

## **ABSTRACT**

Information and Communication Technology (ICT) is identified as a major driving factor for SME growth. However it was found that most of the Sri Lankan SMEs are low level ICT adopters in their businesses. Having observed the low ICT utilization in Sri Lankan SMEs, researchers conducted this research to find the factors affecting to adopt ICT in Sri Lankan SMEs. The main objectives of the study were to determine the key driving forces, to determine key barriers, and to evaluate whether some factors are more influential than others. Research method used was qualitative method and empirical data gathered using in-depth interviews, focus group sessions and interviews with industry experts. This research presented the results of a qualitative research on 16 SMEs drawn from two main sections of the economy: manufacturing and service.

The various factors identified as barriers and driving forces for ICT implementation which can be broadly classified into three environments: SME owner environment, micro environment and macro environment. The main factors found under an SME owner environment where ICT knowledge, psychology and SME owner demography. ICT literate human resources, organization demography, business model and cost optimizations were considered as main factors found under micro environment. The main factors found under macro environment are cost of ICT resources, pressure from customers, ICT security, and available legal framework.

The results found that the main barriers are lack of ICT literate human resources, lack of awareness about the legal framework, PayPal money receive restrictions, poor delivery services in Sri Lanka and negative attitudes about ICT investments. Key driving forces are the cost optimization, openness to new technology, perceived usefulness of ICT, SME owner knowledge on ICT and high confidence in ICT. Based on the research findings, the researchers suggested that both government and private sector organizations need to initiate more awareness programs starting from school level to build ICT supportive culture. Some other implications of the research are to make finance cost affordable for SMEs, enable PayPal money reception to Sri Lanka, Improvement to Sri Lankan postal and courier services.