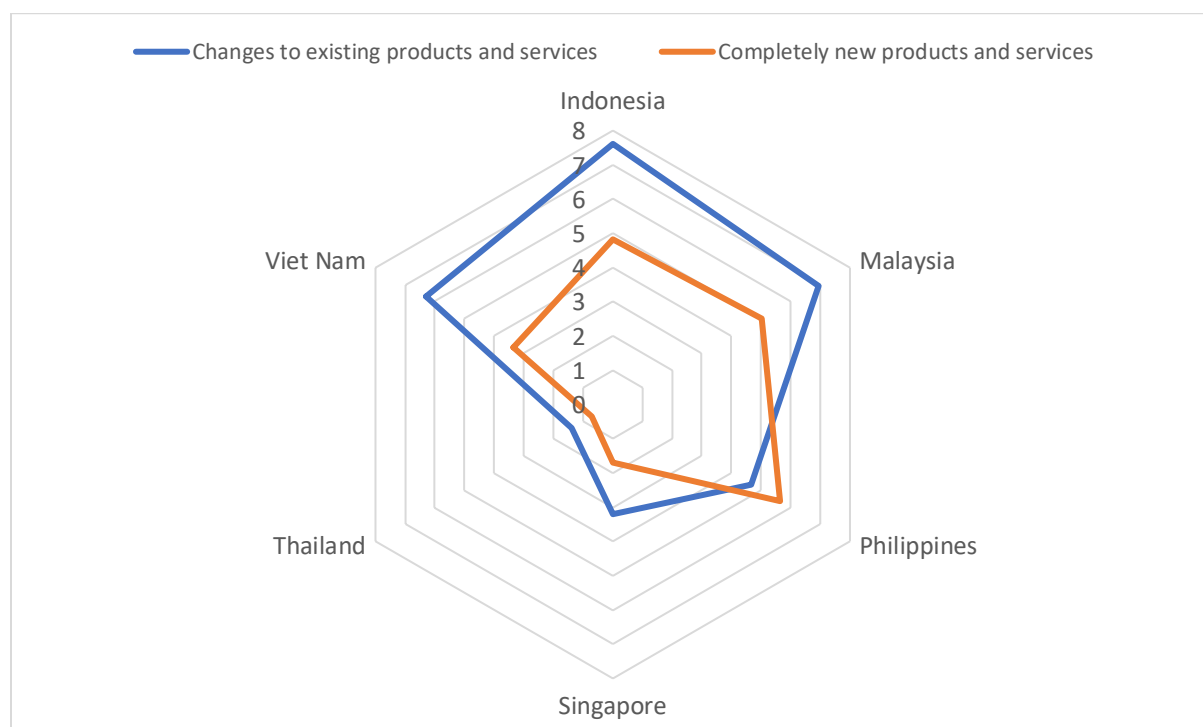
C. Number of New Products and Services Idea in the Past 12 Months

Digital entrepreneurs in Indonesia, Malaysia, and Viet Nam put significant efforts into changing their existing products and services in the past 12 months (Figure 3). This is largely explained by the changes in consumer behavior during the COVID-19 lockdowns and disruptions in normal business operations. Thus, entrepreneurs in Indonesia, Malaysia, and Viet Nam are exceptional at utilizing their digital technologies to pivot their business models and products to cope with the apparent adverse impacts of the pandemic rather than developing entirely new products.

Digital entrepreneurs reveal a strong pattern of entrepreneurial dynamics. They managed to turn the COVID-19 crisis into opportunities by changing their business models, mainly by

refocusing or finding new customer segments and adjusting current products or services to meet new demand patterns. Entrepreneurs were able to discover new customer segments by taking their core digital services, realigning business operations, and offering to new customer segments. More importantly, they could adapt their business operations in a very short period, which reflects entrepreneurial resilience.

