

ADOPTION OF ICT IN SMALL BUSINESS ENTERPRISES – A CASE STUDY BASED ON MAWANELLA DIVISIONAL SECRETARIAT

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ABSTRACT: Now a days ICT in its various forms is being used by the businessman for a wide range of business purpose. It helps to maintain the business effective and efficient manner. Even though ICT took major role in business in some areas there is low diffusion. By the way the purpose of this study is to illustrate the Adoption of ICT in Mawanella Divisional Secretariat. The study provides an insight on the barriers for the adoption of ICT. Primary data on these aspects of ICT was collected from 60 businessmen through questionnaires, discussions, interviews and articles, books, journals and websites were the secondary data collection methods. The main findings from the survey indicate different attitude in business sectors. The result of the study show that only a few number of businessmen aware of the benefits of ICT adoption. There is need for more focus and concerted efforts on increasing awareness among businessmen on the benefit of ICT adoption. The result of the study recognize the need for more training facilities in ICT for business, measures to provide ICT products and services at an affordable cost and availability of free professional advice. By looking at the use of ICT, the aim was to determine which ICT tools are more tightly coupled to management and how firms can benefit most from these tools for business organizational governance. The findings are limited to small business Enterprises.

Keywords: adoption, ict, small business enterprises, Mawanella Divisional Secretariat

1. INTRODUCTION

The success of every business depends on certain factors some of which are accurate analysis, choosing the right technology and future vision. By the way today's business world has been deeply influenced by ICT and application of ICT among business is widespread. ICT are rapidly changing global production, work and business methods and trade and consumption patterns between enterprises and consumers and also it helps to maintain effective level of communication among workforce, sending marketing communication messages to current and potential customers, measuring the level of customers satisfaction, making sales, engaging in team building initiatives, increasing the level of employee moral etc.

ICT can be viewed as a collective term for a wide range of software, hardware, telecommunications and information management techniques, applications and devices, and are used to create, produce, analyse, process, package, distribute, receive, retrieve, store and transform information (Porter and Miller, 1985 and Brady et.al., 2002)

ICT are actually a wide range of infrastructures, instruments, objects, processes, protocols, metacodes and devices which when combined facilitate the creation, retrieval, storage, processing, analysing, management and dissemination of information (Waller, 2006)

Small enterprises are defined as enterprises which employ fewer than 50 people and whose annual turnover or total annual balance sheet does not exceed € 10 million. (Investopedia, 2001)

Small business enterprises play important role in sustaining domestic and regional economic growth, in addition to being important agents for alleviating poverty in developing countries Information and Communication Technology (ICT) and e-business applications provide many benefits across a wide range of intra-and inter-firm

business processes and transactions. ICT Applications improve information and knowledge management inside the firm and can reduce the transaction cost and increase the speed reliability of transaction for both business-to-business and business-to-consumer transactions.

One of the most significant impacts communication technologies had on business related to the creation of new sales channels. The traditional sales channel for businesses were limited to conducting sales on the store and over the phone. However, with the advent of internet, today businesses have the possibility of selling their products and services online, and therefore offering their products and services in the global marketplace (Fleisher and Bensoussan 2007).

small business are increasingly using and adopting ICT due to the advent of personal computer, cost-effectiveness and cheaper ICT products. Alberto and Fernando (2007) argued that the use of ICT can improve business competitiveness with internet providing numerous opportunities for business to compete equally with large corporations.

Small Business Enterprises can benefit significantly from the adoption of ICT. As an example, UNDP-APDIP (2005) has suggested the following benefits;

- Increased productivity in the production process (e.g. improved inventory management systems, decreased wastage in production processes)
- Increased efficiency of internal business operations (e.g. improved accounting and budgeting practices, improved communication between different departments with the firm)
- Easier and cheaper connection to external contracts, whether locally or globally (e.g. expanded client base through e-marketing, reduced communication costs and geographic barriers with global suppliers and clients, new methods of payment through e-commerce)
- Linkage to local and global supply chains and outsourcing opportunities.
- Simplified government services such as business registration and filling taxes.

Windrum Berranger (2002), looked at the commercial benefits of e-business and proffered several areas of benefits:

- Significant opportunities exist for SMEs to expand their geographical reach.
- Important costs benefits lie in improved efficiency in procurement, production and logistic processes.
- There is enormous scope for gaining competitive advantage through improved customer communications and management. Customer care websites are now becoming increasingly common.
- The internet reduces barriers to entry for new market entrants and provides an opportunity for small firm to re-orientate their supply chain relationship to forge new strategic partnerships.
- The technology facilitates the development of new types of products and new business models for generating revenues in different ways.

