

The Impact of ICT Usage on the Business Performance of Small and Medium Enterprises in Kurunegala District

A.M.N.M. Amarathunga^{1,*} and H.M.B.P. Ranaweera²

^{1,2}Department of Information Systems, Faculty of Management Studies, Rajarata University of Sri Lanka, Mihintale, Sri Lanka

*Corresponding author: navindu.amarathunga@gmail.com

Abstract

Today, Information and Communication Technology (ICT) is a disruptive change agent in the business sector. Organizations are increasingly relying on ICT to improve their performance and to gain competitive advantage both in the private and public sectors. Even though the ICT increases their influence in the modern business environment more than ever before, ICT usage in organizations has become just a marketing tool to display IT talent to the world. In the Sri Lankan market, Small and Medium Enterprises (SMEs) also interacting with ICT to improve their work efficiency. However, there are not many evidences in Sri Lanka to accept the actual impact of ICT on business performance compared to its investment cost. Some literatures have proposed contradicting opinions regarding the matter. Some Researchers conclude that ICT in fact increases the organizations performance while others do not. Increasing investments and usage of ICT in Sri Lankan organizations prove the importance of finding the answer to the problem, does ICT usage impact to the Organization's performance? This research is focused on identifying the level of ICT usage, business performance level and whether the ICT usage influences the business performance of SMEs in Kurunegala District. Data was collected from 100 SMEs sample under 24 manufacturing and service industry categories through questionnaire. ICT usage is defined by ICT device usage, Internet usage and Software usage which is identified as independent variables. Business performance of SME is defined as cost, efficiency, delivery, flexibility and growth which are the indicators of dependent variable. Results of the regression analysis show ICT devices usage does not influence on business performance in SMEs while internet usage and software usage positively influence on business performance of the SMEs.

Keywords: Business performance, ICT usage, internet usage, SMEs, software usage