

I hereby confirm that I have examined this project paper entitled:

Effectiveness of Using Social Media for Creating E-business,

A Case of Facebook

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EFFECTIVENESS OF USING SOCIAL MEDIA  
FOR CREATING E-BUSINESS,  
A CASE OF FACEBOOK

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This Report Is Submitted In Partial Fulfillment of Requirements for Bachelor of  
Technology Management (High Technology Marketing)


Faculty of Technology Management and Technopreneurship

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## DECLARATION

“I declare that this report is the result of my own work except the summary and excerpts which I have mentioned the sources for each of them”.

Signature : 

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Date : 16 JUNE 2013

## **DEDICATION**

First of all, praise to Allah SWT the Almighty for all His blessing in giving me the strengths, the ideas, the determination and the patience in completing this report successfully for partial fulfillment of requirements for Bachelor of Technology Management (High Technology Marketing). I also owe debt gratitude to my beloved father and mother, Mohamed Nor Bin Samat and Ramlah Binti Zakria respectively. Therefore, I would like to take this opportunity to dedicate a lot of thanks to my parent who really encourage me and give big support to me physically and mentally, either moral support or even financial support in order to finish this report successfully. Other than that, I also would like to thank you to all my family members for all the support given during conducting the research as well as finishing this report. Lastly, thank you very much for all members of my family. Last but not least, a lot of gratitude given to all members of my family.

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## ABSTRACT

In this century, people enjoy the era of globalization whereby there is no boundaries for the communities to communicate to each other. The technology changes in internet and the platform to use internet such as smart phones boost the communication among people rapidly. They would like to spend their time on Internet and use the social media as one of the sites to build up the social networking. Other than that, the changes of the technology also changes the ways of the communities to conduct the business. The technology changes trigger the development of business by using electronic means, e-business. Therefore, the research which entitled 'Effectiveness of Using Social Media for Creating E-business: A Case of Facebook' is conducted to study about the relation between factors of using Facebook for creating e-business, the ways used to implement e-business by using Facebook and the impacts of using Facebook for creating e-business. The research focuses in Peninsular Malaysia because the research can reach the respondents easily as the research is conducted through online survey method by using questionnaire. The quantitative data analysis is used in order to analysis the data collected. From this research, the researcher expects to get the significance factors of using Facebook for creating e-business, the ways that can be used to implement e-business effectively as well as the impacts of using Facebook for creating e-business. As the conclusion, the research is conducted to examine the effectiveness of using Facebook for creating e-business and able to give the benefits for those who involve directly or indirectly in this research.

## TABLE OF CONTENT

CHAPTER	TOPIC	PAGE
	DECLARATION	ii
	DEDICATION	iii
	ACKNOWLEDGEMENT	iv
	ABSTRACT	v
	TABLE OF CONTENT	vi
	LIST OF FIGURES	ix
	LIST OF TABLES	x
<b>1</b>	<b>INTRODUCTION</b>	<b>1</b>
	1.1 Background of Study	1
	1.2 Problem Statement	3
	1.3 Research Objectives	4
	1.4 Scope and Limitation	4
	1.5 Importance of Study	5

<b>CHAPTER</b>	<b>TOPIC</b>	<b>PAGE</b>
<b>2</b>	<b>LITERATURE REVIEW</b>	<b>7</b>
	2.1 Social Media and E-business	7
	2.2 Factors of Using Facebook	9
	2.3 Ways to Implement E-business	11
	2.4 Impacts of using Facebook	13
<b>3</b>	<b>RESEARCH METHOD</b>	<b>17</b>
	3.1 Location and Time	17
	3.2 Research Design	21
	3.3 Types of Data	21
	3.4 Method of Data Collection	23
	3.5 Respondents	24
	3.6 Data Analysis	25



<b>CHAPTER</b>	<b>TOPIC</b>	<b>PAGE</b>
<b>4</b>	<b>RESULT AND ANALYSIS</b>	<b>27</b>
	4.1 Profile of Research	27
	4.2 Characteristics of Respondents	30
	4.3 Result and Analysis	33
<b>5</b>	<b>CONCLUSION AND RECOMMENDATION</b>	<b>42</b>
	5.1 Conclusion	42
	5.2 Recommendation	44
	<b>REFERENCES</b>	<b>45</b>
	<b>APPENDICES</b>	<b>48</b>

