Adoption of E-Business and Business Performance of Hotel Sector in Sri Lanka

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The aim of this study is to identify the factors or antecedents which influence the intensity of adoption of e-business in hotel sector in Sri Lanka and to investigate the relationship between intensity of e-business adoption and business performance. The study was completed within three months. This study develops a conceptual framework to capture antecedents and derive hypothesis. Quantitative method is used as research strategy. Questionnaire was distributed to 50 hotels in order to gather data. Multiple regression model is used as analytical technique. The results depict that organisational learning ability and customer power have significant influence on intensity of adoption of E-Business. The customer orientation and top management emphasis individually do not have significant influence on intensity of adoption of E-Business. However, all the variables jointly influence the intensity of adoption of E-Business. The study further reveals that the intensity of adoption of E- Business has a positive impact on the business performance, thus, improves the performance of hotels in Sri Lanka.

Field of Research: E-Business

1. Introduction

Rapid growth and advancements in Information Technology during the last decade has revolutionized the way that businesses operate. Introduction of internet and World Wide Web have supported this fast growth. In present context, there is an intensive growth in electronic market place and it is evident that Information Technology is critical to enhance the competitiveness and firm value hence; many firms adopt e-business for better management of daily tasks. The potential of electronic business to transform business models, organisational structures and processes and relationships with customers, suppliers and other business partners is now universally recognized (Zhu 2004; Zhu, Kraemer & Xu 2006).

In relation to tourism industry, especially the hotel sector uses E- business applications for their business activities. Previous research examined the utilisation of internet based technologies in hotel industry by Siguaw (2003) and Wei (2001), emerging trends in electronic hotel distribution (Carrol & Siguaw 2003), hotel's online pricing making hotel reservations practices (O'Cornnor 2003), differences in customer satisfaction and loyalty when making hotel reservations using an online versus offline medium (Shankar, Smith & Rangaswamy 2003) and hotels' web site design, features and quality (Baloglu & Pekcan 2006; Chug & Law 2003).

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Hotel sector uses E-Business applications for on line booking and designing attractive web pages in order to deliver a distinctive buying experience to customers enabling customers to receive personalised information, share their information, share their understandings, know-how, experiences and to offer useful peer to peer evaluations of hotels and to achieve new market value which hotels add to their products and services (Liang & Law 2003). All these factors influence the intensity of E-Business adoption across the business processes.

However, there are some issues which slow down the pace of adoption of E-Business. Financial constraints, resistance to change, lack of integration with internal processes and knowledge gaps between buyers and sellers can slow down the adoption hence reduces the efficiency and effectiveness. Therefore, the adoption of E-Business may not effective hence, performance can be reduced.

With this in mind, this study aims to investigate the adoption of E-Business application and business performance of hotel sector in Sri Lanka since it is very crucial to understand the determinants of adoption of E-Business and how it improves the business performance. Moreover, the effects of such usages and adoption are not clear in Sri Lankan context. Therefore, the problem of the study is to identify the antecedents which influence intensity of the adoption of E-Business in hotel sector in Sri Lanka and whether the intensity of adoption of E-Business facilitates the performance improvement.

The research problem is to identify the antecedents which influence the intensity of e-business adoption and performance of hotel sector in Sri Lanka and identify whether the adoption of e-business facilitates the enhancement in business performance by addressing following questions.

1. What are the basic factors (antecedents) that influence the intensity of adoption of E-Business in hotel sector in Sri Lanka?
2. How such factors impact the business performance of hotels?
3. Whether the adoption of E-Business improves the performance of selected hotels in Sri Lanka?

This research is conducted in a situation where a little effort has been made on to carry out comprehensive study in this area. Therefore, there is a shortage of models which demonstrates the relationship between adoption of E- Business and business performance in relation to hotel sector which has been filled by conducting this research.

The rest of this paper is structured as follows; section 2 presents the literature review. Section 3 demonstrates the conceptual framework of the study. Section 4 explains the research method used to test the hypothesis. Section 5 outlines the findings of the study. Chapter 6 examines the implication. Finally, chapter 7 concludes the study by emphasizing limitations and identifying future research avenues.

