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THE INFLUENCE OF INFORMATION SHARING LINKAGES ON BUSINESS PERFORMANCE: EVIDENCE FROM MICRO AND SMALL ENTERPRISES IN SARAWAK

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This paper investigates the relationship between information sharing linkages (i.e. customer linkage, supplier linkage and internal linkage) and micro and small business performance in Sarawak, Malaysia. The empirical results reveal that customer linkage and supplier linkage have positively influenced business performance meanwhile internal linkage has negatively influenced business performance. Due to the challenge of obtaining the responses from business owners and managers of medium-sized enterprises, the responses are recorded only from micro and small businesses. This leads us to conclude that the findings can help small and medium enterprises, researchers and academicians to better understand on the importance of information sharing linkages that affect business performance. Additionally, the findings provide evidence on the ability of the enterprises to utilize the information sharing linkage as a resource to improve business performance.

ABSTRACT

Contribution/ Originality: This study is one of very few studies which have investigated information sharing linkages towards business performance in service sector. This study documents the influencing factors of information sharing linkages and recommends ways to improve service-based business performance.

1. INTRODUCTION

Small and medium enterprises are flourishing positively around the globe as it provides greater job opportunities compared to large firms (Noor and Siang, 2014). In Malaysia, SMEs contributed 36.6 percent of Gross Domestic Product (GDP) in 2016 as compared to 36.3 percent recorded in 2015 (The Office of Chief Statistician Malaysia Department of Statistic Malaysia, 2017). Practicing information sharing in small and medium enterprises is seen to benefit the organizations. It helps the suppliers to access the data of customers efficiently which help them in refilling production and arrange the schedule of shipment (Devaraj et al., 2007). Besides, it also helps to improve the quality of business performance which simultaneously satisfies the customers (Devaraj et al., 2007). From time to time, it is presumed a lot of information must be conveyed as the business is expanding.