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IMPACT OF DIGITAL TRANSFORMATION IN MEASURING BUSINESS PERFORMANCE OF SMALL & MEDIUM SCALE BUSINESSES IN SRI LANKA

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Abstract

One of the most fundamental social and economic occurrences of our time is digital transformation, which has an impact on business operations. The purpose of this paper is to investigate how digital transformation affects marketing activities in small and medium-sized enterprises (SMEs) in Sri Lanka, as well as to investigate overall changes triggered by digital technology in the marketing concept, its instruments, and activities in SMEs. The primary research question focuses on the current evolution of marketing activities performed by organizations. Analyses and considerations are based on logical inference, examination of empirical study results, a critical literature review, and market observations by the author. Analyses have shown that digital technologies are widely used in marketing in the enterprises studied, despite the fact that these technologies are often classified as traditional tools. IT technologies and digital tools also have an impact on marketing, assisting in the development of customer relationships and increasing the value of each organization.

Keywords: Business Performance, Compatibility, Cost Effectiveness, Digital Transformation, Interactivity Social Media and Trust

1.0 Introduction

Digital transformation, most commonly associated with the multi-factor effects of digital technologies on an organization, is one of the critical occurrences that characterize our social and economic reality here and now around the world. It manifests itself through the incorporation of digital technologies into all operational aspects of an organization's activities. Businesses must rise to the challenge of keeping up with technological progress and the unfolding social changes triggered by the X, Y, and Z generations (Anin et al., 2012), and use a variety of modern marketing communication instruments, including those associated with sustainable growth (Alarcon et al.,). That is essential if they are to survive in a global market roiled by rapid and turbulent change, where the modern customer has evolved into a value co-creator.

Technology, which was previously used to reduce costs and improve business processes, has revealed its potential to determine the overall direction of change in an organization's functioning. Today, we can see a phenomenon known as the "digital revolution," which denotes fundamental changes in consumer behavior and lifestyle, as well as the organization of economic relations. All of this is due to the growing importance of ICT (information and communication technologies) and the Internet, which have altered how information and data are obtained and processed, as well as transformed how people communicate and establish relationships with one another. Digital marketing is defined as the use of digital technologies and media to achieve

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marketing goals (Arora, 2013). In organizations that are in the early stages of digital transformation, technology is viewed as a tool that improves organizational performance while leaving the previous operational framework and principles untouched. Technology has greater potential, and in its most advanced form, it has the potential to lead to a complete organizational change based on modern tools (Bakri, 2012).

Digital transformation is primarily concerned with the transformation of an organization and the processes that occur within it in order to introduce a new approach to products, customers, or services. It is not simply a matter of making existing processes more efficient or effective with the aid of modern technologies. A business places the customer, his needs, and preferences, at the center of its operations (Batikas, 2012). He also becomes a value co-creator [8], emphasizing the importance of marketing in the age of digital transformation. Thus, conducting research on this topic with SMEs would add to our understanding of digital transformation, marketing, and sustainability. The research gap was identified as a lack of research on how SMEs could use ICT tools and techniques to improve digital transformation and achieve long-term development.

Information and communication technologies (ICT) have influenced the operation of entire economies, societies, businesses, and other organizations, as well as every human being. These changes, known as the Industrial Revolution 4.0, resulted in the development of the digital economy and enterprise digital transformation. Technological advancement completely alters the environment of businesses, necessitating a shift in all decision-making areas of specific entities, as well as their development strategies or business models. Because of the technological advancements and development of the information society, digital transformation is critical. ICT is widely used in homes and businesses all over the world. El Hilali et al (2019).'s findings that customers, data, and innovation are drivers, and that companies should use marketing tools during a digital transformation, have a significant impact on companies' quest for sustainability.

Because it necessitates radical changes in strategy and business model, the digital transformation must embrace sustainability. To achieve sustainability in the digital age, SMEs should concentrate on three main axes: improving the customer experience and adopting customer centricity, developing data analytics capabilities, and shifting innovation to the business model level. Marketing, through the customer experience approach and marketing tools used, is one of the pillars of digital transformation in SMEs (Chong, 2004). The use of modern digital marketing tools allows for the long-term development of SMEs (Derham, 2014). As a result, a continuous digital transformation is required to ensure that the company's value delivery to customers is superior to that of its competitors. To summarize, digital transformation is a moving target rather than a single point process (Divol, 2012).

Digital transformation occurs when organizations use technology across platforms and functions to dramatically improve the quality of customer service at key touch points. Organizations must first create value for their customers before they can create value for themselves (Edosomwan, 2011). Organizations must be appropriately incentivized by factors such as culture, leadership, IT infrastructure, processes, and so on for a successful transformation.