2. Literature Review

2.1 An Overview of Hotel Sector in Sri Lanka

There are approximately 269 hotels which fulfil international standards and 620 supplementary accommodations (includes all guest houses, inns, youth hostels and etc approved by Sri Lanka Tourism Development Authority). In year 2014, there are 14 five star

hotels, 14 four star hotels, 16 three star hotels, 36 two star hotels, 33 one star hotels and 155 unclassified hotels in graded category.

2.2 E-Business

There are different definitions and elaborations with regard to e- business. Some of the definitions are presented below.

E- Business refers to the utilisation of internet technologies to connect with customers, suppliers, business partners and employees using at least one of E-commerce web sites that offer sales transactions or customer service web sites or intranet and enterprise information portals or Extranets and supply chain or IP protocol data interchange (Information week research survey 1999). Sawheny and Zabin (2001) identified E-Business as the use of electronic networks and associated technologies to enable, improve, enhance, transform or invent a business process or business system to create superior value for current or potential customer.

Zhu and Kraemer (2003) define E- Business as conducting value chain activities (including sales, customer services, procurement, information sharing and coordination with suppliers) by using the internet platform (e.g. TCP/ IP, HTTP, XML) in conjunction with existing Information Technology infrastructure. Further, E-Business can be defined as an integration of communication technologies with business process and management practices via internet (Simpson & Dorethy 2004; Turban, King, Lee & Viehland 2004).

2.3 Theories and Models Used in Information Systems

Review of literature signifies that there is a rich stream of research focussing on technological diffusion on organisational and individual level. One major theory is Diffusion of Information Theory model (Rogers 1995). This emphasises how, why and at what rate new ideas and technology spread through cultures, operating at the individual and firm level (Oliveira & Martins 2011). This theory includes independent variables such as Individual (leader) characteristics, internal characteristics of organisational structure and external characteristics of the organisation.

Technological, Organisational and Environmental (TOE) model (Tornatzky & Fleischer 1990) is another model that identifies technological context, organisational context and environmental context have an influence on adoption and implementation of technology. Technology Acceptance Model (TAM) (Davis 1989) explains E-Business adoption and performance of organisations can be studied under the perspective of consumer and business. Further, Zhu and Kraemer (2006) studied about the role of TOE model to influence E-Business usage in retail organisations.

2.4 Antecedents and Performance Outcomes of E-Business Adoption

2.4.1 Business Related Antecedents of E-Business Adoption

2.4.1.1 Top Management Emphasis on E-Business

Many studies indicate that top management support and leadership as the most critical factor for successful implementation and adoption of technology innovation (Theodosiou &

Katsikea 2010). In present context, e business is a part of a strategic planning process. Since top management is highly involved in shaping the organisational strategies, the role of top management in E-Business is momentous. Management is involved in allocating resources, providing financial support and facilitating E-Business implementation. Their skills and capabilities are important to gain the acceptance to E-Business initiatives both within and outside the company.

Therefore, the top management emphasis on E-Business is pivotal. Emphasis from top management is considered as a key factor that persuades the intensity of E-Business adoption (Theodosiou & Katsikea 2010).

2.4.1.2 Organisational Learning Ability

This depicts the ability of organisation to evaluate, adopt and exploit external knowledge. Cohen and Levintal (1990) describe it as the ability to recognize the value of new information, assimilate and apply it to the commercial ends. High level of learning ability will enable the exploitation of knowledge in implementation and evaluation of E-Business initiatives easily. It helps to link complex systems within the organisation. However, only mere willingness to adopt E-Business may not help to create successful E-Business environment. This requires the fast recognition of new developments, an understanding on how adoptions of E-Business will extent the existing operations and continuous environment scanning to find out success stories to replicate to the organisation. This process requires sound learning ability within the organisation (Wu et al. 2003).

2.4.1.3 Customer Orientation

This refers to organisation's ability to sufficiently understand target buyers in order to continuously create superior value to them. (Naver & Slater as cited in Wu et al. 2003). The key component of customer orientation is identifying special features which shape the industry. An organisation with a clear vision of customer orientation can foresee future expectations, needs and wants of customers resulting businesses to be more proactive. This leads to adopt E-Business initiatives. High level of customer orientation leads to adoption of E-Business in the process of exchanging information with customers to provide a better service. Therefore, strong supplier relationship is essential. Development of supply chain assists to respond to the feedback from market place (Wu 2003). The company with a high customer orientation requires extension of business activities. This may leads to intensive adoption of E-Business initiatives in communication process (Wu 2003).