For small business enterprises to adopt ict tools and strategies, benefits must outweigh investment and maintenance costs. Commercial considerations and potential returns drive adoption. Beyond a certain level of connectivity (pc, internet access, on-line information or marketing), not all small business enterprises will necessarily catch up with large firms.

1.1 Study Area



Sabaragamuwa province consists of Ratnapura and Kegalle district. In here Mawanella is the study area which belongs to Kegalle district. It lies between Kegalle and Kadugannawa along the Colombo-Kandy road. The area consists of four Administrative areas, namely Mawanella, Aranayake, Rambukkana and Hemmathagama. Ethnic communities are living together in Mawanella divisional secretariat.

Purpose of this study is to identify the adoption of ICT in small business enterprises in Mawanella divisional secretariat and find what are the restrictions and barriers to adopt ICT for small business enterprises in this area. Giving proper solutions to overcome from the barriers and improve implementation of ICT in their business.

2. LITERATURE REVIEW

As for the study of Mr. Perera D. Silva (2014), in his study he mentioned 35% of the businessmen were using ICT tools in their business in order to improve their business with adoption of ICT tools. Rest of the businessmen were not enough sufficient knowledge to use ICT and financial efforts to use ICT tools. A survey was conducted to explore the trend and the adoption of technology using digital and smart device for improving business. The paper is supported by tactful survey results and analysis extracted from 15 questions and 200 response from the different part of Sri Lanka.

Technology perspective. According to Ritchie and Brindley (2005), this perspective examines ICT adoption from a technology point of view. The focus is mainly on technology aspects like the internet or e-mail technology, without looking at how the business can use this technology to be successful. The focus is thus only on the success of the technology driving the business; no consideration of SMEs made. Success is measured from a technology point of view and is not appraised on the success of the business this perspective holds danger for both SMEs and large business. There have been reported of the failure of ERP and CRM projects within organisations, one of the biggest problem not being the technology but the readiness of the organisation to embrace the technology. He describes that, there are number of things that the organisation needs to take into consideration when implementing technology, for instance, the organisational culture should be technology oriented; business processes should be flexible in order to consider technology; one need to check the availability of IT skills needed for implementing technology; and so on. End of the research he said that, lack of consideration of these factors might cause failures in the adoption process. The owner-manager is a crucial part of the SME as he/she makes all or most of the decisions regarding the business (Southern and Tilley, 2000; Buckley and Montes, 2002). This view is key for the topic of this article particularly discussing competitive positioning of ICT as a tool for the SME, because it requires strategic influence for the management or owners. However, Martin (2005) points out that the owner-managers have the following limitations: • Capability gaps or knowledge gaps prevent effective technology use and selection. • Their intuitive and organic styles of management have important consequences for the way in which they evaluate and use technology. • The owner-managers' personal skills and mind-sets influence their organisations' culture. This means that if the ownermanager is technology averse it will be difficult to adopt ICT and use it as a tool.

Barriers towards SMEs' adoption of ICT as a competitive tool there are a number of stumbling blocks or barriers that make it difficult for SMEs to adopt ICT. Ngwenyama and Morawczynski (2007) argue that everyone assumes that ICT will successfully bring about benefits, but not all environments are the same. The issues affecting successful implementation or adoption of ICT are both socio-economic and technological. MacGregor and Vrazalic (2006) agree that the barriers to adopting Mr. L.P Wijayathunga (2009), in his research he describes the project for using development application software in business. The aim of the research is to know the technology how far using on the business activities and also he explained that the smart phones are being used in the business for online banking for their business transaction purpose. There for utmost need to utilize this fast growing technology in business development.

3. RESEARCH METHODOLOGY

Research methodology is a sole part of research. To achieve the objectives of the research, cross sectional survey design was selected for the study. The survey was selected to get perceptions of Managers, Owners of small business enterprises in adoption in their business process. The target businessman of the study was the sector of Import and Exports, Textiles, Hardware, Pharmeticales, travel agency and Supermarket from Mawanella Divisional Secretariat. Randomly selected 60 businessmen to the study.

