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**CRITICAL SUCCESS FACTORS OF IMPLEMENTATION
E-COMMERCE TOWARDS ENHANCES SMEs PERFORMANCE:
STUDY ON 'TASTE BETTER SDN.BHD' AT JOHOR**

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This report is submitted in partial fulfillment of the
requirements for the award Degree of Technology Management (Technopreneurship)

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DECLARATION

"I declare that this thesis entitle “Critical Success Factors Of Implementation E-Commerce Towards Enhances SMEs Performance: Study On ‘Taste Better Sdn.Bhd’ at Johor is the result of my own research except as cited in the references. The thesis has not been accepted for any degree and is not concurrently submitted in candidature of any other degree.

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Date :

DEDICATION

I dedicate my dissertation work to my family and many friends. A special feeling of gratitude to my loving parents, Mr and Mrs Varitharajah whose words of encouragement and push for tenacity ring in my ears. My sisters Satiya, has never left my side and are very special.

I also dedicate this dissertation to my many friends who have supported me throughout the process. I will always appreciate all they have done, specially Nalini for helping me develop my technology skills, Hui Ching for the many hours of proofreading

I dedicate this work and give special thanks to my best friend Thamilarasan for finance and motivation support until accomplish this study.

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ABSTRACT

With advent of technology growth, more and more SMEs use modern technology strategy to market and distribute goods and services to loyal customer without limitation of geographical boundaries. SMEs clear understand about important about adoption of e-commerce into own organization to accomplish positive benefits. However, within short of period adopt e-commerce some SMEs failed to implementation e-commerce due of unsuccessful factor or barriers affected until back out from business field. In this paper, researcher address the critical success factor involved of implementation E-commerce towards enhances SMEs performance. The purpose of this research study to identify critical success factor of implementation E-commerce and impacts of SMEs performance by successful E-commerce implementation. Other than that, to determine most significant critical success factor of implementation E-commerce towards SMEs performance. The research method was conducted through quantitative method by distribute 130 survey questionnaires to respondents. The total population for this study are 75,456 people but sample data 130 people only. The tool analyse data by support of SPSS 20.0 with exploratory factor analysis, correlation and simple regression. The result of this study was concurrent by technological, organizational and E-commerce properties factor positively influenced toward organizational (TASTE BETTER SDN.BHD) performance.

Keywords : Enhance Organizational Performance, Technological, Organizational, E-commerce.

ABSTRAK

Dengan kemunculan pertumbuhan teknologi, lebih dan lebih banyak PKS menggunakan strategi teknologi moden untuk memasarkan dan mengedarkan barangan dan perkhidmatan kepada pelanggan setia tanpa batasan sempadan geografi. PKS jelas memahami tentang penting mengenai penggunaan e-dagang ke dalam organisasi sendiri untuk mencapai manfaat positif. Walau bagaimanapun, dalam masa yang singkat tempoh menerima pakai e-dagang beberapa PKS gagal untuk pelaksanaan e-dagang kerana faktor yang tidak berjaya atau halangan terjejas sehingga anda keluar dari bidang perniagaan. Dalam kertas kerja ini, penyelidik menangani faktor kejayaan kritikal yang terlibat pelaksanaan E-dagang ke arah meningkatkan prestasi PKS. Tujuan kajian kajian ini untuk mengenal pasti faktor kejayaan kritikal bagi pelaksanaan E-dagang dan kesan prestasi PKS oleh kejayaan pelaksanaan E-dagang. Selain daripada itu, untuk menentukan faktor kejayaan kritikal yang paling penting pelaksanaan E-dagang terhadap prestasi PKS. Kajian penyelidik mengenai 'Rasa Lebih Baik Sdn.Bhd' di Johor bersama-sama dengan perbincangan rangka kerja rundingan asas. Kaedah penyelidikan telah dijalankan melalui kaedah kuantitatif dengan mengedarkan 130 borang soal kaji selidik kepada responden. Jumlah penduduk untuk kajian ini adalah 75,456 orang tetapi data sampel 130 orang sahaja. The menganalisis data dengan sokongan SPSS 20.0 dengan analisis faktor analisis, korelasi dan keputusan regression. The mudah kajian ini serentak dengan teknologi, organisasi dan E -dagang hartanah faktor positif dipengaruhi ke arah organisasi (RASA LEBIH BAIK SDN.BHD) prestasi.