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2.0 Literature Review

2.1 Digital Transformation

In general, digital transformation refers to a radical and comprehensive shift in the use of technology with the goal of improving business performance. According to one definition of digital transformation from (Ferrer, 2011). Digital transformation is a change caused or influenced by the use of digital technology in all aspects of human life. In contrast to the definition of (Grandon and Pearson, 2004), digital transformation is defined as the use of technology to generally improve a company's performance or reach.

Another definition comes from (Lumsden, 2015), which states that digital transformation is the third and highest level of digital skills attained. It occurs when digital use facilitates innovation and creativity, as well as encourages significant changes in professional or knowledge fields. Furthermore, digital transformation is defined as "a rapid change in all strategies because demands must change, operations must be digital, and extended supply chain relationships must be extended."

Furthermore, it necessitates the functional use of the internet in design, manufacturing, marketing, sales, and presentation, as part of a data-driven management model" (Hair, 2013). Security, simulation, the internet, cyber security, and blockchain are also included (Hakala, 2013). Some of these definitions indicate that when using digital transformation, there is a comprehensive motivation, innovation, and consequences. As a result, SMEs can easily carry out digital design of business model choices, information technology and understanding, evaluation, digital value network design, and customer feedback (Hakala, 2013). Furthermore, establishing open lines of communication between entrepreneurs and information technology specialists can help to prevent fraud (Henseler, 2010).

Governments and stakeholders must support digital transformation for SMEs (Khushinir, 2015). It aims to improve business models and company operations so that they can be classified as digitally mature (Keitzmann, 2011) These factors are classified as follows: company characteristics, a lack of qualified personnel, a lack of knowledge of the technology required, infrastructure, a lack of marketing, the adoption of ICT and e-commerce (Kim, 2012), a lack of technology road maps and ecosystems for digital transformation, and the reliability of the environment (Saxton, 2012). Digital transformation is an effort to accelerate business by utilizing technology tools and looking for opportunities that can assist business processes in order to broaden the target market. When businesses are forced to change due to a pandemic, they have the advantage of being able to increase promotions through online applications. As a result, they are able to solve problems in the sales and logistics channels. Digital transformation can be successful if SMEs make a commitment, such as by offering products on social media, offering discounts, and so on. There are four digital transformation strategies that can be implemented: (1) ensuring that the business remains competitive; and (2) increasing the efficiency of business processes. (3) Increasing customer satisfaction; and (4) making various strategic decisions easier for business people. When businesses are forced to relocate, digital transformation is extremely beneficial. For example, consider how online applications can solve

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two problems at once, namely sales and logistics. The supply chain can begin to rely on online platforms that connect business people with raw material suppliers.

There are three aspects to digital adoption. The first is that the urgency of digital transformation is not just about technology, but also about how businesses can compete more aggressively because it can reduce costs in many areas. Second, improving business-related digital knowledge and skills. The truth is that not all businesses require a website; some simply require promotion through the appropriate channels. Due to a lack of understanding, digital transformation decisions are frequently less appropriate to the needs of the business itself. The third option is to use integrated e-wallet services.

2.2 Small and Medium Enterprises in Sri Lanka

The Small and Medium Enterprise (SME) sector has been identified as an important strategic sector in the Government of Sri Lanka's (GOSL) overall policy objectives, and it is viewed as a change agent for inclusive economic growth, regional development, job creation, and poverty reduction. The SME sector is expected to help transform laggard regions into prosperous emerging regions. The Sri Lankan government regards SMEs as the backbone of the economy, as they account for more than 75 percent of total enterprise numbers, provide 45 percent of employment, and contribute 52 percent of GDP (GDP) (Ministry of Industry and Commerce, 2019).

SMEs promote broad-based equitable development and expand opportunities for women and youth to participate in the country's economic development. With the globalization trend, the SME sector is seen not only as a sector for "protection and promotion," but also as a driving force for "growth and development." As a result, the Sri Lankan government recognizes that improving national and international competitiveness is critical for this sector to face emerging challenges and develop SMEs as a thriving sector (MIC, 2019).

Given the nature of this sector and the challenges it faces, it is critical to have a government-led intervention and support mechanism in place to upgrade and strengthen it in order to meet the country's expectations. This SME Policy Framework aims to promote high-potential, promising SMEs and improve the business environment so that they can reach their full potential in today's globalized economy. This Policy Framework will encourage small businesses to expand into medium-sized businesses, medium-sized businesses to expand into large businesses, and large businesses to expand into globally competitive businesses (MIC, 2019).