## LIST OF FIGURES

NO.	TITLE	PAGE
2.1	Five Forces Model of Industry Competition	9
2.2	Theoretical Framework of Effectiveness of Using Facebook for Creating E-business	15
4.1	Image of Login Page of Facebook	28
4.2	Image of Login Page of Google Drive	29
4.3	Bar chart of Main Purpose of Using Facebook	32
4.4	The Stages in Internet Shopping	40

## LIST OF TABLES

NO.	TITLE	PAGE
3.1	Gantt chart of PSM 1	19
3.2	Gantt chart of PSM 2	20
4.1	Frequency & Percentage of Respondent's Gender and Age	30
4.2	Frequency & Percentage of Respondent's Status and Occupation	31
4.3.1	Model Summary of Multiple Regression Analysis	33
4.3.2	Anova of Multiple Regression Analysis	33
4.3.3	Coefficients of Multiple Regression Analysis	34
4.4	Correlations of Pearson Correlation Analysis For Ways to Implement E-business	36
4.5	Correlations of Pearson Correlation Analysis For Impacts of Using Facebook	38

## **CHAPTER 1**

### **INTRODUCTION**

This chapter consists of background of the study, statement of the problem, research objectives, scope, limitation and key assumptions of the project as well as the importance of the project.

#### **1.1 BACKGROUND OF THE STUDY**

In this century, the world faces the emerging of the technology rapidly. The technologies that develop continuously are internet and the platforms to connect the internet. The internet has become an important communication tool among people all the time. People would like to spend 3 to 4 hours in front of laptop everyday and most of them are connected to the internet. According to World Bank, the internet users in Malaysia were last reported at 15989772.57 in 2010. This shows large numbers of people in Malaysia use the internet in their daily life. Other than that, the platform to use the Internet nowadays is not only by personal computer but also the existing of smart phones boost the access of the internet anytime at anywhere. Through these variety types of platforms such as Samsung smart phones to connect the internet, people in Malaysia can access to the internet easily.

Other than that, the internet also changes the ways of people to communicate to each other. As people can get the information just by a click, the information society faces its evolution. People find many ways to obtain the information. People prefer to make social networks through the social media. They can use the social media in order to obtain the information needed such as the news and others. The social media gives easier ways to people to communicate and obtain the information as they only need to sign up, active the account and they can communicate to each other without need to face to each other. So that, the technology changes can provide the opportunity to extend the abilities of the individuals and the organizations to act, to cross the contact border and to build an open, new society. The opportunity also can create the changes of communities to shape and conduct the business.

As the technology can changes the ways of people to shape and conduct the business, the electronic business is introduced which is known as e-business. Based on Meier and Stormer (2009), many companies and organization have moved their business processes onto Webs and realized customer relationships with the help of electronic means of information and communication, leading to the term of electronic business. This shows that e-business become important in order to create the new environment for the information and communication to undergo the business. As e-business seems to be grown from time to time, people realize that they need to change their business processes by using e-business to conduct their business. Furthermore, e-business only can be conducted through online platform. People need an electronic platform to conduct the electronic business such as Webs and others.

Therefore, the researcher would like to conduct the research of “Effectiveness of Using Social Media for Creating E-business Among People in Malaysia, A Case of Facebook”. The researchers would like to find out the relationship between social media and e-business as social media is the online social networking that makes people to interact to each other with similar interests while e-business is the online platform to conduct the business. Based on the information above, the researcher thinks that it is

worth to conduct the research in order to find out about the effectiveness of using social media to create the business electronically.

## **1.2 PROBLEM STATEMENT**

As e-business only can be conducted through online platforms, there are a few factors that can influence the process of creating e-business through social media. The social media with high potential to conduct e-business should be recognized and the types of potential business that can be conducted by the individuals or the organizations also should be examined. There are several types of social media that have potential in creating e-business such as Facebook, Twitter, Blog, Email and others and there are several types of business that can be conducted by the individual or the organization such as business-to-consumer (B2C), business-to-business (B2B) and others. In this research, the researcher has decided to study whether Facebook can become a potential site to create e-business for today and in the future. Therefore, the following problems statement should be discussed in this research:

- 1) What are the factors that trigger the usage of Facebook for creating e-business?
- 2) How Facebook able to become a site to create e-business?
- 3) What are the impacts of using Facebook to create e-business?

