

**Technology Problems in Small and Medium Scale Enterprises in Sri Lanka: With Reference to Footwear and Leather Products Manufacturing Sector in the Western Province**

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Small and Medium Enterprises (SMEs) play an important role in the national economy through generation of employments, contributing to the growth of GDP, embarking on innovations and stimulating of other economic activities. This sector is said to be the backbone of all developed and developing nations. The development of this sector is very important to developing countries as poverty and unemployment are the persisting problems in those economies.

In the recent, this industry has been seriously affected by dumping of Footwear & Leather products from East Asian countries, especially from China. The Technology capability to the Footwear and Leather product industry is negligible compared with global area. This research has focused on the local Footwear & Leather product industry with an emphasis on the technological aspects. It is intended to identify present status of Technology & Technology Changes in SMEs in Sri Lanka. Final objective was to recommend in-depth solutions for the above identified technological problems.

This research was carried out in several phases. The initial phase to assess the level of technology used in the Footwear & Leather product industry in other countries a literature survey was carried out. Information was taken from theses, journal papers, and articles and from websites related to technology providers. Expert knowledge in this sector was elicited through interviews. For this purpose a questionnaire was formulated to collect data and has selected 30 registered industries under this sector. The collected data was analyzed using a Statistical Package as *MINITAB* 14 to test the hypothesized relationships of independent and dependent factors of technology for this industry.

Finally this research makes recommendations to the policy makers, government to design the policies and frame works to protect and development of the technology and business field of this sector under SMEs including an appropriate technology policy.

***Key words:*** *Technology, SME, Footwear, Leather*