

## ABSTRACT

In the today's business environment, there has been an increasing use of the Enterprise Resource Planning (ERP) systems in large enterprises and few in the government entities especially in the developed countries. While there is a vast adoption of the ERP systems in the developed countries, the developing countries are lagging behind. However due to a recent globalization and increased economic growth, the developing countries such as Tanzania are increasingly becoming the major business targets of the ERP vendors. While big enterprises are showing to adopt to this newly technology, the Small and Media Size enterprises (SMEs) are still dormant to adopt. There is a pressing need to understand the ERP adoption issues in the developing countries, especially in the SMEs despite of the economic, cultural and basic infrastructure issues. This research investigates the technological, organizational and environmental challenges facing the SMEs in adopting the ERP systems, the tourism industry being the case study. This study starts with identifying the actual deployment, utilization and penetration of the ERP systems in the SMEs, and then followed by identifying the ERP adoption challenges. The study also looks on the measures to be used to help the SMEs to adopt the ERP system, and finally the study analyse if the ERP systems are capable to meet the needs of the SMEs. This study employed the Lee (1991) framework, a multi-paradigm approach where by both qualitative and quantitative research techniques are integrated. Three main data collection tools named as the interview, the questionnaires and the documentation have been used to help the researcher to collect data so as to avoid the weakness that can inherence when a single method is used. The study finding revealed that more than 59% of the SMEs in the tourism industry in Tanznia have not adopted the use of the ERP system and the identified challenges behind this are the relative advantages/benefits of using the ERP system, uncertainty/ risk avoidance in the ERP implementation, compatibility issues, product costing and pricing, technological readiness, top management support, and the competitive pressure from the environments. The study also revealed that when measures are exerted on these challenges, the ERP systems are capable of addressing and meeting the SMEs needs.

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