The National SME Policy Framework's mission is to stimulate the growth of SMEs in order to produce world-class products and services that can compete locally and internationally through a supportive enabling environment and interventions such as technology transfer, entrepreneur culture and skills development, access to finance, market facilitation, and research and development.

The SME Policy Framework will also prioritize the preservation of natural capital, green growth, entrepreneurship development, women entrepreneurship, the craft sector, and promising industrial clusters by strengthening enterprise villages, handicraft villages, industrial production

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villages, and SME industrial estates/zones (Ministry of Industry and Commerce, 2017). The term SME refers to micro, small, and medium-sized businesses. Depending on their level of development, different countries define SMEs differently. The most commonly used yardsticks are total employee count, annual revenue, and total investment. The SME policy framework in Sri Lanka defines SMEs based on the number of employees and annual turnover (Ministry of Industry and Commerce, 2017).

Table 1: Breakdown of SMEs in Sri Lanka

Sector	Criteria	Medium	Small	Micro
Manufacturing sector	Annual Turnover	Rs. Mn. 251 - 750	Rs. Mn. 16 - 250	Less than Rs. Mn. 15
	No of Employees	51 - 300	11 - 50	Less than 10
Service Sector	Annual Turnover	Rs. Mn. 251 - 750	Rs. Mn. 16 - 250	Less than Rs. Mn. 15
	No of Employees	51 - 200	11 - 50	Less than 10

Source: Ministry of Industry and Commerce (2021)

Small and Medium-sized Enterprises (SMEs) are defined as businesses with fewer than 300 employees and an annual revenue of less than Rs.750 million. Micro enterprises are read alongside SMEs in this context for any policy-related measures.

In terms of definition, both criteria are taken into account when defining SMEs. If a business falls into more than one category, the level of employment should be the deciding factor. The limit only applies to individual businesses. Holding company subsidiaries are not considered SMEs. However, if the group's turnover and employee count remain within the above limits, this exclusion will not apply.

The goal of SME definition is to provide an instrument for policy targeting, to provide national statistics on SMEs, to serve as the foundation for directing State support for SMEs, and to target a broader range of policy measures. This definition should be revisited every three years and amended as needed based on the country's economic and business development.

2.3 SMEs and Adaptation of Digital Transformation

The use of internet technology in the workplace has become commonplace (Chen et al., 2008). The internet-enabled communication media enables organizations to conduct business from anywhere at any time (Chen et al., 2008). A number of studies examined the use of Facebook among SMEs and discovered that SMEs used Facebook for a variety of organizational goals such as marketing, communication, sales, advertising, innovation, problem resolution, customer service, human resources, information technology, driving cultural change (Bhanot, 2012), and advertising on social networks (Beloff and Pandya, 2010; Handayani and Lisdianing, 2010). (Congxi et al., 2010). According to Meske and Stieglitz (2013), SMEs use social media technologies such as Facebook to communicate with their customers as well as to support

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internal communication and collaboration. According to a study conducted among SME managers in the United States, the United Kingdom, Australia, and India, firm innovativeness, age, and geographic location all have a significant impact on SMEs' adoption of Twitter (Wamba and Carter, 2013). SMEs, on the other hand, will use social media if these applications provide a significant amount of relevant and high-quality up-to-date content, according to Zeiller and Schauer (2011). According to a number of studies, factors such as compatibility (Wang et al., 2010), cost effectiveness (Chong and Chan, 2012), trust (Chai et al., 2011), and interactivity (Lee and Kozar, 2012) influence social media adoption. The relationships are described in the following paragraphs.

2.3.1 Compatibility

According to the DOI theory, compatibility refers to how well an innovation fits with the potential adopter's existing values, past practices, and current needs (Rogers, 1983). Compatibility has been identified as a critical factor in the adoption of innovation (Cooper and Zmud, 1990; Wang et al., 2010). Firms are more likely to consider adopting new technology when it is recognized as compatible with work application systems. Many studies have been conducted to investigate the impact of compatibility on technology adoption, with both positive and negative findings. Brown and Russell (2007), for example, highlighted the effect of compatibility on the adoption of radio frequency identification technology in the South African retail sector and argued that for RFID adoption and implementation to be successful, organizations must develop a flexible IT infrastructure capable of accommodating RFID systems.