Keywords : Enhance Organizational Performance, Technological, Organizational, E-commerce.

TABLE OF CONTENT

CHAPTER	TITLE	PAGE
	Approval	ii
	Title of Thesis	iii
	Declaration	iv
	Dedication	v
	Acknowledgement	vi
	Abstract	vii
	<i>Abstak</i>	<i>vii</i>
	Content of Table	ix-xii
	List of Table	xiii
	List of Figure	xiv
	List of Appendix	xv
CHAPTER	INTRODUCTION	
1		
	1.1 Background of Study	1-6
	1.2 Problem Statement	7
	1.3 Research Questions	8
	1.4 Objectives of the Research	9

1.5	Scope of Study	10
1.6	Limitation of Study	11
1.7	Significance of the Study	11
1.8	The Definition of Term	12-15
1.9	Summary	16

CHAPTER 2 **LITERATURE REVIEW**

2.1	Introduction	17
2.2	Usages and Outcomes of E-commerce in SMEs	18
2.3	Barriers of Implementation E-commerce	19-22
2.4	Critical Success Factor Influencing on Implementation E-commerce	23
2.5	Enhance Organization Performance	32
2.6	Theoretical Framework	35
2.7	Hypothesis	36
2.8	Summary	37

CHAPTER 3 **RESEARCH METHODOLOGY**

3.1	Introduction	38
3.2	Research Design	39-42
3.3	Data Collection	43-44
3.4	Survey Instrument	45

3.5	Sampling Method	46
3.6	Pilot Test	46
3.7	Validity and Reliability	47
3.8	Research Area	48
3.9	Time Horizon	49
3.10	Research Instrument	49
3.11	Data Collection Strategies	50
3.12	Questionnaire Design	50
3.13	Data Analysis	50-51
3.14	Summary	52

CHAPTER 4 FINDING AND DATA ANALYSIS

4.1	Introduction	53
4.2	Descriptive Analysis /Statistics	54
4.3	Respondent Demographic	55-64
4.4	Exploratory Factor Analysis	65-70
4.5	Reliability for Research	71
4.6	Correlation	72-74
4.7	Testing Hypothesis with Simple Regression	75-81
4.8	Summary	82

CHAPTER	CONCLUSION AND RECOMMENDATION	
5		
5.1	Introduction	83
5.2	Respondents' Demographic	84
5.3	The Factors to Enhance Organizational Performance	85-87
5.4	Hypotheses	88-89
5.5	Conclusion	90
5.6	Recommendation	91
5.7	Limitation of Study	92
	REFERENCES	93-94
	APPENDICES A	95
	APPENDICES B	102

List of Tables

Title	Page
1.0.2 New SME definition based on Size	5
4.4.1 KMO and Bartlett's Test	65
4.4.2 KMO and Bartlett's Test- Result	66
4.4.3 Total Variance Explained	67
4.4.5 Rotated Component Matrix	70
4.5 Cronbach's Alpha Reliability Coefficient	71
4.6.1 Pearson Correlation Among Variable	74
4.7 Single regression Among Factors (Index Davis table 1971)	75
4.7.1 Simple regression between Technological factor an Organizational Performance.	76
4.7.2 Simple regression between Organizational factor and Organizational Performance.	77
4.7.3 Simple regression between E-commerce Properties factor and Organizational Performance	78

List of Figures

Title	Page
1.0.1 Types of E-commerce	3
2.6 Theoretical Framework	35
3.2 Research Design Model	39
4.3.1 Gender of Respondent	56
4.3.2 Respondent Age	57
4.3.3 Races Of Respondents	58
4.3.4 Education Level Of Respondents	59
4.3.5 Occupation Of Respondents	60
4.3.6 Heard about E-commerce before	61
4.3.7 Time of Period using E-commerce	62
4.6.8 Frequency of Shopping in Internet	63
4.3.9 Attitude towards Purchasing through E-commerce	64
4.4.4 Scree Plot	68

List of Appendices

Title	Page
Survey Questionnaire	95
Gantt Chart	102

CHAPTER 1

INTRODUCTION

This chapter discuss about background study of research about Electronic Commerce (E-commerce) and Small and Medium Enterprises (SMEs). And same time, Researcher described about 'Taste Better Sdn.Bhd' background history due research on that organization. Researcher believed that this chapter is beginning of discussion to bring success research by using triangle iron. Other than background study, this chapter included with common types of topics which are Problem statement, Research Question, Objectives, Scope, Limitation, and Significance of study and definition of term.

