

**THE E-MARKETPLACE: THE CHALLENGES
OF MALAYSIAN
SMALL & MEDIUM ENTERPRISE IN THE
INFORMATION AND COMMUNICATION
TECHNOLOGY ERA**

by

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ABSTRACT

Electronic commerce (e-commerce) an application of the Internet is exploding and has expanded exponentially for over the past five years. In fact many firms throughout the world migrate to adopt electronic initiatives in their environment. Much however, remains to be done to fully exploit the benefits offered by e-commerce. In Malaysia alone, we expect to see about 2 million users by the year 2002. However, one of the greatest challenges for Malaysia is to convince small and medium enterprise (SME) that both their survival and prosperity depends on adopting e-commerce. SME today still do not understand the process in setting up e-commerce. Skepticism, as well as incoherence loom especially among SME's in Malaysia on accepting the concept of e-marketplace and formulating the best strategy for an electronic endeavor. This research found out that most of the SME do not appreciate the implication of the major ICT changes taking place in this information era. It is evident in this research that there is resistance to e-commerce adoption. This research also figures out the influencing factors and experiences of SME using the ICT for e-commerce. Suggestion on the steps towards e-commerce for SME has been brought forward in this paper. Therefore the transition to e-commerce is hoped to open up a vast array of business opportunities for those who are willing to take advantage of the new technology.

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CHAPTER ONE

This chapter gives an introduction to this paper. The chapter provides the background of the paper, digital economy and business opportunities, problem statement, importance of the study, and scope of the study.

1.0 INTRODUCTION

Often categorised as a fast developing country, Malaysia is considered as one of the proactive nation among its global “peers in the region”. With the establishment of the Information Superhighway, Malaysia is advancing in technological realm while being in the forefront of economic, social, education and other aspects.

Starting as an agriculture – based country as the backbones of its economic activities in the early years, Malaysia has successfully transformed itself into an industrial – based nation in late 1980’s and 1990’s. With the economic growth at the average of 7% per annum between 1970 and 1999, Malaysia has greatly transformed economically and socially. Furthermore to portray her success, Malaysia has also been grouped with six other countries in Asia namely Singapore; Taiwan; Thailand, etc as the seven dragons of Asia (Naisbitt: 1995), before the economic turmoil hit the region in late 1997. According to Naisbitt the changes that happen in Asia is the most important development in the world today. Because of the modernisation it soon will reshape the world as we enter the new millennium. In parallel with the advent of the Information & Communication Technology that can change and improve the quality of life of mankind, Malaysia has also recognised the importance of ICT to the country and its society.

By the year 2020, the Malaysian Prime Minister envisions Malaysia is to become a fully well developed country. Reflected to this Vision 2020, it resulted in the development of new projects and infrastructure that has been carried out throughout the country. Much effort have been put in improving the existing