

## Factors influencing Enterprise Information Systems adoption of Small and Medium Enterprises (SMEs): A case study on Sri Lankan manufacturing sector

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### Abstract

*Small and Medium Enterprises (SME) play a vital role in the Sri Lankan economy in terms of national output and employment as well as incubating innovative capabilities. In today's highly competitive economy, small and medium-sized enterprises lack the resources and technologies to compete with large enterprises, although having a relatively high casualty rate. In order to survive in the competitive market and exploit opportunities, many small and medium-sized enterprises adopt Information Technology (IT) related applications. However, in the current context of IT Application usage, such as Enterprise Information Systems (EIS), the SME sector in Sri Lanka is lagging compared to other countries. Therefore, the need of adopting to EIS / other Information Systems related technologies is becoming a must or an urgent need in the context of establishing a competitive SME sector. Based on empirical evidence and review of literature this study captures significant factors that influence EIS adoption by SME in Sri Lankan context. The objective of this study is to recognize the real need of EIS based applications for the SME sector while identifying and defining the effectiveness of driving and hindering factors which affect the focus of SMEs adoption towards EIS based applications. Since cost based constraints was identified as a major barrier to adopting EIS based solutions, the increase of productivity and sales profitability are stated as main driving forces by the SME owners and industry experts. The results are expected to provide a practical contribution in the area of EIS adoption in the Sri Lankan Small and Medium manufacturing SMEs for better reinforcement strategies for successful implementation.*

**Keywords:** Enterprise Information Systems (EIS), Manufacturing, SMEs