Hsu, Lu, and Hsu (2007) discovered a significant effect of compatibility in MMS adoption in groups of potential MMS users, indicating that they will adopt MMS if using MMS is compatible with their values and beliefs. Wang et al. (2010) investigated the impact of compatibility and discovered that it is a significant factor. In contrast, Ramdani et al. (2009) discovered that compatibility is an insignificant factor in the adoption of enterprise systems in their study. Similarly, another study that investigated cloud computing adoption (Low et al., 2011) discovered that compatibility had no significant impact. Embedding digital transformation in businesses would be a good idea because it allows businesses to effectively niche their target customers and share content about their products and services almost instantly (Derham et al., 2011). Because the findings are inconclusive, it is worthwhile to investigate the impact of compatibility on digital transformation.

2.3.2 Cost Effectiveness

Previous research highlighted the importance of cost in technology adoption and utilization (Ernst and Young, 2001) and discovered a direct and significant relationship between cost and technology adoption (Alam and Noor, 2009). According to studies, cost effectiveness is an important factor in the adoption of new technologies (Chong and Chan, 2012; Premkumar and Roberts, 1999). Because of the low cost, low barriers to participation, and low level of IT skills required to use it, digital transformation is appropriate for SMEs (Derham et al., 2011). Dixon et al. (2002) contended that SMEs are less likely to adopt ICT if the initial set-up cost is high. Alam (2009) discovered that the cost of adoption has a significant effect on internet adoption among

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SMEs in Malaysia. Tan et al. (2009), on the other hand, discovered that cost had no significant effect on ICT adoption. In a similar study, Alam and Noor (2009) discovered that perceived cost had no direct impact on ICT adoption. However, because social media is a low-cost technology, organizations can have direct communication with customers at a low cost (Kaplan and Haenlein, 2010).

2.3.3 Trust

Trust is a multifaceted concept. In their studies, the authors looked into various types of trust. The institution-based trust would be a better fit for this study. Mcknight et al. (1998) distinguished between two types of institutional-based trust: situational normalcy and structural assurance. The belief that success is expected because the situation is normal is referred to as situational normalcy. Whereas structural assurances refer to the belief that positive outcomes are likely as a result of contextual structures such as contracts, regulations, and guarantees. Choudhury and Karahanna (2008) extended McKnight et al (2002).'s framework by proposing the existence of a new type of trust, namely informational trust.

Informational trust is defined as a user's belief in the dependability, credibility, and accuracy of information obtained from Facebook and is a significant factor influencing usage (Chai et al., 2011). The positive customer relationship, which social media facilitates, is a critical success factor for small businesses. Experts within the organization could use social media to share their ideas, opinions, and knowledge in response to customer inquiries (Schaffer, 2013). In the context of SMEs, organizations post a lot of information about their organization, products, services, and other promotional activities, as well as obtain information and knowledge from Facebook. As a result, structural assurance and informational trust may be required in order to use Facebook for work-related purposes.

2.3.4 Interactivity

Previous research has discovered that the successful interaction between humans and technology is a critical factor in the design and implementation of information systems (Lee and Kozar, 2012). Among the various design characteristics, interactivity stands out as a key and distinguishing factor that influences users' reactions to new technologies such as websites (Agarwal and Venkatesh, 2002; Jiang and Benbasat, 2007). Social media, such as Facebook, is classified as interactive media. It allows for two-way communication rather than one-way transmissions or distributions of information to a target audience (Mayfield, 2008). Handayani and Lisdianingrum (2011) investigated Facebook adoption and use in two Indonesian SMEs and concluded that if properly managed, Facebook can be an effective free online marketing tool. As a result, given Facebook's interactive nature, the interactivity construct may have a significant impact on Facebook usage.

2.4 Impact of Digital Transformation on Business Performance for SMEs

Several studies have demonstrated that technology can improve business processes and performance (Gera and Gu, 2004; Paniagua and Sapena, 2014; Hakala and Kohtamäki, 2011). Some researchers have discovered that corporate adoption of social media has advantages, and several have discovered a positive relationship between social media adoption and corporate

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performance (Ainin et al., 2015; Paniagua and Sapena, 2014; Parveen et al., 2014; Rodriguez et al., 2012). Rodriguez et al. (2015) discovered that social media use improved customer-facing activities and, as a result, sales performance. According to Ferrer et al. (2013), the use of social media improves organizational social capital, which in turn improves performance. Wong (2012) and Kwok and Yu (2013) discovered that Facebook adoption improved the sales performance of SMEs. According to Hassan et al. (2015), social media can have a significant impact on business by influencing purchasing decisions. These findings are consistent with previous research on technology adoption, which discovered that technology adoption had a positive impact on both financial and non-financial performance (Nicolajsen, 2013; Thong, 2001 and Zhu et al., 2003).

