

**GAUGING THE INFLUENCE OF DIGITAL ECOSYSTEM ON SMEs
PERFORMANCE AMONG UNIVERSITY GRADUATES**



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ABSTRACT

Small and Medium Enterprises (SMEs) are one of the important sectors in the economic development of a country. In the context of developing countries, the contribution of the sector is more micro, not only as a catalyst for economic growth and job creation but also has an important role in ensuring fairer income distribution, eradicating poverty, shaping industry chains and creating more balanced development. The development of the sector is no exception to the need for the application of information technology. The ability of entrepreneurs to master the digital ecosystem is a very important element to ensure the continued performance of a business. However, the majority of SMEs in Malaysia face difficulties in adapting to the digital ecosystem compared to larger enterprises. This means that SMEs are unable to create a competitive advantage through the use of digital in their business management.

In general, the objective of this study is to identify what are the important factors under the digital ecosystem that can affect the performance of SMEs. The study involved a total of 321 respondents from among alumni who are small entrepreneurs involved in three business sectors, namely manufacturing, services, and retail. Based on multiple regression analysis, the results show that digital skills factors are the most important elements in the digital ecosystem that can influence SME performance in addition to knowledge management factors, E readiness, and ICT utilization. At the same time the study found that the agile leadership factor has no relationship with the performance of SMEs. This indicates that there are weaknesses in terms of management involvement to act as a catalyst to the empowerment of the digital ecosystem in business management. In terms of policy implications, these findings remind all involved in the development of the sector of priority areas to be focused on and strategies to create a more positive digital ecosystem among SMEs. For future research, engagement is recommended more alumni including from private universities. Besides, other factors could also be employee's past experience, funding support to the SMEs, issues specific to a particular industry, maturity and incentives in the usage of telecommunication infrastructures, political, legal and social.

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