The research instrument used for collecting data in the study was a questionnaire. The questionnaire is most popular instrument in collecting data (Danu et al., 2002; MacGregor, 2004). The questionnaire was developed for small business enterprises

managers and Owners and some relevant data was collected using interviews based on the questionnaire. The questions were open-ended questions with the aim of giving respondents the freedom to express their own ideas, experiences. Observation and discussions were held regarding the Adoption of ICT in small business enterprises based on Mawanella Divisional Secretariat. . Finally we analyzed the data with the help of excel package. Also we used books, journals, research articles, internet, and statistic reports as secondary data collection method.

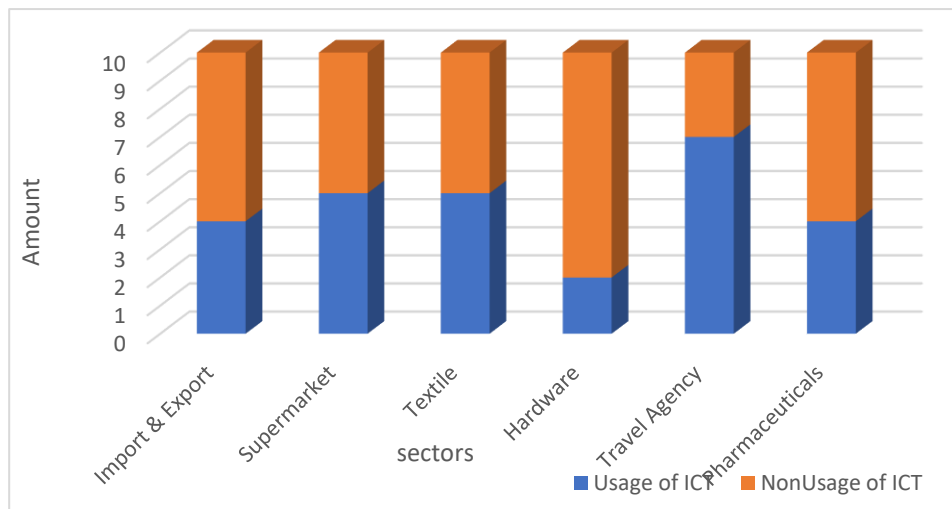
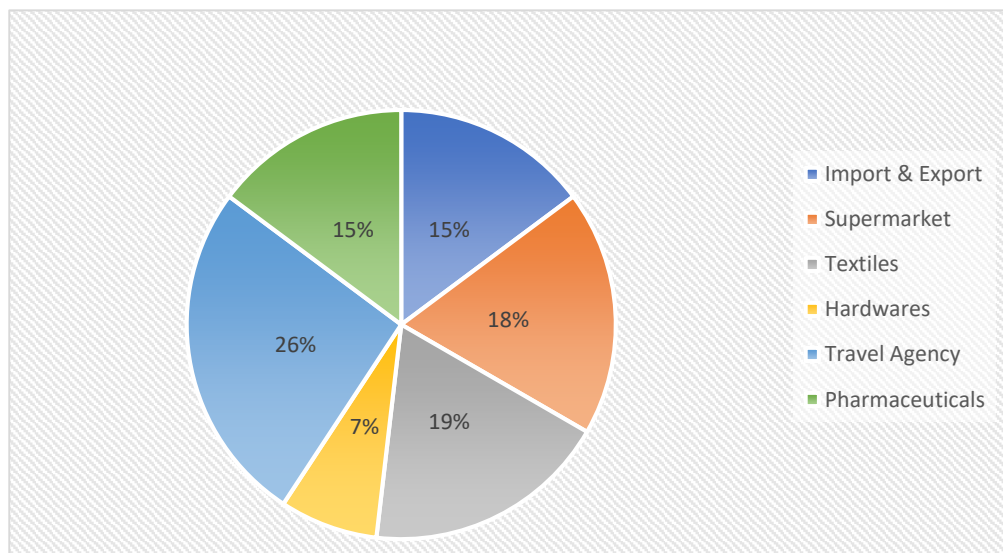


Figure. 2: Percentage of ICT usage

4. FINDINGS AND RESULTS

The findings are grouped according to the logical grouping as discussed above. It is important to highlight once again that this research made use of a qualitative approach in trying to answer the research question. The repliers were based on the experiences of the small business enterprises Owners as they run their business.



I noticed that many of the businessmen were not familiar to handle ICT tools in their business line. The pie chart shows the details of the Usage of ICT in business of six sectors which we selected to the research. In Pharmaceuticals and Import & Export sector 15% of businessmen are using ICT. Supermarket 18% and Travel Agency 26%. Hardware sector usage is 7% which is very poor usage of ICT.

