CHAPTER 5: CONCLUSION AND RECOMMENDATIONS

5.1 INTRODUCTION

This chapter covers the summary of the study. The limitations, implications and suggestions from the future research are also included in this chapter.

5.2 SUMMARY AND CONCLUSION

This study builds on earlier research and examines the determinants of e-commerce adoption among SMEs in Malaysia. E-commerce adoption was empirically investigated by classifying the factors from the context of the organisation, technology and environment.

In general, the results highlighted that the adoption level of e-commerce is still considerably low among Malaysian SMEs. Although most of the SMEs in Malaysia have adopted some form of e-commerce application, most of them have only implemented basic e-commerce applications such as website and email.

The results indicate that five out of eight factors studied in this study are significant in explaining the adoption of e-commerce among Malaysian SMEs.

Of all the factors of e-commerce adoption tested in this study, the two most significant factors are: external change agent and perceived compatibility.

External change agents, such as the government, advisors, external consultants and e-commerce solution providers, play a vital role in contributing towards the e-commerce adoption among SMEs.

Although the Malaysian government have emphasized the use of information technologies through the Seventh National Plan (1996-2000), Eight National Plan (2001-2005), and Ninth National Plan (2006-2010), the end results in terms of e-commerce adoption is still not significant thus far. It is therefore hoped that government ICT initiatives in the latest Tenth National Plan (2011-2015) will prove to be a strong catalyst for SMEs to adopt e-commerce. Among the notable initiatives in the Tenth National Plan are placing ICT as one of the a National Key Economic Areas (NKEA), revamping the role of National Information Technology Council of Malaysia (NTIC) and introducing the National Broadband Initiative (NBI),

Besides, the Companies Commission of Malaysia (CCM) has recently signed a strategic partnership agreement with Telekom Malaysia Bhd (TM) in July 2011. The one-year strategic partnership would ease the process of incorporating new businesses in Malaysia. Furthermore, each new registered business could get an "Office in A Box" Special Package that includes voice service, data service,

broadband internet broadcast, email domain, and value-added services, all in one box. This program, if successful, would provide the technological readiness within newly incorporated SMEs to adopt e-commerce.

Another significant factor found in this study is perceived compatibility. Therefore, it is also safe to assume that if e-commerce is perceived to be compatible with the traditional ways of performing various activities, and is perceived to be compatible with existing values and culture, higher rate of adoption can be seen among Malaysian SMEs.

It is interesting to note that perceived compatibility is found to be more significant than perceived relative advantage. This highlights that even if the respondents realize the usefulness of e-commerce, they might not adopt it if it is deemed to be incompatible with their values, culture and work practces.

A possible reason for the perceived incompatibility of e-commerce is that the Malaysian society is still not quite ready for e-commerce. This might be explained by another similar study (Efendioglu, Yip, and Murray, 2004) which identified three distinct cultural impediments: attitudes towards off-site or online transaction systems, trust, as well as the belief that "debt is not good", that are considered to be the foundation of this delayed acceptance towards e-commerce. When the conditions are not "ripe" (inadequate confidence in technology and off-site transactions, online culture, as well as overall sophistication), the process of adopting e-commerce might be hindered.

Instead of being coerced, Malaysian SMEs need to be convinced into getting their businesses online. Since external agents are very significant factor, more e-commerce seminars and programs need to be done, either by government agencies or other parties. To attract SMEs, it is imperative that such seminars or programs are widely promoted, held at accessible places, and are inexpensive to join.

Malaysian SMEs also typically do not have proper guidance to help them in adopting e-commerce technologies. Hence, it is highly suggested that other companies with successful track record of e-commerce applications become mentors to assist SMEs in e-commerce adoption. If needed, government agencies can play the role of a mediator in such mentor-mentee programs.

The nurturing process might take long, but only with proper guidance would SMEs feel comfortable to adopt e-commece.

5.3   LIMITATIONS TO THE STUDY

This study used the term 'SME' based on the definition by the SME Corp, which qualifies a firm as SME based on the total number of employees and yearly revenue (in RM). This definition is different from the ones used by other studies, especially in other countries, rendering comparisons with other studies difficult.

Besides, the data in this study was gathered from a single region Malaysia which is the Klang Valley area. This may limit the ability to generalize the results of the study to all SMEs.

5.3   SUGGESTIONS FOR FUTURE RESEARCH

This study should be extended to cover more SMEs at the national level. Further research should test the research model on SMEs from the whole of Malaysia, as opposed to only from the Klang Valley area.

5.4   IMPLICATIONS

In recent years, many different models and combinations of models have been used to study the adoption of e-commerce applications among SMEs in Malaysia. This research takes a holistic view of the Malaysian SME e-commerce adoption determinants and classifies the adoption factors into three contexts: (1) organisational; (2) environmental; and (3) technological contexts.

This research could be utilized to guide SMEs, private sector managers and the Malaysian government to achieve a higher adoption of e-commerce among SMEs in Malaysia. Similarly, this research could also be duplicated to test the factors of e-commerce adoption among SMEs in other countries, especially in developing countries.