Figure 3: Number of Products and Services Ideas in the Past 12 months
(average value by country)



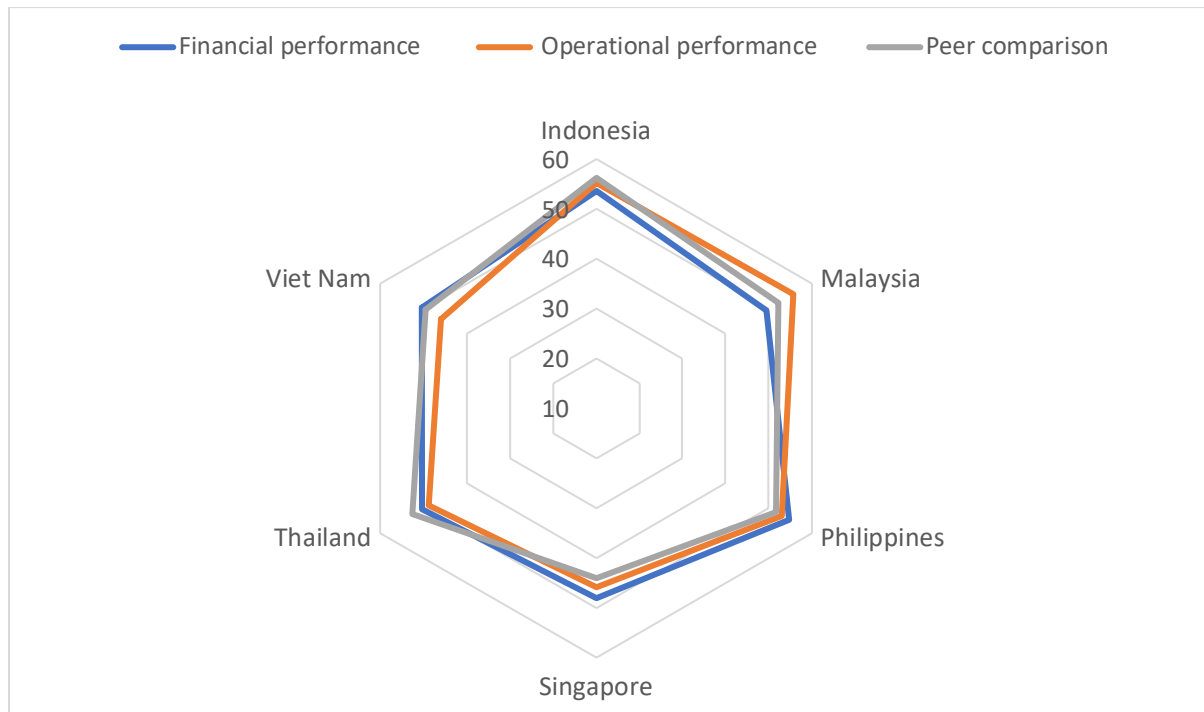
Source: Asian Development Bank.

D. Financial and Operational Performance

Indonesia's digital entrepreneurs have performed the best in all three aspects of business performance: financial and operational aspects and performance compared to peers (Figure 4). During the past 12 months, Indonesia's digital entrepreneurs have performed better than their competitors in terms of new products and services development and the ability to cope with the

COVID-19 crisis, especially in maintaining and slightly improving the number of paying customers despite the COVID-19 impacts.

