

**THE IMPACT OF E-COMMERCE ON BUSINESS VALUE FROM SME PERSPECTIVE**

**NORA BINTI MOHD HALID**

**2011817192**

**NUR FARIHAH BINTI MUHAMMAD YUNUS**

**2010656724**

**Submitted in Partial Fulfillment of the Requirement for the  
Bachelor of Business Administration  
(Hons) ~~Finance~~**

**FACULTY OF BUSINESS MANAGEMENT UiTM BANDARAYA  
MELAKA  
2013**

## **ACKNOWLEDGMENT**

Alhamdulillah, first we would like to thank god, as finally we were able to finish our research that had been given to us. This task had been done with all afford by group members even though a little bit problem were happened among us while doing this assignment. Luckily, all the problems can be settle down and we were able to adapt properly and wisely.

Besides that, big thank we address to our adviser on our research, Madam Maizatul because without her guide our research cannot be done properly like this. Thanks a lot. She always give us supports and guide to us how to do our research in purpose to produce a good outcome from research that been studied. Research that has been done is title of study on the impact of e-commerce on business value from SME Company in Malaysia.

Finally, thank to our beloved friend that always be together and work hard to generate a good research with all afford and responsibility. Hope that all afford will give many benefits to all those readers and us. Million thank also we wish to all our staff members at our practical places because they also contribute some information on a certain question. They always give us ideas and comment on our research so that we can improve our research in many ways.

Thank you.

LIST OF TABLES

Table 3.1: Coefficient of Correlation
Table 4.1: Respondent Gender
Table 4.2: Respondent Race
Table 4.3: Respondent Age
Table 4.4: Position
Table 4.5: Period of the business
Table 4.6: Type of Business
Table 4.7: Business Experience with E-Commerce
Table 4.8: Main reason company adopting E-Commerce
Table 4.9: Cronbach's Alpha Range
Table 4.10: Cronbach's Alpha for Overall Question
Table 4.11: Cronbach's Alpha The Impact of E-commerce on Business Value
Table 4.12: Cronbach's Alpha Operational Efficiency
Table 4.13: Cronbach's Alpha forMarket Efficiency
Table 4.14: Cronbach's Alpha for Network Efficiency
Table 4.15:: Coefficient Size Table
Table 4.16: Correlation
Table 4.17: Output Summary of Coefficient on The Impact Of E-Commerce On Business Value
Table 4.18: Coefficient of Determination ( $R^2$ )

## **ABSTRACT**

Electronic Commerce (E-Commerce) is a potentially growing business for today's market. It becomes popular medium among companies and individual who operate their business especially among small and medium enterprise (SME). This research study on three dimensions that influence the impact of E-Commerce on business value from SME perspective which are operational efficiency, market efficiency and network efficiency. And the most influence factor is market efficiency. The expatriates of this research is among people who involve with SME and use E-commerce in their business. Data is collect through a questionnaire distributed to 80 expatriates who work for SME companies. Result of the present study showed that the significant correlation relationship between the factors of the impact of E-commerce on business value and the impact of E-commerce on business value. This study also used regression in order to identify which factor is most significant and influence the impact of E-commerce on business value.

## 1.0 INTRODUCTION

### 1.1 BACKGROUND OF STUDY

In developing countries such as Malaysia, a major avoidance to e-commerce involvement is the enterprise attitude (Ng, 2000). Malaysian companies tend to be followers rather than leaders in e-commerce investment. Many fear failure and some dare not to invest in e-commerce because it is an unknown space (Ng, 2000). According to Ainin and Noorismawati (2003); and Norhayati (2000), lack of successful stories by click and mortar companies in Malaysia is the main reason why traditional businesses are reluctant to embark in e-commerce transactions. A study by Ainin and Noorismawati on e-commerce stimuli and practices among Small Medium Enterprises (SME) in Malaysia for example, found that 79% respondents agreed that “not many success stories of e-commerce” was the first barrier to e-commerce adoption. Other barriers include “not having knowledge in e-commerce” (72.6%), “low internet access among buyers” (72.2%) and “lack of knowledge on e-commerce potential” (69.6%).

To be competitive, Malaysian companies should re-act fast to the changing business environment. They should grab the opportunities then take the risk to change the Internet space for business on the Net (Paynter& Lim, 2001). Although many research on e-commerce have been done in leading countries, Austin (1990) argued that theories developed in the context of mature markets would not be suitable in developing markets. Due to the reason, this study aims to identify how e-commerce implementation gives an impact on business performance. Focus is no longer on whether to apply e-commerce but how to apply it profitably with the aim to encourage newcomers in e-commerce, to help click and mortar companies to identify problems in their current e-commerce standing and to provide useful information for related bodies such as associations in the industry and regulatory bodies.