### **1.3 RESEARCH OBJECTIVES**

The objectives of this research are:

- 1.3.1 To examine factors trigger the usage of Facebook for creating e-business.
- 1.3.2 To implement e-business by using Facebook.
- 1.3.3 To investigate impacts of using Facebook for creating e-business.

### **1.4 SCOPE, LIMITATION AND KEY ASSUMPTIONS OF THE PROJECT**

In order to achieve the research objectives, the research only focuses on one social medium which is Facebook. The research is conducted to know whether it is worth to create e-business by using Facebook. Therefore, the research is about the factors that trigger the usage of Facebook for creating e-business which are potential of new entrants, bargaining power of buyers and intra-industry rivalry and the way to implement e-business through Facebook fan pages and Facebook group as well as the impacts of using Facebook for creating e-business in term of communication and profit.

## **1.5 IMPORTANCE OF THE STUDY**

The importance of the research can be divided into 3 categories which are the important of research for student, organization and university. The important of the research is shown as follows:

### **1.5.1 Student**

The research is important to student in order to fulfill the university requirement for the award of the degree of Bachelor of Technology Management (High Technology Marketing). Through this research, the student can apply the theories that have been learnt in the university. The student will able to know the relationship between social media and e-business. The research can trigger the student to explore more on the chosen topic, apply the suitable theories that have been learnt in university and obtain the useful information for the research. Therefore, the student can increase the knowledge and the skills of conducting the research.

### **1.5.2 Organization**

As the research is conducted through online platform, the importance of the research for the organization is to help people to know about the current situation of conducting business using online platform. People can gain the information regarding to the usage of social media in order to create e-business. Other than that, the research helps the individuals and the organizations to review their business processes and find out other ways to conduct their business through social media. They can know the relationship between the social media and the elements of e-business in order to improve their business process.



### **1.5.3 University**

The importance of the research to Bachelor of Technology Management (High Technology Marketing), BTMM is to produce the student that able to apply the managerial skills of the business enterprises. Through this research, the student needs to determine the suitable theories that relate to the research and apply the theories into the research. Other than that, the research is also importance for the course in order to determine the subjects offered able to be used by the student to conduct the research.

The importance of the research for Faculty of Technology Management and Technopreneurship (FPTT) is to provide the student with the mechanisms to construct problem statement, literature review, collect the data, analysis the data and write the report. The research is important to the faculty in order to produce the student with the relevant skills of conducting the research and increase the knowledge in the technology management and technopreneurship.

The importance of the research for Universiti Teknikal Malaysia Melaka (UTeM) is to produce the student with the relevant knowledge, the technopreneurship and the managerial skills and the social responsibility. Other than that, the research is important for the University in order to produce the student that able to cultivate the scientific method, critical thinking and creative problems solving.

## **CHAPTER 2**

### **LITERATURE REVIEW**

This chapter will provide an important review regarding to the research topic. In order to know the effectiveness of using Facebook for creating e-business, a few elements regarding to the research topics which are the factors that trigger the usage of Facebook for creating e-business, the way used to implement e-business by using Facebook and the impacts of using Facebook for creating e-business should be included. These elements regarding to the research topic are discussed as follows:

#### **2.1 SOCIAL MEDIA AND E-BUSINESS**

##### **2.1.1 Social Media**

According to Smith, Wollan and Zhou (2011), social media is not a new phenomenon; people have been providing recommendations and opinion to friends and contacts for millennia via channels through which a two way conversation can take place. In short, social media enables the swift and easy development, creation, dissemination and consumption of information and entertainment by both organizations and individuals. While, according to Gunelius (2011), social networking is an online networking that occurs through a variety of websites that allow users to share content, interact and develop communities around similar interests. In this research, the

