

INFORMATION SYSTEMS ADOPTION AMONG SMES IN SURABAYA GREATER AREA

Trianggoro Wiradinata¹⁾, Tony Antonio²⁾

Ciputra University, Surabaya, Indonesia

¹⁾twiradinata@ciputra.ac.id

Abstract

The rapid growth of Internet Technology (IT) in Indonesia proposes many new improvement opportunities for small and medium enterprises (SMEs) particularly in business process automation. Observing the cost of acquisition IT has become more affordable now compared to ten years ago, more and more SMEs are implementing it. Various studies in the field of SMEs have been done, but not much focusing on how SMEs adopting Integrated Information Systems. Specifically, in Surabaya greater area, most of SMEs are trying to automate their business processes, however not many realize that in terms of IT adoption context, SMEs are not just merely a simple scaled-down model of large firms, hence many project implementations in SMEs were failing. This study focuses on examining four important antecedents of technology adoption using Technology Acceptance Model framework. The perceived efficiency benefit and perceived service benefit were proposed as the antecedents of Perceived Usefulness. Familiarity and Owner's ICT Knowledge were proposed as antecedents of Perceived Ease of Use. The collected data of 264 SME owners or managers were tabulated and analyzed using path analysis to measure the causal effects. Result findings from final model confirmed the significance of Perceived Ease of Use as the largest predictor of Intention to Use IT for business process automation. Despite solid theoretical contribution of the findings, this study offers practical means of increasing the success rate of IT adoption by SMEs.

Keywords: Small Medium Enterprise, Surabaya, Integrated Information Systems, TAM

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. Information systems and organizations influence one another. Information systems are built by managers to serve the interests of the business firm. At the same time, the organization must be aware of and open to the influences of information systems to benefit from new technologies (Laudon & Laudon, 2015). Previous studies note that most big enterprises are using Integrated Information Systems software packages and nowadays more SMEs are on the route of adopting them gradually from one module to another, however the bulk benefits of Integrated Information Systems software packages remain hidden (Dillard and Yuthas as cited in Maditinos, Chatzoudes, & Tsairidis, 2012). Prior to this study, an Information System implementation was done at an SME in Surabaya which engages in the field of leather goods, the result confirms the limitation of SMEs in terms of their readiness to adopt Information System (Wiradinata & Antonio, 2015).

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 how SMEs adopt Information Technology as their sustainability strategy is considered very important for academics and business practitioners in Indonesia. This study will try to open more horizon on how SMEs particularly in Surabaya greater area which are dominated by family managed business perceive their intention to adopt Integrated Information Systems.