ANTECEDENTS OF ICT ADOPTION AND BUSINESS PERFORMANCE IN COLOMBO DISTRICT, SRI LANKA

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Abstract - ICT has influenced greatly in changing the business structures and communication processes along with aiding rapid globalization and spread of knowledge. The effect of ICT on the economy, social structures and even personal development has become an important topic on empirical studies in recent decades. Therefore, the purpose of this study is to gain a deeper understanding of how the antecedents of ICT Adoption impact the Business Performance of SMEs in the Colombo District of Sri Lanka. The study observes the association between the Business Performance and the three antecedents of ICT Adoption observed throughout the literature and used in various models such as the Technology, Organization and Environment (TOE) model, the Diffusion of Innovation model and the TAM Model. The three factors being Technological Factors (Relative Advantage and Complexity of ICT), Organizational Factors (Owner's Knowledge of ICT) and Environmental Factors (Institutional Intervention and Competitive Pressures). The author surveyed 385 SME owners in the Colombo District using a structured questionnaire developed through the constructs of different adoption models. The findings showed a positive relationship between the three factors; Technological, Organizational and Environmental and the Business Performance of SMEs. Out of the three factors, Organizational and Environmental factors shows to have a significant impact on Business Performance with the Environmental Factors exhibiting the highest level of impact. This seems to indicate that Institutional Intervention and Competitive pressures have a higher impact on BP. The implications of these findings are presented in the study along with the limitations faced and recommendations for further studies.

Keywords - Small and Medium Scale Enterprises (SMEs), Information and Communication Technology (ICT), Business Performance, Technology Organization and Environment Model, Diffusion of Innovation model