



## SRI LANKA AS A POTENTIAL HUB FOR IT/BPO SERVICES

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Sri Lanka's strategic location in the Indian Ocean on the major air and sea routes between Europe and the far East is an advantage to positioning Sri Lanka as a global logistics hub. However mainly due to economic instability created by prolonged war, Sri Lanka had been less popular as a centre for delivering IT, business process outsourcing (BPO) or knowledge services until recent past. Today, Information and Communication Technology (ICT) has been pivotal for the socio economic development of a country. The main objective of this study is to investigate the position of Sri Lanka in the Asia Pacific region as a potential destination to IT/BPO services delivery. The research has carried out a PESTEL analysis on IT industry. Furthermore, it has conducted a regional comparison of IT industry mainly considering competitive countries in the Asia Pacific region. Although IT sector employees draw higher salaries when compared to most of other sectors in Sri Lanka, salary level still remains lower when compared to most of competitive countries. Hence, this is a critical factor for companies choosing where to locate or outsource their service operations. From an economic point of view we are way ahead than the competitors in the same income group level. Relative average costs of compensation for knowledge services in Sri Lanka are lower than most of competitive countries in the region. Furthermore, from a technological stand point, Fixed Broadband Internet tariffs are very competitive and minimal in Sri Lanka. Moreover, the sub index of regulatory environment pillar of Networked Readiness Index (NRI) has been attempted to compare the regional index values in order to spot Sri Lanka's position within Asian region and it suggests that the country's regulatory system is more favorable for business when compared with India, Pakistan, Philippines and Nepal. This study has conducted a comprehensive analysis on each of the pillar of PESTEL, and found that Sri Lanka is a hidden gem in many ways for IT/BPO services delivery. Sri Lankan government ought to take proactive measures such as conducting international investor promotions, introducing new tax holidays, increasing the intakes of Computer Science / IT undergraduates, etc. to extend the country's competitiveness further and grab this regional opportunity as a destination for IT/BPO services delivery.

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