2.4.2 Environment related Antecedents of E-Business

2.4.2.1 Customer Power

Customer power refers to exogenous customer demands on the business to implement certain practices (Wu 2003). Christensen and Bower (1996) stated that when significant customers demand, the organisations may tempt to execute technologically difficult innovations in order satisfy customers by acquiring different capabilities than existing. If customers have superior power, they will influence companies to adopt new technologies. They interact with online order taking and emails in order to satisfy their needs. More powerful customers look for low cost and convenient processes. Therefore, development of effective website is a key factor in enhancing the customer power.

2.5 Impact of E-Business on Business Performance

The adoption of E-Business in the areas of communication, online reservation and internal administration can have effects on specific aspects of performance. The efficiency, sales and customer satisfaction can be increased as a result of adoption of E-Business.

2.5.1 Effects of E-Business Adoption in Communications on Specific Aspects of Performance

Online communications reduce costs and time hence increase efficiency. As Mahajan and Balasubramanium cited in Wu (2003), when considering sales performance and customer satisfaction, the adoption of E-Business help to provide customer satisfaction by reaching customers easily to any destination despite infrastructural constraints and without delay. This enhances the sales volume.

2.5.2 Effects of E- Business Adoption in Internal Administration on Specific Aspects of Performance

In accordance with Wu et al. (2003) internal administration includes the processes related to financial and managerial accounting, travel reimbursement, payroll and employee benefits processing. Therefore, adoption of E-Business initiatives leads to simplify the procedures and to reduce the time and errors hence enhance the efficiency of internal operations. The adoption of E-Business in area of internal administration can have an effect on customer satisfaction since it helps collect and maintain very sensitive information of customers.

2.5.3 Effects of E-Business Adoption in Online Reservation on Specific Aspects of Performance

Online reservation refers to processes associated with order placement, order monitoring and payment submission by customers (Wu et al. 2003). The adoption of E-Business in online reservations contributes to improve performance because of high level of efficiency by reducing transaction costs and other intermediary costs, high level of sales performance due to direct dealings with customers, and high level of customer satisfaction.

3. Conceptual Framework

Figure 1 depicts the conceptual framework that directs this study. The framework is developed based on the model by Wu et al. (2003) and Theodosiou and Katsikea (2010). The framework investigates the various business and environmental antecedents that influence the intensity of adoption of E-Business which includes the activities of a hotel. Finally, evaluates the business performance that hotels are expecting to gain by adopting E-Business. These performances evaluate by using multiple dimensions of benefits that hotels will achieve as a result of adoption of E-Business.

Figure1: Conceptual framework for the study
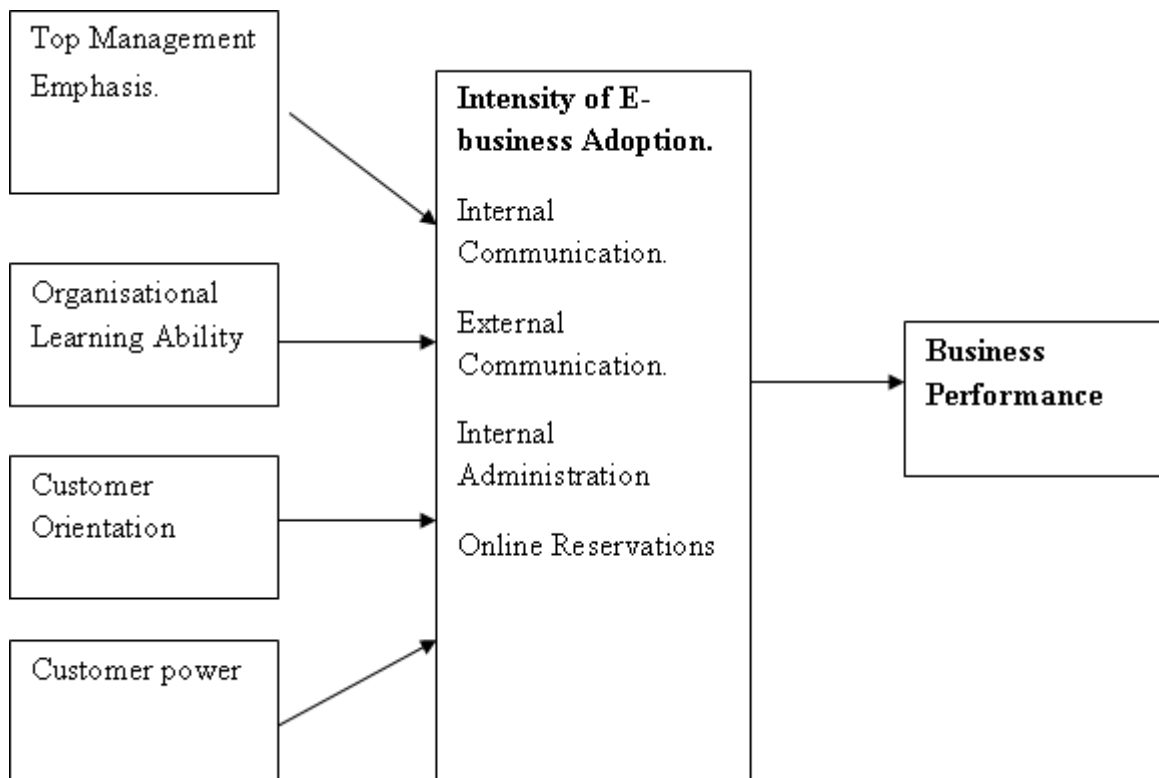
Source: Researcher's Construction based on literature