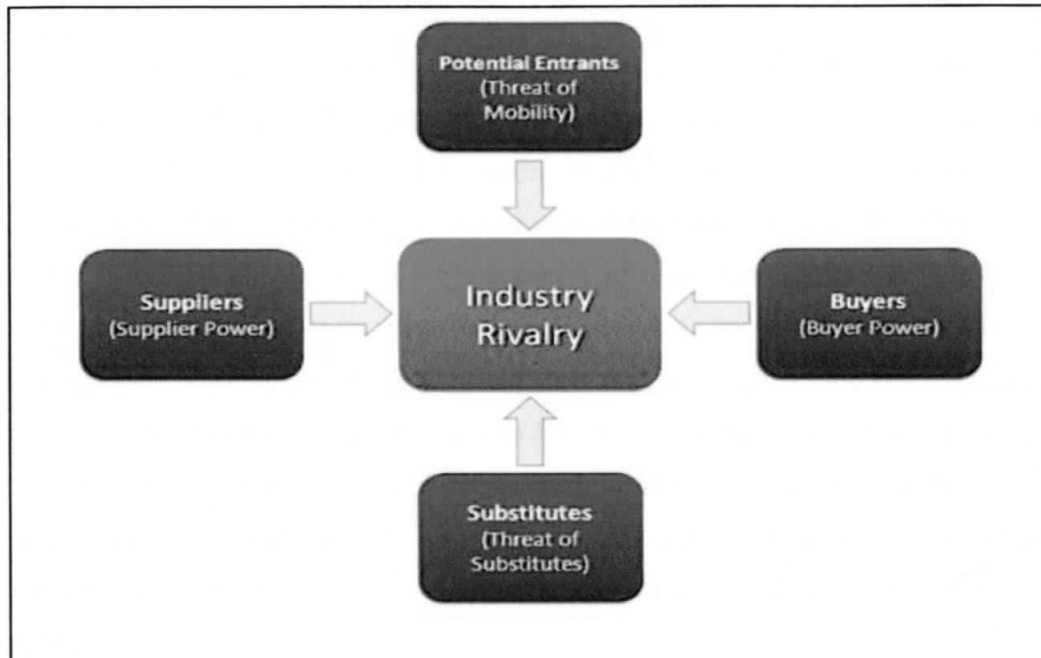
researcher chooses only one social media which is Facebook. Facebook was found by Mark Zuckerberg and start to develop from one country to other countries. Facebook becomes one of the social networking media around the world. Based on Gunelius (2011), Facebook is the most popular social networking site.

### **2.1.2 E-business**

According to Gay, Charlesworth and Esen (2007), e-business is the application of information technology for internal business processes as well as activities in which a company engages during commercial activity. These activities can include functional activities such as finance, marketing, human resource management and operations. Other than that, Rowley (2002) states that e-business is a wider concept that embraces all aspects of the use of information technology in business. It includes buying and selling, servicing the customers, collaborating with partners as well as involves integration across business processes and communication within the organization. Therefore, the research applies the information technology through Facebook as the medium to create the business electronically.

## 2.2 FACTORS OF USING FACEBOOK

In this research, the researcher uses The Five Forces Model of Industry Competition as factors that trigger the usage of Facebook in order to help people to identify the competitiveness of Facebook.



(Source: Secondary Data, 2012)

**Figure 2.1: Five Forces Model of Industry Competition**

Figure 2.1 shows the model consists of five forces which are potential of new entrants, bargaining power of buyers, bargaining power of suppliers, threat of substitute products and intra-industry rivalry. However, only 3 forces which are potential of new entrants, bargaining power of buyers and intra-industry rivalry is used to examine the factors that trigger the usage of Facebook for creating e-business.

### **2.2.1 Potential of New Entrants**

Potential of new entrant is one of the factors that trigger the usage of Facebook for creating e-business. Based on Notesdesk.com (2012), potential of new entrants means a new entry of a competitor into your market also weakens your power. Threat of new entry depends upon entry and exit barriers. As we know, Facebook is one of the sites that can connect the communities to make the online networking. Based on Chase and Knebl (2011), if Facebook were a country, it would be the third largest country in the world-right behind China and India, and right before the United States. That's big. This shows that Facebook have a large numbers of users around the whole and it is potential for an individual or an organization to enter and conduct the business through Facebook easily. People would like to spend their time everyday on the site. Therefore, they can connect and stay connected through Facebook. As they stay connected through Facebook, there is no end to Facebook as well as create a new opportunity for the growth of the business at this site. Therefore, the researcher will examine whether the potential of new entrants is one of factors that trigger the usage of Facebook for creating e-business.