Despite the numerous benefits of using digital transformation, organizational-level research on Social Media and its impact on organizational performance has not grown at the same rate (Lovejoy and Saxton, 2012; Shahizan et al., 2012). As a result, this study looks into the various factors that influence Social Media usage in organizations, as well as the impact on organizational performance. In this study, social media usage is measured in a system-centered manner, with system usage measures based on the various tasks for which the system is used (Burton-Jones and Gallivan, 2007). The informed effective use of digitalization was considered in order to investigate the usage of Social Media among organizations, as this was an important indicator of technology success, which has an impact on organizations (DeLone and McLean, 2003). Organizational performance, according to the DeLone and McLean IS success model, refers to the actual benefits organizations received from using Digital Media in terms of both financial and non financial performance. Previous research has looked into organizational use of social media, but only a few studies have looked into the impact of digital transformation on organizational performance. Rodriguez et al. (2014), for example, provided evidence that social media technologies such as Social Media have a positive impact on customer-oriented processes, which in turn impact an organization's sales performance. Ferrer et al. (2013) demonstrated that the use of social media technologies improves an organization's social capital and thus its performance. Furthermore, Wong (2012) discovered that the use of social media has a positive impact on SME businesses (Wong, 2012). This is supported by the findings of Kwok and Yu (2013), who discovered that using Social Media can increase sales. When businesses use social media, they are more likely to achieve better financial and non-financial results.

3.0 Methodology

The methodology is to develop a conceptual framework and to explain the methodology through which research study has been conducted. In the conceptual framework independent and dependent variables related to the study will be identified. Moreover, by using theoretical perspectives discussed in the previous chapter conceptual framework has been developed. Then the chapter explains how the research has been conducted consisting operationalization, data collection and sampling, data analysis and finally the limitations of the study.

Based on the literature reviewed in the previous chapter, the effectiveness of using digital marketing tools in measuring the performance of small and medium-sized businesses in Sri Lanka can be shown below. According to Low et al. (2011), Derham et al. (2011), Wang et al. (2010), and Ramdani et al. (2010). (2009) According to Shuib and Ainin (2015), four types of

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variables in SMEs affect their performance: source compatibility (C), cost effectiveness (CE), trust (T), and interactivity (I).

According to Simmons, their dimensions for source compatibility and cost effectiveness are managing blogs, uploading videos or photos, time on site, bounce rate, and reach on site (2014). These variables have been measured by subsequent researchers and can be viewed as major predictors of source business performance. Another significant study that has contributed to the field of digital transformation, findings explain that Trust and Interactivity content must be viewed in a broader context in terms of advertising, official blogging, and newsletter; has identified three dimensions (Kaye, 2004).

Following variables were chosen from the above study of variables identified by different researchers to determine the effectiveness of digital transformation on the business performance of Sri Lankan SMEs. Due to the availability of a limited time frame, a limited number of variables were chosen based on their importance in previous research findings. In order to provide a 360-degree view, the variables chosen represent personal, social, and psychological areas. Furthermore, because digital transformation is still a new area in Sri Lanka, and because of differences in local lifestyle and the countries where previous research studies were conducted, some variables were eliminated.