3.2 Hypotheses Development

3.2.1 Top Management Emphasis and Intensity of E-Business Adoption

The guidance of top management is important to adopt E-Business initiatives because top management is responsible for resource allocation, managing inter departmental conflicts, providing financial support and gaining the acceptance for implementation of E-Business. Greater the emphasise of top management, greater the intensity of adoption of E-Business (Theodosiou & Katsikea 2010). Therefore, following hypothesis can be developed.

> **H1:** Greater the top management emphasis on E-Business, greater the intensity of adoption of E-Business.

3.2.2 Organisational Learning Ability and Intensity of E-Business Adoption

Organisational learning ability heavily impacts the intensity of E-Business adoption. Previous studies sight that the intensity of E-Business adoption is greater in firms which encourage and utilize knowledge compared to other firms which do not do so. Wu et al. (2003) suggests that there is a positive relationship between organisational learning ability and intensity of E-Business adoption. Therefore, the following hypothesis can be developed.

> **H2:** Greater the organisational learning ability of a hotel, greater the intensity of E-Business adoption.

3.2.3 Customer Orientation and Intensity of E-Business Adoption

A company with a vision of greater customer orientation may attract by new technological development because it is important to serve customers according to their expectations. The advancement in technology may change the patterns of customer needs therefore; customers require those advancements in their products too resulting firms to adopt new technology initiatives. Therefore, a customer oriented hotels may adopt E-Business in order to strengthen the existing capabilities. Previous studies indicate that there is a positive impact of customer orientation on organisational innovation and E-Business adoption (Theodosiou & Katsikea 2010). Based on this, the following research hypothesis can be developed.

> **H3:** Greater the customer orientation of a hotel, greater the intensity of E-Business adoption.

3.2.4 Customer Power and Intensity of E-Business Adoption

Increasing demand and pressure from customers create need for companies to adopt E-Business initiatives. Development of internet creates easy access to information. The hotel sector is more influenced by the developments in internet. Therefore, customers can influence the day to day activities of hotels. Customers may prefer user friendly web sites which they can use for fulfil their information needs (Theodosiou & Katsikea 2010). Therefore, it can be concluded that customer power has greater impact on adoption on E-Business. This would result in the following hypothesis.

> **H4:** The greater customer power exercised within the context of e business, greater the intensity of E-Business adoption.

3.2.5 Intensity of E-Business Adoption and Business Performance

Hotels can gain many benefits by adopting E-Business initiatives. Prior research indicates that these benefits can be categorised into cost reduction, increased revenues, customer satisfaction and relationship development (Theodosiou & Katsikea 2010). Therefore, following hypothesis is developed.

> **H5:** The intensity of E-Business adoption is positively related to business performance.

