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Effective modeling of Information Technology (IT) practices towards Business Environment Competitiveness in Small and Medium Enterprises (SMEs)

Abstract

For business expansion and globalization, most of the organizations and enterprises are relying on information technology. The entrepreneurship concepts led to many startups in our country which are developing because of their positive impact on economy. There is no satisfactory research on use of IT for business environment competitiveness of SMEs in Pakistan. The objectives of this research were to determine the level of IT usage that effect business environment competitiveness, the factors effecting IT usage in SMEs, which factor effect business environment competitiveness and its divisions the most and to develop a model for affective use of IT to enhance business environment competitiveness.

The review of available literature provided the grounds for this research. Current business environment is driven by globalization and competition (Savrul, M.et al., 2014). Information technology is the only thing that is binding the global market (Krotov, V., 2017). SMEs strengthen infrastructure for better economy and its development (Sarter, Fuchs & Sack, 2014). The adoption of IT has a positive effect on SMEs as well as on the economy of the country (Ghobakhloo, M., 2012). SMEs lack necessary ICT knowledge, skills and mechanism to receive advice and support. Information technology has a positive impact on the business of an SME and the overall economy of that country (Ashrafi, Murtaza - 2008). Pakistan is said to be the fastest growing internet marketplace in Asia. (Pakistan Economic Survey 2016-17 Ministry of Finance)

SMEs from manufacturing and services sector were taken as target population for the study. The data was collected from 181 managers serving in different SMEs of Islamabad and surrounding. Stratified random sampling was done to select participating organizations. SPSS 23 and AMOS 22 were used to do data analysis. Descriptive analysis, ANOVA, Correlation, Regression and Structural equation modeling were used to analyze data. The results revealed that IT usage has a positive relationship with business environment competitiveness. The major factors of IT usage effecting business environment competitiveness of SMEs are the drivers of current IT investment and competitive strategy.

Despite the current study disclosed some important results, it has a few limitations. It was not extensive, was conducted in a single region of country and covered single aspect of business (business environment competitiveness). The study can be used to predict the current usage of IT and what level of upgradation must be done to gain competitive edge over others. The findings provide a precise general model that will help future researchers to develop models for other aspects of business in SMEs.

Keywords:

Information technology, Small and medium enterprises, use of IT, IT implementation, Business Competitiveness, Model for IT usage

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