The conceptual framework

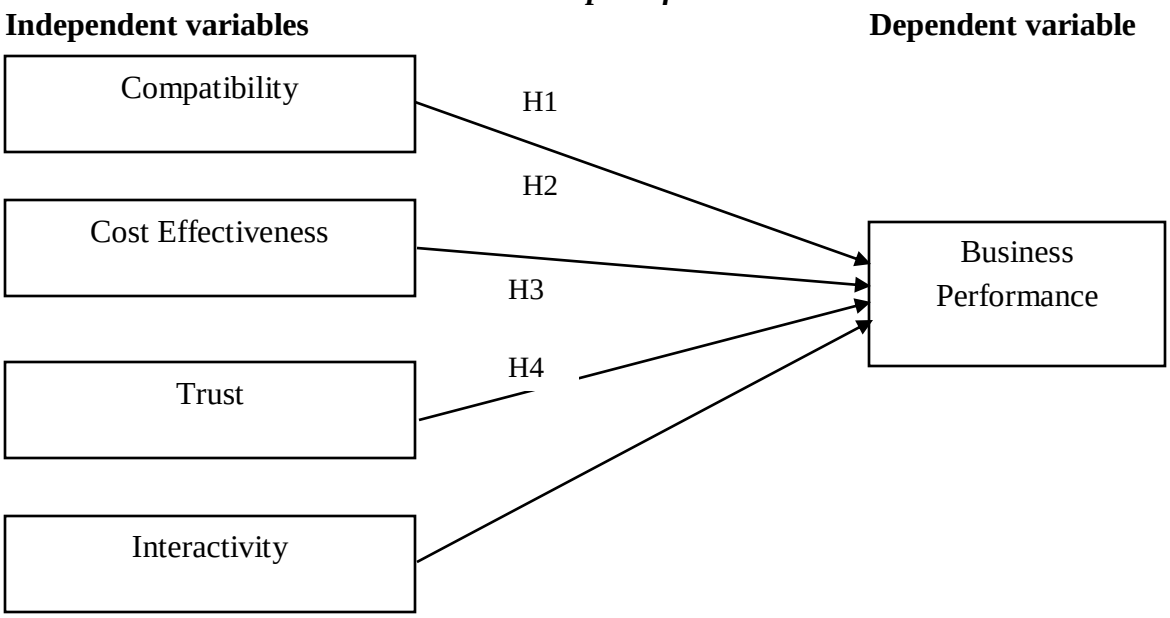

Figure 1: Conceptual framework

3.1 Research design

As research design, a descriptive research design is used for this study and as a quantitative research using questionnaire to collect primary data to impact of digital transformation on SMEs' business performance. Using journals, scholar articles and past research studies, the secondary

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data are collected and by developing literature review, the conceptual frame work is developed to identify the variables, dimensions and indicators to prepare effective questionnaire. The primary data are collected through questionnaire which is consisted of 34 questions to each relevant area. The questionnaire was distributed among 50 respondents according to the selection of population. To get the right understanding about subject matter multiple choice questions and scaling questions were used in questionnaire.

The questionnaire consists of 34 questions relating to the research study. The questionnaire is divided into 3 parts. First part is to collect the general information relating Digital transformation to collect information relating to compatibility on Digital transformation regarding of SMEs', cost effectiveness, trust and interactivity on Digital transformation regarding of SMEs. Section four includes measure on business performance of SMEs; consists with four questions. First part is consisting 5 points likert scaling questions to ask the extent to which they agree on particular statement which is coded as 5 – strongly agree, 4 – agree, 3- neutral, 2- disagree and 1- strongly disagree. In second part includes ten questions relating to the indicators of operationalization table where in fourth part, there are four questions relating business performance.

Section three consists of questions related to respondent's demographic data. This part includes five questions and has designed to identify respondents' demographic data including Social Media tools, no of years, annual turnover and no of employees.

3.2 Hypotheses

According to literature review and conceptual framework, following hypotheses can be used for testing the relationship between variables to ensure the achievement of research objectives.

Hypotheses 01: Compatibility has an impact to business performance.

Hypotheses 02: Cost effectiveness has an impact to business performance.

Hypotheses 03: Trust has an impact to business performance.

Hypotheses 04: Interactivity has an impact to business performance.

3.3 Sample design

When analyse and define the total sample of the research, firstly should be considered the total population regarding Social Media usage of total SMEs in Sri Lanka. Currently 336385 SMEs are operated their business in Sri Lanka including axillary services (Department of Census and Statistics, 2018). The main reason is all SMEs not use Digital transformation for promote their product and services and engage with customers. In Sri Lanka only 133 SMEs' use Digital transformation. It represents 0.04% of total SMEs' in Sri Lanka (Ministry of Industry and Commerce, 2019). It means related population of the research is 133 SMEs in Sri Lanka.

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Industrial Size	Industrial Establishments		Industrial Employment		Total Value-Added		Total Output	
	No.	%	No.	%	Million Rs	%	Million Rs	%
Micro Enterprises	5,779	34.12	33,301	2.85	27,080	1.94	52,675	1.40
Small Enterprises	6,914	40.82	136,932	11.72	137,763	9.90	287,806	7.62
Medium Enterprises	2,442	14.42	166,152	14.21	230,732	16.58	774,457	20.51
Total SMEs	15,135	89.36	336,385	28.78	395,575	28.42	1,114,938	29.53
Large Enterprises	1,803	10.64	832,265	71.22	995,961	71.58	2,660,550	70.47
Total	16,938	100	1,168,650	100	1,391,536	100	3,775,488	100

Source: Department of Census and Statistics, (2020)

Simple random sampling used as the sample technique due to each respondent in the population has known and equal probability of selection and each respondent selected independently; sampling element would be each independent individual selected from target population. Base on simple random sampling, researcher decides 50 SMEs that using Digital transformation out of 133 SMEs in Sri Lanka. The researcher easy to access and collect the data from Colombo and Gampaha district using 50 number of SMEs that operates in above areas.

4.0 Analysis

The data and related analysis regarding research hypothesis. In the rule section of the dissertation, the estimation information identified with test profile will be researched and deciphered. In subsequent stage, it will be portrayed and isolated the information identified with consider point, impact of digital transformation in measuring performance of small and medium scale businesses in Sri Lanka.