Identified that not enough Workforce knowledge for employees, all the respondent interviewed have a workforce within the required range. The number of employees ranged from four up to sixty. This reflects the respondents were chosen in a balanced manner. The employees of all twenty five respondents have a minimum qualification of grade 12 and six of them employ people with tertiary education. This could imply that small business enterprises require some level of literacy. The problem is that fifteen out of the thirty-three respondents indicated that their employees are not computer literate. Only technological small business enterprises employ IT experts as their main business is technology-based. The others do not have any ICT specialists working for them.

Many of the respondents have some sense of understanding of IT and what the benefit might be, but not enough. They don't know ICT and how it differs from IT. They find ICT complicated and don't want to try to understand it. In fact, most of them has any idea what the knowledge economy is. They do not have dedicated ICT staff to carry out the ICT-related responsibilities. This highlights Mutulaand Van Barkel's (2017) point of the need for highly skilled ICT specialists to make strategic decisions with regard to ICT direction. The majority of the respondents generally use friends and family who know a bit about ICT to help or give advice. Their awareness level is very low.

There was a different feel by visiting the shops with a moderated facility like cards payments, printed billings, and barcode reader and with CCTV. Few businessmen were accepting cards payments in the outlets. According to the statics of mawanella BOC bank 38% of businessmen are using card payment and others are not facilitated.

While some of the businessmen are clearly aware of ICT and its benefits, there exist certain restrictions and barriers to ICT investment. Lack of necessary internal skills is a major barrier which means do not have enough ICT experts and they feel costs of ICT solutions and implementation are too high. Most of the businessmen are using manual system. Lack of finance, Lack of ICT knowledge, many of them are not prefer to change according to the new technology, Lack of availability of relevant information and advice on suitable and effective technologies are some other reasons for adopt ICT for small business Enterprises in mawanella divisional secatreat that we found from this study.

5. RECOMMENDATIONS

In view of the arguments and findings presented in the paper on different issues pertaining to the adoption of ICT in Small Business Enterprises, it is imperative that strategies are developed, at all levels, to further Small Business Enterprises growth, development and competitive advantage. It is against this backdrop that the following recommendations are forwarded for consideration.

Small Business Enterprises should look upon ICT as a tool to stay alive and be able to compete on a level playing field with their foreign counter part. Small Business Enterprises Owners need to take on this challenge seriously and find out how business intelligence and knowledge management solutions as well as new economy related assistance schemes offered by the Government could assist them.

Small Business Enterprises should invest in educating their staff and management about ICT and its benefits. The first thing that needs to happen is that Small Business Enterprises must establish ICT as a functional area, just like the functional areas of finance or human resources. By doing so, they will be recognising ICT as an important function that deserves to be taken seriously. Once that is done, they need to identify fitting roles for this function and establish their specifications, to know what abilities, skills and experience they are looking for when they want to fill the roles. When looking for staff to fill the positions they should make sure that they get people with the right qualifications and experience to do the job.

There are many government assistance plans, including financial help, tax incentives and business advisory assistance to support the Small Business Enterprises, but many Small Business Enterprises' Owners in mawanella divisional secretariat are still unaware of the various assistance programmes provided and supported by the government. So they should be knowledgeable about the Business Supporters and financially supporting companies.

Small Business Enterprises should realise that the economy and business are shifting towards a new world configuration of digital information and knowledge-based work.

Increasing the number of technical training institutions, Offering ICT in order to provide an e-skilled workforce to meet the demand of the current knowledge economy.

Incentives should be devised to encourage the development of the software

6. CONCLUSION

According to the aim of our research it is concluded that the use of ICT is a critical facilitator of innovation, since the positive and significant effects that were obtained allow us to infer that this technology can help businessmen to improve their level of business. Overall, the study says that the small number of businessmen are aware of the benefits of ICT adoption. The findings of our research show that the lack of necessary ICT knowledge and skills and mechanism to find and receive advice support. There is a need for more focus and concerted efforts on increasing awareness among businessmen on the benefits of ICT adoption in order to make the business more productive and competitive. Also, there is a need for providing affordable ICT products, services, solutions and relevant professional's advice.

The findings from this study will make pertinent contribution to the body of knowledge. It is also hoped that, the findings will be useful for business Owners, Managers of Small Business Enterprises and other interested parties in both developed and developing economies on ICTs adoption. Thus, ICTs plays a great role in Small Business Enterprises. It deserves special attention in order to diversify the economic activities of an economy, more specially on ICTs adoption Framework. This would enable Small Business Enterprises to remain competitive.

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