4. Research Methodology

4.1 Research Design

This study aims to develop a model for the intensity of adoption of e- business and business performance of hotel sector in Sri Lanka by identifying antecedents for the intensity of adoption of E-Business and how it improves the performance of the business. The present study's research design adopts the similar design as in the studies of Theodosiou and Katsikea (2010) and Wu et al. (2003). Thus, the quantitative method is used as the research strategy for the present study since it is used by previous research to analyse the relationship between e- business adoption and business performance using a survey.

4.2 Research Method

The present study used the survey method as the research method. Questionnaire was distributed as the main tool of data collection. This is more suitable for collecting data from large numbers, since this saves time and costs. An online questionnaire was also created and shared with the employees of hotel sector to gather information.

4.3 Sample and Sample Procedure

The unit of analysis is hotel companies. The sample consisted of three, four and five star hotels operating in Sri Lanka with the sample size of 50. The hotels at Colombo, Kandy, Galle and Kaluthara districts are given priority. This is mainly because it is convenient to reach the sample. Two stars and one star hotel are excluded because those hotels are not maintaining high technologies. According to the government gazette, the Act of The Tourist Development, No. 14 of 1968 provides the basis for the classification of star hotels and the basis to select the hotels for the sample. Further, the websites related to tourism such as Agoda and Trip Adviser are used to identify the star level of hotels since those are used by many people around the world and those are widely accepted.

4.4 Questionnaire Design

Required data was gathered by using a structured questionnaire with 49 questions. The questions are developed to measure the variables and factors that affect the intensity of adoption of E-Business and how intensity of adoption of E-Business affects the business performance. This is measured through a five point likert scale which has the options of 'strongly agree', 'agree', 'neither agree nor disagree', 'disagree' and 'strongly disagree', representing 1 to 5 respectively.

4.5 Data Collection Procedure

The questionnaires were given to the marketing executives and managers who were working at hotels. The questionnaire was distributed online enabling respondents to reply online. Some of the questionnaires were given to marketing officers after meeting them personally. Secondary data used to identify the star level of hotels. Government Gazette regarding hotels and guiding books published by Tourist Board Sri Lanka were also used.

4.6 Analytical Techniques

Reliability test is carried out to measure the internal consistency of questions. To identify the normality of data and nature of data descriptive statistics are used. The association between antecedents of E-Business and intensity of adoption of E-Business was assessed by Pearson Correlation. Multiple Regression Model is used to examine more about the relationship between antecedents of E-Business and intensity of adoption of E-Business. Finally, validity of model is measured by Diagnostic test.

5. Research Findings and Analysis

The main objectives are addressed by multiple regression model using SPSS software. Reliability and validity analysis are carried to assess the model. The multiple regression analysis was used to identify variables that influence the intensity of adoption of E-Business.

5.1 Reliability Analysis

The developed constructs are assessed by using the linear regression prior to the analysis to make sure the reliability of the model. Researcher has tested the internal consistency in relation to Cronbach's Alpha. Alpha value is greater than 0.7 for all the variables ensuring the internal consistency of questionnaire. Therefore, the objectives of the study can be addressed well, since there is inter-item correlation ensuring the uni dimension of questions.

5.2 Descriptive Statistics

The Table 1 shows that Mean value is beyond 4 in all variables, indicating that the respondents are in agreeing level or strongly agree level in general. It can be concluded that data is normally distributed since data is in between -1.5 and +1.5 except on internal administration.

Absolute value of the co-efficient of skewness is less than three times of the standard error of skewness ensuring the normally distribution of data. Similarly, the absolute value of the Kurtosis is also less than three times of standard error of Kurtosis indicating normal distribution of data. However, the variable Internal Administration is beyond this level. Therefore, it is evident that it is not normally distributed. Table 1 presents the descriptive statistics.

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Table 1: Descriptive Statistics

	N	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Top Management	50	4.4360	.48097	-.477	.337	-.959	.662
Organization Learning	50	4.0800	.58275	.287	.337	-1.167	.662
Customer Orientation	50	4.4300	.57350	-1.005	.337	.132	.662
Customer Power	50	4.3250	.63537	-.569	.337	-.231	.662
Internal Communication	50	4.1480	.68310	-.665	.337	.433	.662
Customer Communication	50	4.5390	.50783	-1.108	.337	1.051	.662
Online Reservation	50	4.6933	.45595	-1.495	.337	1.486	.662
Internal Administration	50	4.1800	.69729	-1.919	.337	7.580	.662
Efficiency	50	4.1120	.55278	-.106	.337	-.474	.662
Sales Performances	50	4.4000	.54810	-.589	.337	-.505	.662
Customer Satisfaction	50	4.5800	.53795	-1.075	.337	.242	.662
E business	50	4.3780	.43504	-.364	.337	-.090	.662
Business Performances	50	4.3308	.44482	-.227	.337	-.819	.662
Valid N (list wise)	50						