### **2.2.2 Bargaining Power of Buyers**

According to Notesdesk.com (2012), bargaining power of buyers means how much control the buyers have to drive down your products price. Based on Smith, Wollan and Zhou (2011), social media is now dramatically influencing traditional business-to-consumer (B2C) models and is well on its way to changing business-to-business (B2B) models. This statement shows that the ways of buyers deal with the business changes. The buyers prefer to use other platforms such as social media to involve with business rather than use the traditional ways. Therefore, the researcher will examine whether the bargaining power of buyers trigger the usage of Facebook for creating e-business.

### **2.2.3 Intra-Industry Rivalry**

According to Notesdesk.com (2012), intra-industry rivalry is the intensity of competition among the existing competitors in the market. Intensity of rivalry depends on the number of competitors and their capabilities. Intra-industry rivalry leads the organizations to review their business processes as well as find out different ways to make their business visibility in the market. The organizations use many types of electronic platforms such as social media and Webs in order to introduce and promote their products and services in market. Social media become one of important medium used by the organizations in order to achieve their marketing objectives, compete with other organizations as well as to ensure that the organizations can sustain in the market. Based on this statement, the researcher will examine whether intra-industry rivalry can trigger the usage of Facebook for creating e-business as the organizations attempt to find the other ways to make their businesses visible and sustain in the market.

### **2.3 WAY TO IMPLEMENT E-BUSINESS BY USING FACEBOOK**

Based on Chase and Knebl (2011), one suggestion that we make with regard to Facebook is to have two separate accounts: one for your personal life and one for your business networking needs. In order to implement e-business by using Facebook, the individuals or the organizations can use Facebook Group or Facebook Fan Pages to stay connected for the business means.

### **2.3.1 Facebook groups**

Based on Chase and Knebl (2011), Facebook groups are a great way to connect with businesspeople that have interests similar to yours and, by definition, people who may fit your targeted sales demographic. The individuals or the organizations can use Facebook group to invite their business friends, clients and customers who they think that have potential to connect to each other, share information, collaborate and gain the interest of the offered business. Other than that, the individuals or the organizations can use Facebook Group to introduce and promote their products and services as well as create the dialogue from the group members in order to discuss further about the ideas and questions regarding to the offered business.

### **2.3.2 Facebook fan pages**

The individuals or the organizations can use Facebook fan pages as one of their ways to implement e-business by using Facebook. Based on Chase and Knebl (2011), a fan page is a public forum for reaching lots of people. Unlike groups, fan pages are about the promotion. On your fan page, there is nothing wrong with letting people know that you have a product or service to provide. The individuals or the organizations can use fan pages to provide the basic information regarding to their products and services and post the interesting information that can attract the fans to see the pages and the offered products and services. Fan pages can become one of online billboards as it can trigger the exploration of people when they feel interest to the page for the first time they come across the page. The individuals or the organizations should make their fan pages interesting and provide useful, valuable information on their pages.

## **2.4 IMPACTS OF USING FACEBOOK**

Based on Macmillan Dictionary (2012), impact has two meanings which are an effect, an influence or an occasion when one object hit another. Therefore, the research will examine the effect of using Facebook for creating e-business. In order to examine the impacts of using Facebook for creating e-business, the researcher looks at:

### **2.4.1 Communication**

People can interact to each other through Facebook and they can share the information to each other with a greater network. This can lead to the increasing of visibility of the business. Therefore, the researcher will study whether there is effective communication of individual or organization during creating the business by using Facebook. The researcher will examine the opinion of the Facebook users regarding the feedback from the customers whether they will satisfy with the products and the services provider, support the products and the services provider again and gain the information again from the products and the services providers as well as stay connect to the products and the services providers if they interest to use Facebook to buy or sell products or services. The researcher examines whether the impacts of using Facebook for creating e-business able to give positive or negative communication for the individuals or the organization if they create the business through Facebook.