

E-Commerce Adoption among Small and Medium Enterprises (SMEs) in Northern State of Malaysia

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Doi:10.5901/mjss.2015.v6n5p37

Abstract

Electronic commerce (E-commerce) which is a practice of buying, selling, transferring, or exchanging goods, information or service by means of internet has established in 1994 and until now hordes of organizations have exploited the internet to handle the information and fit in e-commerce into their business processes. This study analyses the relationship between organizational context, technological context, and environmental context towards E-commerce adoption among SMEs in Northern state of Malaysia which comprise of Perlis, Kedah, Penang and Northern part of Perak. Above and beyond, this study is conducted based on survey design and descriptive research investigation. Entire numbers of respondents collected through questionnaires are 364 CEOs or managers diversified from different sectors. The research data is analyzed using frequency analysis, reliability analysis, descriptive analysis as well as multiple regression analysis.

Keywords: organizational context, technological context, environmental context, E-commerce adoption.

1. Introduction

The manifest of the internet has created huge benefits for businesses throughout the last two decades. Masses of companies have made use of the internet to handle the information and fit in e-commerce into their business processes as e-commerce has brought numerous advantages such as reduction in costs of conducting business, penetration of new customers and suppliers, product/service quality improvement, creation of new routes or directions for distribution of the products (Pham, Pham, & Nguyen, 2011). Undoubtedly, e-commerce is beneficial for nowadays economies to transfer from the labour intensive paradigm to knowledge worker paradigm which appeared to be leading trend in the future. Many companies have acquired benefits through e-commerce adoption in their firms and these benefits not only comprehended in large organizations but also in small and medium enterprises (SMEs) (Huff, 2000).

Implementation of innovation technology and its practises are very important from the view of academicians and practitioners. Nevertheless, there are only few studies that concentrate on the adoption of e-commerce in SMEs (Grandon & Pearson, 2003; Riemenschneider, Harrison, & Mykytyn, 2003; Mirchandani & Motwani, 2001). It is undeniable that SMEs play a vital role in both developing and developed country and that e-commerce has generated a number of possible advantages. However, unexpectedly, SMEs adoption of e-commerce still limited owing to the reason that SMEs have different features and attributes compared with large organizations. The aim of this study is to determine the trend of e-commerce applications and the factors that influence the e-commerce adoption by SMEs. The factors that will be determined are crucial to the success of the adoption. Current or new business owners can focus on these factors so that they can assure the possibility of adoption and acquire benefits and conquer the challenges through the implementation of e-commerce.