Figure 4: Performance



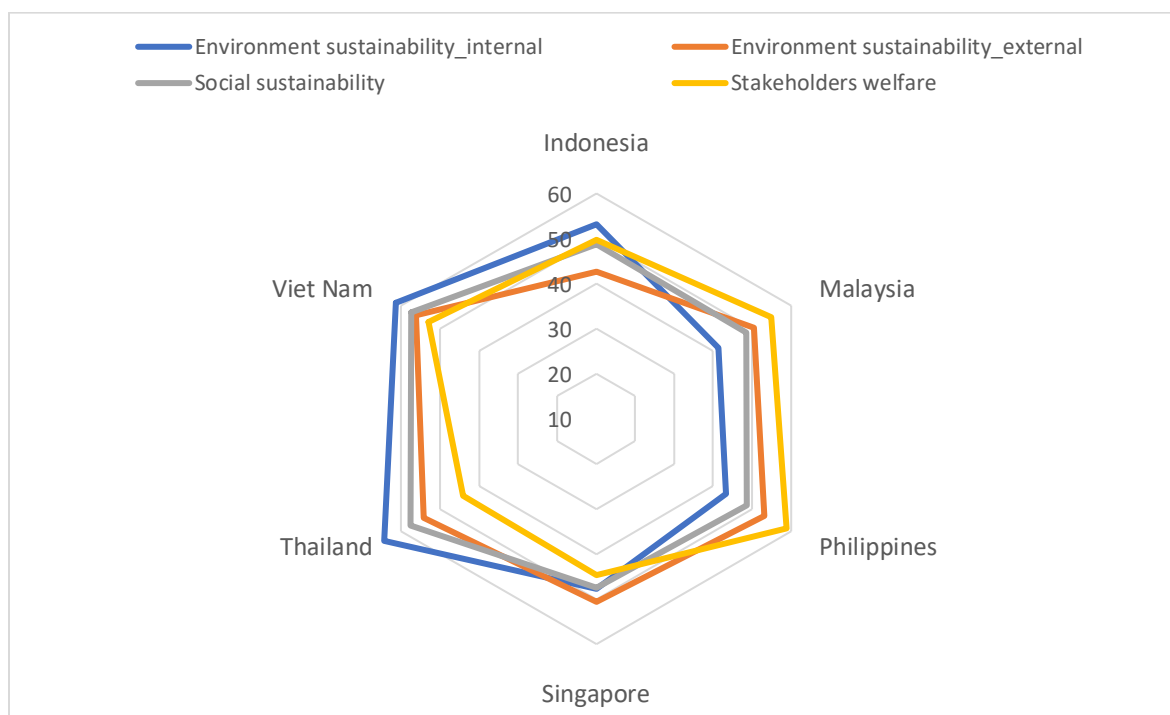
Source: Asian Development Bank.

E. Sustainability

Thai entrepreneurs excel in both internal and external environmental elements and social sustainability, considering Sustainable Development Goals, especially with a superb system to ensure environmental friendliness (Figure 5). Thai digital entrepreneurs are exceptional cases as they realize the importance of these aspects in the future sustainability at all levels from individuals, businesses, and nations. Thai entrepreneurs understand that having environmental, social, and governance goals and missions as parts of business models helps attract investors who value positive impacts on the world and improve the business. Thai businesses go beyond the minimum legal requirements and go out of their way to ensure environmental sustainability

and reputation, and attract capable talents. With such realization, their business models incorporate the considerations above, which resulted in a high score in environmental sustainability. In terms of stakeholder welfare, entrepreneurs in Malaysia and the Philippines involve partners, suppliers, and employees, especially in terms of equal treatment for all employees. The entrepreneurs go beyond minimum legal requirements in treating all stakeholders fairly. However, these entrepreneurs and their companies are not yet widely recognized as great employers who treat all stakeholders well, partly explained by fewer efforts put into public relations and advertising in communicating what businesses do for these people.

Figure 5: Sustainability



Source: Asian Development Bank.

F. Conclusion

This study examines five critical dimensions of how digital entrepreneurs leverage digital technology during the COVID-19 pandemic to improve policy-relevant knowledge on dynamic

entrepreneurial ecosystems. Several significant findings emerge from the study. First, there are substantial variations in how digital entrepreneurs in six ASEAN countries utilize digital technologies in business, affecting how they pivot the business model with products and services in response to the COVID-19 pandemic. Second, the ability of digital entrepreneurs to adapt to the adverse impacts of the pandemic in a relatively short time is the best proof of their *entrepreneurial dynamic*. The entrepreneurship mindsets and capabilities, combined with their digitalized business models, are the keys to turning crises into opportunities, finding new markets, adapting their products and services, and continuing to create economic values as measured by their financial and operational performance. Third, sustainability can be integrated into the business model, which helps attract investors who value positive impacts on the world and improve the business.