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**AN EMPIRICAL STUDY ON
E-BUSINESS USAGE LEVEL AND THE COMPANY
PERFORMANCE OF SMALL AND MEDIUM SCALE
EXPORTERS IN SRI LANKA**

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Abstract

The Internet and Internet technologies such as electronic business have experienced phenomenal growth over the last decade. For exporters Internet can be the primary channel of sales and marketing. Effective use of Internet-based tools like website, web advertisements and other instruments allow exporters to find right contacts, develop relationship, increase sales, and promote their products and services. However, research shows that small businesses have been slow to adopt and to implement e-business due to a variety of barriers or impediments. The purpose of this study is to examine the usage level of e-business and the company performance of small and medium scale exporters in Sri Lanka.

This study was exploratory and focused on a sample of small and medium exporters in Sri Lanka. This sample represented the small export firms in Sri Lanka that had been regular exporters. 150 firms were selected as the sample size to respond for questionnaires on e-business and exporting. Analysis of the data was mainly by means of descriptive statistics.

The key objectives were to understand the usage of e-business and its association with the company performance as well as with the perception of barriers to utilize and develop e-business capacity to access export markets by SME exporters. In addition, the research would help identify additional barriers or challenges unique to Sri Lanka other than found from literature.

One-way ANOVA analysis revealed that the e-business usage level has a significant association with the company performance (measured by export turnover) as well as with the perception of barriers. Therefore the study concludes that export firms who were more involved in e-business had a higher company performance and lower perception of the e-business barriers.

Given the exploratory nature of this study, the results of the study have significant implications for government organizations and other who engaged in promoting e-business adoption, particularly among small businesses in regional areas.