

**DETERMINANTS OF SMEs' ADOPTION OF
INFORMATION COMMUNICATION TECHNOLOGY (ICT)
AND THEIR IMPACT ON ORGANIZATIONAL PERFORMANCE
IN INDONESIA**

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Form B

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Determinants of SMEs' adoption of Information Communication Technology (ICT) and their impact on organizational performance in Indonesia

I further certify that to the best of my knowledge the thesis contains no material previously published or written by another person except where due reference is made in the text of the thesis.

The material in the thesis has not been the basis of an award of any other degree or diploma except where due reference is made in the text of the thesis.

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ABSTRACT

This research examines the adoption of information technology innovation in small and medium-sized enterprises (SMEs) and its impact on organizational performance in Indonesia. Despite extensive research undertaken in the area of adoption of innovation in business in general, little is known about its adoption of by employees. The purposes of this research are to: firstly, empirically investigate the determinants and their effects on the performance of SMEs in a developing country; and secondly, provide new theoretical directions addressing why employees adopt innovations in the workplace.

This thesis develops and tests a unified model of information communication technology (ICT) adoption taking into account the strength and limitations of existing models. The theoretical framework for this research is based on the Unified Theory of Acceptance and Use of Technology (UTAUT), theory of reasoned action (TRA), the technology acceptance model (TAM), and Frambach and Schillewaert's (2002) conceptual framework. The unified model developed here includes several modifications of prior models. The UTAUT model combines multiple sets of factors existing in previous models and incorporates factors suggested in the extant literature. Furthermore, the model incorporates additional variables tested in other innovation acceptance-related studies, especially those dealing with SMEs' adoption of ICT. It does this to create a coherent and novel model of innovation adoption.

Survey method using a structure study instrument was employed to create a dataset to analyze and test the validity of the proposed theoretical model. Multivariate analytical techniques including multiple regression analysis using SPSS were employed for this purpose. The results show that individuals' adoption of innovation is influenced by: two organizational factors - training and incentives; two individual factors - personal innovativeness, prior experience; and one social factor - virtual networking. The results indicate that individual adoption of innovation is influenced by employee demographics. Thus the empirical findings that clearly support the proposed unified model make a solid contribution to knowledge by deepening and broadening

our understanding of the complexities associated with the adoption and implication of adoption of ICT by SMEs in Indonesia

The theoretical model validated in this study provides valuable insights into an alternative and comprehensive theoretical basis for updating our understanding of SMEs' implementation of ICT innovation in Indonesia. The study aims to increase government knowledge of how to apply ICT to boost the performance of small and medium sized enterprises so that they profit well and contribute to Indonesia's national economic objectives.

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PUBLICATIONS

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