1.1 Background of Study

This study discuss about background of study about E-commerce history, types of E-commerce, usage level in Malaysia SMEs, Malaysia government roles in E-commerce and definition of SMEs.

1.1.1 E-commerce

In the 1970 is beginning of E-commerce to the invention of the old notion of 'sell and buy', electricity, cables, computers and the internet was originally conceived to facilitate business transactions by Electronic Data Interchange (EDI). Its allowed business electronically exchange goods to purchase and send invoices payments to customer. Connectivity to the internet the main cause and the effect of new ways to let businessman conduct their business electronically.

E-commerce represents of becoming most important for any business looking to sell products, services and information directly to customers. Drastic growth of Internet and technologies surrounding it has the potential of E-commerce build strong platform to help expand geographical distribution, attracting customer and partners, improve productivity, logistics operation and unlimited to a choice of a shopping cart.

There are typically two distinctive sides to any E-commerce application into business, they are the buy side and the sell side. Buy-side E-commerce refers to transaction between a purchasing organization and its supplier. However, Sell –side E-commerce refers to transaction between a supplier organization and its customer.

It is now commonplace to describe E-commerce transaction between an organization and its stakeholder.

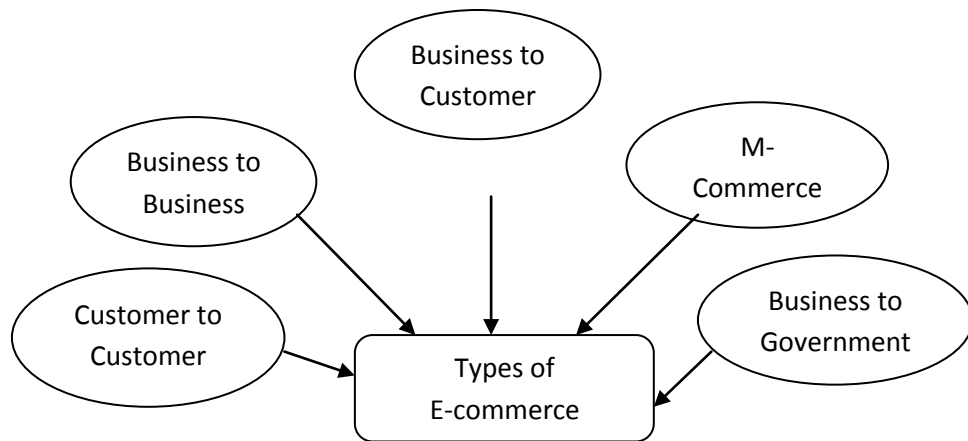


Figure 1.1.1: Types of E-commerce

According to Dave Chaffey (2007) the definition of types of E-commerce are:-

- a) Business-to-Business (B2B) which deals with relationships among between and among business.
- b) Businesses -to-Customer (B2C) refer to involves between companies and customer with information, buying physical products or services over electronic network.
- c) Customer-to-Customer (C2C) helps to reduces transaction cost by increasing customer access to information and allowing customer to find mist competitive price for product and service.
- c) Business- to-Government (B2G) is generally relationship between companies and public sector. The use of the Internet for public procurement, licensing procedures, and other government-related operation.
- d) M-commerce is the wireless technology which is the buying and selling of goods and services through handheld devices.

These definitions make it clear that E-commerce for business purpose includes with usage of computers and telecommunications.

1.1.2 Small and Medium Enterprises (SMEs)

Small and Medium Enterprise can be grouped into three types which are: Micro, Small and Medium decided based on number of people a business employees or the total revenue generated by organization in a year.

Since 2005, a common definition for SMEs endorsed by the National SME Development Council (NSDC) has been adopted across Ministries and agencies, financial institutions and regulators involved in SME development programmes. The definition is as follows:

- a. Manufacturing (including agro-based) and Manufacturing-related Services: Sales turnover of less than RM25 million OR full-time employees of less than 150
- b. Primary Agriculture and Services (including ICT): Sales turnover of less than RM5 million OR full-time employees of less than 50

The Prime Minister of Malaysia Y.A.B Dato'Sri Mohd Najib Tun Abdul Razak has announced a new definition of SME (effective on 1 January 2014) which Manufacturing Sector with sales turnover not Exceeding RM 50 million (currently less then RM 25 million) or employment not more than 200 workers(currently less than 150 workers). However, for service and other sector the turnover not exceeding RM20million (currently less then RM 5 million) or employment not exceeding than 75 workers (currently less than 50 workers).In addition more than 8,000 establishment set classified as SMEs, increasing the share SMEs to total establishment from 97.3 % currently to 98.5%.

