

Universiti Teknologi MARA

**The Adoption of Electronic Data Interchange (EDI) among
Small-Medium-Enterprises (SMEs)
in Klang Valley**

Norul Izza binti Salahuddin

Thesis submitted in fulfillment of the requirement for
Bachelor of Science (Hons) Business Computing
Faculty of Information Technology
and Quantitative Science

May 2007

DECLARATION

I certify that this thesis and the research to which it refers are the product of my own work and that any ideas or quotation from the work of other people, published or otherwise are fully acknowledged in accordance with the standard referring practices of the discipline. I acknowledge the helpful guidance and support of my supervisor Puan Norjansalika Janom.

I authorized Universiti Teknologi MARA to lend this thesis to other institutions or individual for purpose of scholarly research.

MAY 2007

NORUL IZZA BINTI SALAHUDDIN

2005618018

ABSTRACT

Nowadays, the adoption of information technology (IT) in business operations is no longer privilege to large organizations only. Small-Medium-Enterprises also have adopted the IT in process of gaining the benefits of using it. However, there has been little research conducted and published on the adoption of Electronic Data Interchange among SMEs in Malaysia. Most previous researches were done in the context of Europe, United State and Australia. This study is handled in order to identify the influences factors of EDI adoption decision among SMEs in Malaysia especially for Klang Valley region and then provide recommendations regarding the adoption decision. For gaining data, researcher used the method of distributing questionnaire and handled some phone interviews. For the analyses and findings, researcher used the SPSS software. Methods that are used in this software are; descriptive, Cronbach's Alpha of reliability and Coefficient Correlation Test. The findings indicate that the most influences factors that contribute to the EDI adoption decision among SMEs are the cost factor. Then, it being followed by the top management support factor, personnel factor, data confidentiality factor and lastly, total time implementation factor. Based on these findings, recommendations regarding EDI adoption decision among SMEs in Klang Valley are provided.

TABLE OF CONTENTS

	Page
ACKNOWLEDGEMENT	ii
ABSTRACT	iii
LIST OF FIGURES	vii
LIST OF TABLES	viii

CHAPTER 1 INTRODUCTION

1.1	RESEARCH BACKGROUND	1
1.2	PROBLEM STATEMENT	4
1.3	RESEARCH OBJECTIVES	5
1.4	RESEARCH SCOPE	5
1.5	RESEARCH SIGNIFICANCE	6
1.6	RESEARCH APPROACH AND METHODOLOGY	6
1.7	LIMITATIONS OF THE RESEARCH	7
1.8	OVERVIEW OF THE RESEARCH	8

CHAPTER 2 LITERATURE REVIEW

2.1	RESEARCH INTRODUCTION	9
2.2	ELECTRONIC DATA INTERCHANGE (EDI)	11
2.3	SMALL-MEDIUM-ENTERPRISE (SMEs)	12
2.4	OVERVIEW OF EDI	15
2.5	PRIOR STUDIES	19
2.6	STUDIES ON EDI ADOPTION	21
2.7	RESEARCH MODEL	25

CHAPTER 3 RESEARCH APPROACH AND METHODOLOGY

3.1	INTRODUCTION	27
3.2	RESEARCH MODEL	27
3.3	HYPOTHESES	30
3.4	SAMPLING DESIGN	30
3.5	RESEARCH METHODOLOGY AND APPROACH	31
3.6	ANALYSIS OF DATA	35

CHAPTER 4 DATA ANALYSIS AND FINDINGS

4.1	INTRODUCTION	36
4.2	DEMOGRAPHIC INFORMATION	36
4.3	CRONBACH'S ALPHA TEST OF RELIABILITY	40
4.4	CORRELATIONS COEFFICIENT TEST	42

CHAPTER 5 CONCLUSION AND RECOMMENDATIONS

5.1	INTRODUCTION	48
5.2	RECOMMENDATION	48
5.3	CONCLUSION	51
5.4	FUTURE RESEARCH	52