

**FACTORS AFFECTING THE BUSINESS SUCCESS OF  
INFORMATION TECHNOLOGY BASED SMEs IN SRI LANKA**

**MASTER OF BUSINESS ADMINISTRATION  
IN  
MANAGEMENT OF TECHNOLOGY**

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**FACTORS AFFECTING THE BUSINESS SUCCESS OF  
INFORMATION TECHNOLOGY BASED SMEs IN SRI LANKA**

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Department of Management of Technology

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Sri Lanka

January 2017

# DECLARATION

## Declaration of the candidate and the supervisor

I declare that this is my own work and this dissertation does not incorporate without acknowledgment, any material previously submitted for a Degree in any other University or institute of higher learning and to the best of my knowledge and belief it does not contain any material previously published or written by another person except where the acknowledgement is made in the text.

Signature..... Date.....

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The above candidate has carried out research for the Dissertation under my supervision.

Signature of the supervisor..... Date.....

## **ABSTRACT**

Facilitating and Strengthening the birth and growth of new startups SME is a positive move as startups create new jobs, promote new spending, and drive innovation more than older companies. Unlike any other startup SME, The Information Technology (IT) Startup SMEs has a high potential as IT can serve almost all the industries in the world and has given the implication that facilitation such a business will be vital for the economy of a country.

Hence it is vital to identify contributory factors that affect the success of an IT based Startup SME in Sri Lanka. Therefore, Research Questions were developed based on problem statement and the objectives derived were, first to ascertain the current situation of Sri Lankan IT sector success with respect to technology selection, secondly to identify other factors affecting the success of new business startups, thirdly, to development of a new methodology for suitable technology selection and consultancy and incubation for new startups and finally, to recommend policies and strategies to select suitable technology and other contributory factors that can drive the new startups towards business success. The data was collected through a structured questionnaire which distributed among main stakeholders in IT field. And a total valid sample of 330 respondents' responses was analyzed through reliability analysis, descriptive and inferential analysis. The results of the study show that the business success has a positive relationship with the selection of technology, creativity, innovation, incubation facility and consultation. Further, this relationship is moderated by environmental dynamics. These findings help policy makers to enhance technology and innovation in order to promote SME's and hence finally economic growth of Sri Lanka. However, lack of previous literature published on Sri Lankan Software Industry, difficulty in retrieving information that could determine the business success of an organization due to the hesitance in sharing this information by the business owners, multiple regression resulted in a low R squared value were some of the limitations of this study. This Research concludes with recommendations for Future Research in the subject matter.

Key Words: Small and Medium Scale Enterprises; SMEs, Information Technology; IT, Business Success, Sri Lanka

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## **LIST OF ACRONYMS AND ABBREVIATIONS**

IT - Information Technology  
ICT - Information & Communication Technology  
SME - Small and Medium Scale Enterprise  
SAT - Selection of appropriate Technology  
CR - Creativity  
INN -Innovation  
FC - Incubation Facility & consultation  
BS - Business Success  
APAC- Asia Pacific  
BPO - Business Process Outsourcing  
PC - Personal Computer  
CAGR - Compound Annual Growth Rate  
PSDP - Public Sector Development Program  
KPO- Knowledge Process Outsourcing  
BMI - Business Monitor International  
USTR - United States Trade Representative  
GDP - Gross Domestic Product