4.1 Social Media Tool

Social Media Tool		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Facebook	30	60.0	60.0	60.0
	YouTube	10	20.0	20.0	80.0
	Instagram	4	8.0	8.0	88.0
	LinkedIn	6	12.0	12.0	100.0
	Total	50	100.0	100.0	

Most no of SMEs use Facebook as a Social Media platform to promote their brand and marketing activities. It present 60% of total sample. Secondly SMEs pay their attention to use YouTube. It shows 20%. The organisation less attention to use Intagram, it shows 8%. Most companies try to increase usage of LinkedIn to get interaction for corporate communication.

4.2 Descriptive Statistics

With a particular extreme target to gap and hypothesis theory expert have inspected the information amassed through the analysis by methodology for SPSS 25 system and this engages and give the mean estimation of each factor in the sensible structure. Taking after tables will give the mean worth to each factor.

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Descriptive Statistics							
	N	Minimum	Maximum	Mean	Std. Deviation	Skewness	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error
Compatibility	50	2.40	5.00	3.9480	.63092	-.397	.337
Cost Effectiveness	50	2.20	4.60	3.7600	.54660	-1.281	.337
Trust	50	2.60	5.00	3.9200	.54361	-.676	.337
Interactivity	50	2.20	5.00	3.6640	.68505	-.341	.337
Business Performance	50	2.10	4.50	3.7760	.50368	-1.301	.337
Valid N (list wise)	50						

Above table presents how respondents have positioned their decision to this survey with Compatibility, Cost Effectiveness, Trust, Interactivity and Business Performance (Dependent variable). Dimensions were checked on the 1 to 5 likert scale and the mean value is more prominent than 3.00 for all pointers of above dimensions. Compatibility demonstrates the highest mean of above analysis. Thusly, it could be communicated that majority of the respondent has an average about these independent and dependent variables. All variables shows a negative Skewness in the sample. Left tail of the distribution for all dimensions longer than right tail. All data of the sample will be less than medium.

4.3 Regression

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.894[a]	.799	.781	.23573
a. Predictors: (Constant), Interactivity, Compatibility, Cost Effectiveness, Trust				

ANOVA[b]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.931	4	2.483	44.677	.000[a]
	Residual	2.501	45	.056		
	Total	12.431	49			
a. Predictors: (Constant), Interactivity, Compatibility, Cost Effectiveness, Trust						
b. Dependent Variable: Business Performance						

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Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.435	.266		1.634	.109
	Compatibility	.337	.075	.422	4.496	.000
	Cost Effectiveness	-.026	.099	-.027	-.266	.042
	Trust	.478	.104	.504	4.597	.000
	Interactivity	.074	.066	.101	1.123	.047
a. Dependent Variable: Business Performance						

Table 6: Multiple regression analysis between Compatibility, Cost Effectiveness, Trust, Interactivity and Business Performance

When it comes to multiple regression models, R value can be identified as 0.894. The strength between independent variables and dependent variable is strongly positive related with 0.894 value. If researcher tests of hypothesis of above case, he will evaluate statistical manner. According to multiple regressions analysis in above tables, according to multiple regressions analysis in Table, partial regression coefficient for Compatibility (C) is now 0.337, which different from the bivariate analysis. The corresponding beta coefficient is 0.422. The partial regression coefficient for Cost Effectiveness (CE) is -0.026 whereas corresponding beta value is -0.027. The partial regression coefficient for Trust (T) is 0.478 whereas corresponding beta value is 0.504. The partial regression coefficient for Interactivity (I) is 0.74 whereas corresponding beta value is 0.101.

The important part in the table is that R square which indicates that all independent variables have 0.799 or 79.9% of variation in Business Performance and other 20.1% of variation in Business Performance is explained by other factors related to Business Performance. The researcher can construct linier regression function based on above results

$Y= 0.435+0.422C-0.027CE+0.504T+0.101I+0.201\hat{e}$

$0.201\hat{e}$ is forecasted error in this model according this multiple regression model.

5.0 Key Findings and Discussion

According to the study's findings, digital transformation is significantly related to interactivity, compatibility, trust, and cost effectiveness. The findings also revealed that digital media usage had a positive impact on the business performance of Sri Lankan SMEs.

Based on the hypothesis tested above it is clear that there is strong positive relationship between all independent variables (Compatibility, Cost Effectiveness, Trust and Interactivity) and dependent variable (Business Performance) in the conceptual framework. Hypothesis of all null hypotheses are rejected and alternative hypothesis of all variables have to be accepted. It can be proved on significant test of analysis with evaluating Sig. value less than alpha (0.05) level ($0.000< 0.05$). It means all independent variables have an impact to the dependent variable of purchase intention.

