IMPLEMENTATION OF INTEGRATED INFORMATION SYSTEMS FOR SMALL MEDIUM ENTERPRISE

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Abstract

The swift growth of Internet Technology in Indonesia brings variety of new opportunities for small and medium enterprises (SMEs) particularly in business process innovation. Observing the cost of acquisitioning Integrated information systems has become more affordable now compared to ten years ago, more and more SMEs are implementing it. Various studies in the field of small medium enterprise in adopting information technology have been done, but not much found a study that combines the real implementation and the study of how SMEs adopting it, in particular the level of adoption with the aim of creation and development of SMEs. Considering SMEs as the important factors to success in the reduction of unemployment and economic growth in Indonesia, systematic studies which combine real implementation and its adoption need to be done, particularly to anticipate the ASEAN free trade area competition.

The approach of this article will utilize a common information systems implementation life cycle which considers frequent success factors of an SME in the process of adoption of integrated information systems using Openbravo ERP. This article exploited a mix method of literature study and real implementation. The results opened further opportunity to investigate causal relationship among the variables of integrated information system adoption including the moderating effect of agile technique implementation.

Keywords: small medium enterprise, integrated information systems, openbravo erp, agile technique

Introduction

Small and Medium Enterprises (SMEs) now have the challenge of an increasingly complex and competitive industry, including the challenges of exploiting information technology in which, the needs are more and more akin to the needs of information technology in large business enterprises. SMEs also often do not have access to human resources in the field of information technology to ease the adoption of information technology, even though most SMEs agree that information technology is needed to compete in a growing and increasingly global market.

Information systems continue to play as an important role in the success of any business despite the size of the SMEs. Computer network installation even in the smallest of small businesses will boost overall office efficiency by allowing employees to quickly access and share information and network resources such as high-speed internet connection, integrated information systems, collaboration systems, office productivity and cloud based data backup system. Previous studies note that most big enterprises are using Enterprise Resource Planning (ERP) software packages as their Integrated Information Systems, and nowadays more SMEs are on the route of adopting them however the bulk benefits of ERP software packages remain hidden (Maditinos, Chatzoudes, & Tsairidis, 2012).

Specifically in Indonesia, SMEs are the key to success in the reduction of unemployment and boosting economic growth in Indonesia. SMEs have contributed a great deal in the resilience of the Indonesian economy, especially in a period of economic stagnation and financial crisis during 2008-2009. Support to SMEs should be encouraged to support Indonesia becoming 10 most influential economic powers in the world by 2025 according a study from the OECD (2012). Therefore, research on SMEs is considered very important for academics and business practitioners in Indonesia.

Literature Study

The purpose of literature study is to thoroughly review sources related to Small and Medium Enterprises decision in implementing Integrated Information Systems in order to improve productivity and working quality since the system offers standardization and simplification to several common business processes.

Small and Medium Enterprises (SMEs)

The term Small and Medium sized Enterprise (SME) varies in one country to another. Due of the diversity of SMEs, every simple definitions are subject to criticism. The Indonesian Ministry of micro, small and medium enterprise under the Statute number 20 year 2008 defined SMEs according to 3 categories based on the company assets and revenue: (1) Micro business, (2) Small business, and (3) Medium business as listed in table 1 below: