

UNIVERSITI TEKNOLOGI MARA

**A STUDY ON THE DETERMINANT
FACTORS OF ELECTRONIC
COMMERCE ADOPTION BY SMALL
AND MEDIUM SIZED ENTERPRISES
IN SELANGOR, MALAYSIA**

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Dissertation submitted in partial fulfillment
of the requirements for the degree of
Executive Master of Administrative Science

**Faculty of Administrative Science and Policy
Studies**

June 2019

ABSTRACT

Worldwide turbulent economic condition with increasing competitive market environment is becoming a growing concern particularly among SMEs which often sees as having lack of resources to maintain their business performance. Hence, there is an urgent need for IT innovation and adoption as one of the best methods to manage business which includes e-commerce. This study aims to identify the determinants towards the adoption of e-commerce adoption particularly among SMEs in Malaysia. Recently, e-commerce plays an important role in the growth of SMEs since it allows them to compete efficiently in both domestic and international markets. This can be seen from positive trend of e-commerce adoption as this study found out that the level of e-commerce adoption within SMEs in this country is high. Thorough analysis of the findings in this study revealed several factors namely as perceived relative advantage, top management support as well as external pressure and support are significantly influencing the adoption. Similar to prior studies, the result of this study is consistent with many of them which was also conducted in relatively similar field and area. Therefore, the generalization extracted from the findings of this study can be considered as appropriate and relevant especially within Malaysian SMEs context. It can be used as reference for many parties in view of the present competitive market environment which demands better method to manage business as compared to traditional means. Therefore, based on the result and findings discovered in this research, hopefully it can provide a lot of contributions to many parties in terms of development and improvement of not only for the organization involved, but also for the SMEs industry and economic in Malaysia as a whole.

ACKNOWLEDGEMENT

Alhamdulillah. Thanks to Allah SWT, with His blessing me with good health and giving me this chance to finish this dissertation. Firstly, I would like to express my deepest gratitude to Dr Aliza, which is my supervisor for EMA 737 of Universiti Teknologi MARA Shah Alam for the cooperation and sharing the valuable information, suggestions and guidance in the compilation and preparation throughout conducting this dissertation. Next, I would like to deeply thank the parties that had been supporting me from day one which are my parents, families, and others for their cooperation, encouragement, constructive suggestion and full support for this report completion. Furthermore, I would like to profoundly thank all of my friends and everyone who had been supporting and assisted me during the progress. Last but not least, I would like to sincerely thank the entrepreneurs that had given full commitment and cooperation in giving information and helping me to become respondents during data collection process. Without their help, the completion of this research will become impossible.

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CHAPTER ONE

INTRODUCTION

1.1 Preamble

This chapter is focusing on the background of study which is regarding factors that influencing adoption of electronic commerce among small and medium enterprises in Selangor, Malaysia. Recently, electronic commerce (e-commerce) has attracted a lot of attention from different firms and businesses. This is due to its feature that can support different types of business activities from various types of firms (Wei & Mohd Fauzi, 2018). Besides, this latest technology can also help to improve the operation of firms to become more effective and efficient in handling their business trades (Kurnia & Choudri, 2014).

As consequences, lot of prior studies regarding information technology adoption have been conducted in various views and perspectives which includes factors contribute to the adoption of e-commerce for business operation. However, for this study, it intends to focus on technology, organization and environment factors which has been frequently cited as determinant factors which can contribute SMEs to adopt e-commerce. This field of study is deemed as important since factors investigated are very necessary to be recognized and enhanced in order to ensure opportunity and benefits offered by this innovation can be utilized at maximum level.

1.2 Background of Study

Electronic commerce (e-commerce) emerged due to our world currently is widely affected by the use of Internet and computer technologies. Consequently, the emergence of Internet and computer technologies enables firms to improve their communication and interaction with both customers and suppliers. In addition with current turbulent economic condition along with various social challenges, firms have to grab this chance by fully exploiting when such opportunities are presented. Moreover, e-commerce also helps provide platforms to grow firm's business globally regardless of their size especially among SMEs (Chen & Zhang, 2015). Hence, all of the benefits acquired through e-commerce adoption are not only comprehended in large