



BACKGROUND NOTE

Information and Communication Technology and Entrepreneurship

Emmanuel Alano and Pilipinas Quising

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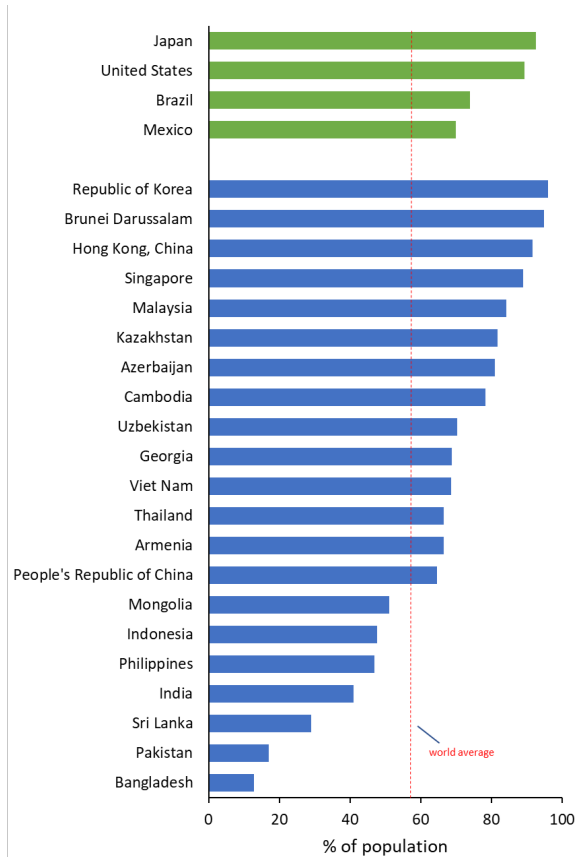
Emmanuel Alano, Consultant
Pilipinas Quising, Senior Economic Officer
Asian Development Bank

Information and communication technology (ICT) provides a platform for entrepreneurship. During the pre–coronavirus disease (COVID-19) pandemic years, use of technologies such as mobile banking, online shopping, blockchain, internet of things, and other emerging technologies increased, and this trend has continued in the last 2 years. It has reduced the cost of doing business significantly and is increasingly being used for new ventures. However, these technologies are only useful if the necessary ICT infrastructure is in place to support public access.

In 2019, the majority of developing Asian economies have high internet access in comparison to the rest of the world. According to World Bank data, more than 85% of the population in all newly industrialized economies, such as the Republic of Korea; Hong Kong, China; and Singapore as well as Brunei Darussalam; have internet access. However, access is lagging in South Asian economies, with only 13% of the population in Bangladesh and 17% in Pakistan having access. This digital divide in some of the region’s economies continues to be a significant impediment to ICT-enabled entrepreneurship and development. Despite this, internet usage in most of the Asian economies is higher than the world average (Figure 1).

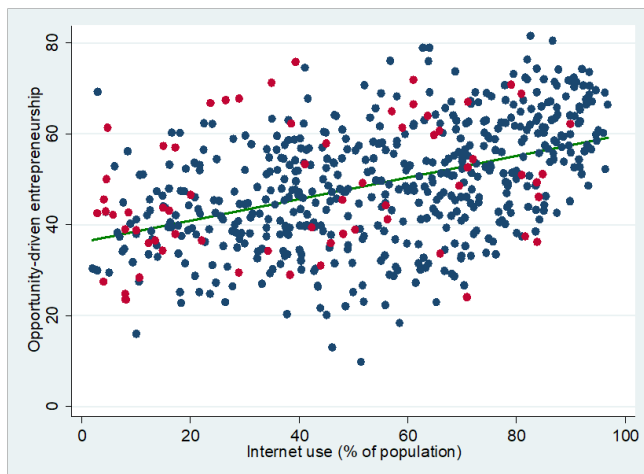
To demonstrate that countries with better ICT infrastructure have higher levels of entrepreneurial activity, the Global Entrepreneurship Monitor’s entrepreneurship indicators were linked with internet access. Data from 2001 to 2019 show a negative relationship between internet access and total early-stage entrepreneurial activity and necessity-driven entrepreneurship, but a positive relationship with opportunity-driven entrepreneurship (Figure 2). Apart from studies that demonstrate how opportunity-driven enterprises drive economic growth, this explains how ICT has provided opportunities for businesses, including start-ups. The majority of innovation, growth, and jobs are provided by opportunity-based or growth entrepreneurs. This relationship can be seen in both advanced and emerging/developing economies, as well as high-income and low-income economies. It is visible in developing Asia, where newly industrialized economies and major economies are leading the way. This shows that businesses are increasingly utilizing ICT, and internet access is now necessary to provide and disseminate products and services through better reach and lower costs.

Figure 1: Internet Access in Developing Asia, 2019



Source: World Bank. World Development Indicators database. <https://databank.worldbank.org/source/world-development-indicators> (accessed 25 March 2022).

Figure 2: Relationship between Internet Access and Opportunity-Driven Entrepreneurship



Sources: World Bank. World Development Indicators database. <https://databank.worldbank.org/source/world-development-indicators> ; Global Entrepreneurship Monitor database. <https://www.gemconsortium.org/data> (both accessed 25 March 2022).