Source: Researcher's construction using SPSS output

5.3 Effects of Major Factors on the Intensity of E-Business Adoption.

First objective of the study has been addressed using the multiple regression model. Researcher uses Ordinary least square to address this objective. The multiple correlation is .707 demonstrating positive relationship of top management, organisational learning ability, customer orientation and customer power with intensity of e-business adoption. Coefficient of determination is 0.5 and signifies that 50% of E-Business has covered by multiple regression model. Researcher has tested the appropriateness of the model using the Anova statistics table. It reveals that probability of F test statistic is 0.000. Therefore, the model is appropriate to explain the effect of intensity of adoption of E-Business.

Individual effect of these antecedent variables is calculated by considering coefficient of variables. According to the co-efficient results, P values of organisational learning ability and customer power are significant at 5% level of the significance. Therefore, it can be concluded that those variables are sensitive with intensity of adoption of E-Business. The P values of customer orientation and top management emphasis insignificant variables since P values are more than 5%. Even though, those two variables do not affect individually to the intensity of adoption of E-Business, they have joint influence on intensity of adoption of E-Business. The beeta values of organisational learning ability and customer power are respectively 0.276 and 0.165. These variables positively influence on E-Business.

Further, researcher has carried out a diagnostic test to measure the validity of the regression model. The results of scatter plot, standardized residuals have been plotted without having any systematic pattern depicting the results are free from heteroscedasticity problem. This indicates that residuals are homicides ensuring the validity of results.

5.3.1 Test of Normality

Test of normality is carried out in order to decide the appropriateness of the model using mathematical and graphical approaches. As the mathematical approach researcher use Kolmogorov-Smirnov test statistics. The P values of kolmogorov-Smirnov statistics are more than 5%. Moreover, they are insignificant at the 5% of significance. Both standardised and studentized residuals are normally distributed with the zero mean. Therefore, regression model is more valid to address this objective. Researcher has graphically tested this by Q-Q plot of standardized and studentized residuals. Residuals are distributed being very closer to the linear line in the normal Q-Q plot of standardized and studentized residuals. Therefore, residuals are normally distributed providing a valid regression model. Based on this diagnostic test, researcher could address the first objective using multiple regression model.

5.4 Effects of Intensity of E-Business Adoption on Business Performance.

The second objective of the study is to examine the relationship between intensity of E-Business adoption and business performance and it is addressed by using the categories of intensity of adoption of E-Business. This is analysed to examine the relationship between intensity of adoption of E-business and sub categories of performance.

The relationship between internal communication and efficiency is 0.007. The result is significant at 95% level of confidence indicating that there is an association between internal communication and efficiency. Also, there is a relationship between internal communication and sales performance and customer satisfaction because the result of internal communication

and sales performance are 0.000 and it is significant at 95% level of confidence. Pearson co-efficient correlation is 0.375, 0.552 and 0.506 in efficiency with regard to sales performance and customer satisfaction respectively demonstrating positive relationship in internal communication and efficiency. The p values for the relationship between external communication and efficiency is 0.002. Relationship of external communication with sales performance and customer satisfaction are demonstrated by the p values of 0.000 and 0.002 respectively. Therefore, there is an association among customer satisfaction, sales performance and external communication.

Similarly, Pearson co-efficient correlation of online reservation and efficiency is 0.355 demonstrating a positive relationship. Also there is a positive relationship among sales performance and customer satisfaction. The same results were obtained among the relationship between online reservation and customer satisfaction as the Pearson co-efficient correlation is 0.284.There is a significant association among online reservation and efficiency as the p value is less than 0.05. Similar results have generated in relation to sales performance and customer satisfaction as the p values are 0.028 and 0.059 respectively.

Following Table 2 demonstrates the overall result of the relationship between intensity of E-Business adoption and business performance. Finally, it can be concluded that there is a positive relationship between intensity of adoption of E-Business and business performance.

Table 2: Summary of the regression results for the relationship between intensity of adoption of E-Business and business performance.

