

ABSTRACT

Due to limited resources and the unique nature of SMEs, firms tend to be more prudent with e-business solutions. Therefore, there are tendency for the firms to provide greater priority to invest on e-business solutions to extend the efficiency of most strategic business functions. The aim of this study is to explore the current state of e-business alignment amongst Malaysian SMEs. Specifically, the objectives of this study are: [i] to investigate the extent of firm's e-business capabilities correspond to the strategic importance of various business functions; [ii] to reveal meaningful profiles that reflect distinct e-business alignment characteristics across firms; [iii] to re-establish alignment and performance relationship within the context of e-business technology, and [iv] to investigate antecedents that are perceived as most crucial to facilitate firms in aligning e-business with their business strategic needs. A research framework was developed to investigate the e-business alignment issue using a strategic fit perspective. This study has considered two major propositions. First, firm's ability to appropriately align e-business capabilities to support the firm's most crucial business functions would potentially lead to better realisation of e-business values. Secondly, certain managerial and environmental conditions in which firm operate would have substantial roles to facilitate e-business alignment across firm's operation. This study has employed quantitative approach to collate empirical evidences to support the study propositions. Firm's perceptions are solicited from 140 owner/managers of selected firms using a self-administered mail questionnaire technique. Preliminary analysis indicates the presences of e-business alignment/misalignment pattern across business functions with greater alignment are more obvious on information searching and sales-related functions compared to other functions. The cluster analysis further reveals and validates three distinct groups of firms with different degree of e-business alignment. Results further provide empirical evidences that firms with highly aligned e-business would experience greater and wider impacts across various aspects of firm operation. Finally, a logistic regression results suggest that firms operating under greater uncertainties, having more extensive IT/IS applications, competent owner/manager are more likely to achieve greater e-business alignment. In addition, despite the relative importance of various sources of e-business advices, firms in least aligned group tend to rely most on support network from government agencies and institutions for e-business related advices. Finally yet important, firms in more aligned category are currently operating at higher e-business ladder than those that are still operating at an early stage of e-business (web presence). In conclusion, this study suggests that firms relatively have different priority over e-business to support their business. These findings provide useful insights why some firms do not progress to higher e-business ladder. It further justifies unequal deployment of e-business to support functions across the firm.

Keywords: e-business; alignment; small and medium-sized enterprises (SMEs), Malaysia