Factors that influence on usage of information systems in small and medium enterprises in Puttalam District in Sri Lanka

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Abstract

SMEs have been recognized as an important strategic sector for promoting growth and social development in Sri Lanka. In the meantime, information technology has enabled the development of powerful and efficient information systems which play a major role in business performance improvement in SMEs. In Sri Lankan context, majority of SMEs have not adapted information systems and those who adapted have not performed similarly. The literature shows that various factors influence the use of information technology in SMEs including infrastructure, funds, cost, management support, technological factors, system factors, government support, owner/ manager characteristics, business size, skill and training, competition, IS characteristics, ICT knowledge and skills. However, findings of the studies are inconclusive. Therefore, this study aims to examine the factors that influence on the use of information systems in SMEs in Puttalam District. Data were collected from 80 SMEs which were selected using purposive sampling technique. A structured questionnaire was used in the data collection. Descriptive statistics, correlation analysis and regression analysis were used in the data analysis. The results reveal that information technology knowledge of employees, cost associated with the technology, government support and competition have a significance influence on usage of information system in SMEs. SME administrators should take initiatives to enhance information technology knowledge of their employees and promote information technology usage in their organization in order to meet the current and future needs of the market. Government should also provide various support and assistance to SMEs for encouraging information technology usage in the sector.

Keywords: Information systems, Information technology, small and medium enterprises.