Correlations

		Efficiency	Sales performance	Customer satisfaction	E business
Efficiency	Pearson Correlation	1	.507**	.317*	.452**
	Sig. (2-tailed)		.000	.025	.001
	N	50	50	50	50
Sales Performances	Pearson Correlation	.507**	1	.586**	.582**
	Sig. (2-tailed)	.000		.000	.000
	N	50	50	50	50
Customer Satisfaction	Pearson Correlation	.317*	.586**	1	.541**
	Sig. (2-tailed)	.025	.000		.000
	N	50	50	50	50
E business	Pearson Correlation	.452**	.582**	.541**	1
	Sig. (2-tailed)	.001	.000	.000	
	N	50	50	50	50

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Source: Researcher's construction using SPSS output

6. Discussion

6.1 Discussion

The research analysis helped to address the main objectives of the study. According to the research results, R-square of the model is 50% indicating the exploratory power of the model. The variables which have high level of impact on intensity of adoption of E-Business can be identified by this. The impact of each antecedent on the intensity of adoption of E-Business is discussed below.

6.1.1 Top Management Emphasis

The results indicate that top management emphasis does not have a significant influence individually on the intensity of adoption of E-Business. The influence is insignificant as the p value is more than 5% ($\beta = 0.143$, $p = 0.246$). Therefore, hypothesis cannot be accepted and contrary to expectations.

The situation of Sri Lankan context is different since there can be conflicts between top management and middle level staff, poor rewarding systems and lack of distribution of required resources. It is important top management to actively participate in the processes of dissemination of technology by encouraging organisational culture that values the innovation, creativity and change. The employees need to be given recognition by providing rewards and other benefits for contribution made by employees.

Top management is responsible for providing necessary resources to implement E-Business initiatives. The funds require may be substantial. Thus, top management requires solid evidences regarding the impact of E-Business on business performance for allocate resources. This can be fulfilled by establishing a performance measurement system for E-Business activities. The system should be able to collect timely and accurate information regarding the online channels and its contribution towards achieving business objectives. This should be able to capture the effectiveness of the E-Business initiatives.

6.1.2 Organisational Learning Ability

The present study suggests that organisational learning ability has a significant effect on the intensity of adoption of E-Business. This has a β value of 0.276 and p value of 0.008, which is less than 0.05 demonstrating the positive relationship between the organisational learning ability and intensity of E-Business adoption (hypothesis 2). Therefore, hotels have to establish strong and systematic processes in order to face the rapid changes of technology.

The same situation has been identified in previous research. Theodosiou & Katsikea (2010) had also identified there is a positive relationship among organisational learning ability and intensity of adoption of E-Business. Due to the fast changes and growth in technology, it is important hotels to be updated and learn fast. There needs to be a proper mechanism to disseminate information among departments and aware employees. Additionally, hotels should stress on the gaining of knowledge regarding technological innovations and diffusion of technology among employees and acquired technology has to be utilised in a way it help to transform the business processes. Finally, conducting training sessions and seminars are useful when disseminating information to ensure the effectiveness of E-Business initiatives.

6.1.3 Customer Orientation

The study indicates that there is no significant influence of customer orientation on intensity of adoption of E-Business. This is consistent with previous study by Theodosiou & Katsikea (2010). However, Wu et al. (2003) have found that there is a positive relationship among customer orientation and intensity of adoption of E-Business.

The main reason for the negative relationship may be many hotels are providing only the basic facilities without identifying customer needs and wants. On the other hand, the rapid changes in technology restrain the hotels to be more proactive. Hotels do not get adequate space and time to plan a formal reaction in advance due to the fast changes. Therefore, customer orientation depicts low value in relation to intensity of adoption of E-Business. This can be overcome by closely monitoring the market changes.

6.1.4 Customer Power

The present study reveals that customer power (hypothesis 4) has significant influence over the intensity of adoption of E-Business (β= 0.165, p= 0.050). This demonstrates the direct positive impact on intensity of adoption of E-Business. This can be identified as a key driving factor for intensity of adoption of E-Business.