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This study provides numerous insights for SMEs considering digital transformation for business performance. The findings should inform respondents on how to approach different situations in the best way possible, as well as demonstrate how nuanced educated and uneducated people must be when attempting to gain Social Media insights from SMEs. First, the findings inform respondents on how to best utilize Social Media resources and improve business performance. Results have repeatedly demonstrated how changing or adding a single unit statistic can have a significant impact on overall volume numbers, a metric that has traditionally been used to speak to digital transformation. These results demonstrate how, in a universe of divided respondents, this Marco economic approach to measuring compatibility, cost effectiveness, trust, and interactivity. As a result, SMEs may need to incorporate a digital transformation plan by utilizing a long-term digital business development or bottom-up approach. Measurements should begin with the objective respondents' feedback designs as a foundation and then measure relating movement in light of the Social Media strategy. This will assist SMEs who are attempting to gauge and reap the benefits of digital transformation. It will also allow those conducting predictive research to better gauge separate connections between Security and Image for potential respondents' Awareness and knowledge sharing behavior.

Users are active on social media platforms because they provide a fun and easy way to network, stay in touch with friends and family, and stay up to date on current events. Typically, users do not visit these channels with the expectation of being marketed to. However, this does not preclude social media users from following and interacting with their favorite brands. Another advantage of digital transformation is that it helps you increase visibility and, as a result, brand recognition. Social media profiles for SMEs provide new opportunities to share brand content and truly present your brand's voice and personality. By sharing valuable content with your target audience, you make your brand more accessible and familiar to both new leads and current customers.

As stages come and go and adjust in their usefulness, as do the groups of SMEs that use these studies, the results clearly demonstrate that it is possible to establish useful projects for business purposes. As a calling, researchers must begin focusing on specific stages before moving on to a more extensive Social Media Plan, rather than attempting to increase business development activities of knowledge by selecting a specific stage that may not be generalizable to common Social Media platforms. This will enable clients to better strategize on which stages to use, depending on the unit, picture of government, and private included. Finally, SMEs may be able to use this data to help advice their strategies when attempting to make Social Media activities. Managers may be able to better focus on those areas who will likely feel Social Media Marketers in such situations by utilizing these outcomes to better see how boundless diverse section demos can be in their conduct when conveying about items on the web. Directors could better make, shape, and envision sharing about their items or users if they had a more extensive understanding of which respondents, or SMEs, were more likely to impart positive or negative insights on the project.

From a professional standpoint, the results show how organizations organize their Facebook pages for communication and providing information to their customers. Social media platforms,

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more specifically in the context of the study, Social Media, offer a plethora of opportunities for consumers to interact, express, share, and create content about organizations' products and services. Thus, corporate brand profiles on Facebook should be managed to pique customers' interest while encouraging them to create content and share it with others. Brand managers should include Facebook in their marketing communication strategy. Marketing and brand managers must recognize that social media is an important aspect of the internet, and that many consumers use it in their daily lives. Organizations can use social media to engage with customers and even influence their conversations, resulting in improved customer relations. Organizations use the sharing of tasks strategy the least frequently in their Facebook communication, confirming Williams and Brunner's findings (2010). They frequently employ relationship cultivation strategies that emphasize openness and disclosure, as well as access to information, and exemplify one-way communication.

6.0 Conclusion

Dimensions of digital transformation are growing at a rapid rate in SMEs in Sri Lanka. According to this research, researcher get sample from Colombo and Gampaha districts and four dimensions have been identified as digital transformation for Business Performance such as Compatibility, Cost Effectiveness, Trust and Interactivity. According to findings of the study, it can be identified that there is a positive impact on Business Performance in SMEs in Sri Lanka. The all proven hypotheses are the main evidence for that.

When researcher evaluates the objectives of research, explaining and determining the Compatibility and Trust factors that contributes for Business Performance can be seen as strong positive relationship between Business Performance. It can be identified moderate positive relationship between Connecting to Business Performance. Then dimension of Cost effectiveness and Interactivity showed moderate positive relationship with Business Performance The final objectives of the research is providing recommendation to promote Digital transformation at Small and Medium scale Business in Sri Lanka. It generates strong recommendation using these variables. When developing Business Performance activities or projects using enhance the future challenges of SMEs in Sri Lanka as better technique, the managers need to use above contents rather than using traditional marketing methods to have better digital transformation relating Business Performance in Small and Medium Enterprises (SMEs) in Sri Lanka.

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