



The Impact of Electronic Residency (E-Residency) to Attract Foreign Entrepreneurs to Open Business in Sri Lanka

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Abstract

The development of information and communication technology is one of the most important indicators characterizing an innovation and information economy. Electronic Residency (E-Residency) is the latest method to attract foreign entrepreneurs while creating a location-free environment to start a business. There is a heated debate in Sri Lanka about bureaucratic procedures and lengthy waiting times for business registration. Therefore, the primary aim of this research is to identify the impact of introducing an E-Residency on starting a business in Sri Lanka and the overall satisfaction of entrepreneurs. This study further examined the satisfaction of the entrepreneurs as a mediator in the relationship between E-Residency and starting up a business in Sri Lanka. The study used a quantitative research method, and a focused group interview with a paper-based questionnaire was used for the collection of data. Using a sample of Japanese entrepreneurs belonging to three different fields agriculture, construction, and fisheries in Minami-Uonuma, Niigata Prefecture of Japan, the first 48 questionnaires received from respondents were selected as the sample of the study, ensuring the randomness of the sample units, and the data analysis was conducted using SPSS version 21. A focused group interview with CEOs of three different fields, including agriculture, construction, and fishing, was used to enhance the quality of the study. The conceptual model of the study was examined using simple linear regression, exploratory factor analysis, multinomial logistic regression analysis, and the online Sobel test. There is a significant positive effect of E-Residency on starting a business in Sri Lanka, a positive and significant effect of E-Residency on investment satisfaction and there is a significant and partially mediating effect of entrepreneurs' satisfaction on opening a business through E-Residency in Sri Lanka. The results of this research contribute to the understanding of the government's role in introducing E-Residency to attract more foreign entrepreneurs to open a business in Sri Lanka.

Keywords: E-Residency, Foreign Entrepreneurs, Innovation, E-government, Start-up