This is mainly due to the high number of customers are using internet for planning their travelling and get information from multiple sources. On the other hand, the tremendous growth in internet has increased the usage of internet. Therefore, many travel related products and services can be find easily. Further, consumers can compare prices and services provided by the hotels. The reservations can be placed instantly and interactively at a low cost (Theodosiou & Katsikea 2010), pressurising hotels to adopt E-Business processes in order to satisfy the needs and expectations of customers. This indicates that customer has power over hotel companies.

Hotels have to develop user friendly websites where customers can find required data easily. On the other hand, hotels should develop effective monitoring system to understand the behaviour of customers. Otherwise customers will shift to another competitor at minimum switching costs. Moreover, hotels have to update customers and maintain the relationship with them. Therefore, hotels have to discover changing patterns of customers' online behaviour and develop suitable responses in a timely manner in order to gain first mover advantage.

6.2 Implications of Intensity of E-Business Adoption for Business Performance

The second objective of the study is to examine the relationship between intensity of E-Business adoption and business performance. The present study suggests that the overall intensity of adoption of E-Business considerably influence the three aspects of performance (p<.05). Therefore, the final hypothesis (hypothesis 5) is supported. Moreover, this is consistent with the previous research by Wu et al. (2003) and Theodosiou & Katsikea (2010).
The main reason behind this is hotels are using E-Business initiatives in order to perform wide range of activities such as internal communication, external communication and online reservations. All these will help to enhance the business performance since it reduces the time and costs. This ensures the customer satisfaction since hotels are offering unique experiences to their sophisticated customer base. In addition, hotels have to make sure that the customers are well catered and satisfied at the every stage of buying process.

Further, it should be noted that the success of E-Business depends on the satisfaction of customer and other stakeholder perceive when using internet as their preferred channel for communicating with hotels. They expect to perform transactions and other activities by using E-Business initiatives. Therefore, hotels can realize benefits by using E-Business rather than using traditional methods. However, to realize those benefits customers have to be catered well. Customers look forward for detailed information, real time problem solving, quick responses, lower prices and other added benefits when performing transactions via websites. It is important to improve the quality of websites.

The customer surveys need to be carried out in order to identify repeat visits and customer satisfaction. This will help to improve weak areas and initiate corrective actions. On the other hand, use of benchmarking is a good approach for discover challenging areas and developing the effectiveness of E-Business. Finally, it can be concluded that there is a relationship among intensity of E-Business adoption and business performance thus it improves the performance of hotels in Sri Lanka.

7. Conclusion and Future Research

7.1 Conclusion

The main objectives of this research are to identify the factors that influence the intensity of adoption of E-Business and to examine whether the intensity of adoption of E-Business improves the performance of hotels. Section one provided the introduction to the present study. Then the research questions are developed to identify the basic factors that influence the intensity of adoption of E-Business, how such factors impact the business performance and whether the adoption of E-Business improves the performance of hotels in Sri Lanka. The conceptual model is used in order to identify the relationship among variables and analyse the present study.

In the analysis section, the data from 50 hotels were collected. The results prove that organisational learning ability and customer power have significant influence on intensity of adoption of E-Business. The customer orientation and top management emphasis individually do not have significant influence on intensity of adoption of E-Business. However, all the variables jointly influence the intensity of adoption of E-Business.

In the discussion section relationships among variables and research objectives are addressed in the discussion section. It is revealed that there is a significant positive relationship between customer power and intensity of adoption of E-Business. Also organisational learning ability influences the intensity of E-Business adoption. Therefore, first objective of the study is examined. It is further revealed that the intensity of E-Business has a positive impact on business performance addressing the second objective of the study.

The sample size has to be expanded by considering hotels from around the country. Multiple raters have to be used to gather more reliable data. This study conducts by using cross sectional data, restricting the ability to identify fundamental implications because relationships inspect are dynamic in nature. Therefore, better results can be obtained by using longitudinal data since the research can be done by using data over a period. Therefore, cause and effect relationship among intensity of adoption of E-Business and business performance can be identified easily.

The present study employs only few financial indicators such as efficiency, sales performance and customer satisfaction to measure the business performance. In future studies the performance measures may include financial measure such as return on E-Business. This study considered only four variables as factors that influencing the intensity of adoption of E-Business. In future, identification of new antecedents can enrich the study ensuring the in depth analysis. For an example the present study only pays attention on organisational learning ability in narrowed way. Future studies can adopt holistic way of organisational learning process by paying attention on acquisition of information technologies and information dissemination.

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