New SME Definition Based on Size			
Category	Micro	Small	Medium
Manufacturing	Sales Turnover of less than RM 300,00 or employees of less than 5	Sales Turnover from RM 300,00 to less than RM 15 mil OR employees from 5 to less than 75	Sales turnover from RM15mil to not exceed RM50mil OR employees from 75 to 200
Services and other Sector	Sales turnover of less than RM 300,000OR employees of less than 5	Sales Turnover from RM 300,00 to less than RM 3 mil OR employees from 5 to less than 30	Sales turnover from RM3mil to not exceed RM 20mil OR employees from 30 to 75

Table 1.1.2: New SME definition based on Size

Small and Medium Enterprise (SMEs) play a vital role in economy of the Malaysia towards achieving sustainable economic growth. SMEs form a fundamental part of the economy perspective which comprising over 98% of establishment, 50 % of the gross domestic product and contributing over 65% of employments. However the number might be lower in our nation but SMEs contribution provide a strong platform for growth of new industries and future development.

SME confidence with regards to e-commerce benefits such as build strong relationship between partners, ability to reach new customer, reduction cost of communication, improvement lead time and sales, new modes of marketing strategy, cross border transaction .

This study focus on fundamental users of right on time e-commerce advances were extensive organizations and suppliers. The availability of the Internet, coming about because of a mix of administrative change and technological innovation advancement, has empowered the development of electronic commerce past the system of exchanges

between known business to a complex system of business exercises in which little and medium-sized enterprise are progressively becoming involved. Other than that, category of SMEs based on sales turnover and total employees.

1.1.3 History of ‘Taste Better Sdn.Bhd’

Taste Better Sdn.Bhd was established on 2009 at Johor.’Taste Better Sdn.Bhd’ has many outlets in Malaysia with 20 total outlets and continuous to increase. Majority of locations are located at highly populated cities and tourist attractions. The headquarters of this organization at Johor with total number of workers are 80-100 peoples. This organization invested RM 2 million in johor bahru district headquarters to set up a special 10,000 -square-foot central kitchen and a training center in 2010.

The products of this organization freshly bake products:-

1. One bite puff with Durian, yogurt and cempedak flavor.
2. Soft Serve Ice cream with Durian, cempedak and dragon fruit flavor.
3. Smoothies with exotic tropical fruit combined of yogurt
4. Beverages products of white coffee, milk tea,kopitiam coffee

Shops use open concept kitchen to allow customers to enjoy the whole baking process by chefs. At the same time, they ensure the quality, freshness, close proximity and best tasting experience to our customers. The overall ideas of this organization mainly focus on simple, colorful design, and modern decorations with strong product development team, who is responsible for developing new products every year, improving the taste profile of the current market trend and promoting festive products.

1.2 Problem Statement

If we continue to believe that there are reason so many SMEs adopt E-commerce in own organization to sell goods and services, we was never understand the larger question of Why few SMEs achieve Implementation E-commerce successfully into own organization?

Researcher clearly understand that the failed of SMEs implementation E-commerce was bring back out from business field due of lack of technological skill and knowledge to control the process of E-commerce, not clear planning for strategic e-commerce implementation and less execution of E-commerce into own organization.

In order, Researcher asserts that Critical Success factors are one of one of supplement for the SMEs implementation E-commerce towards positive benefits. Aim of this research study identifying the critical success factors of Implementation E-commerce towards enhances SMEs performance.

This study contributes to the body of knowledge needed and address the problem by answering the following question:-

1.3 Research Questions

Further from here, three research questions are formatted from problem statement.

1. What are the critical successes factors need to be considered in the implementation of E-commerce?

This is aimed to re-examine the success factors, the 11 success factors have been addressed by Jeffcoate et al.(2002). Besides, the organization which is under research is fully focused on profit organization. Therefore, it is assumed that the re-examination of the critical factors involved was allow the researcher to discover actual critical success factors involved for implementation E-commerce to enhance organization performance

2. What are impacts of SMEs performance by successful E-commerce Implementation?

In order to focusing on the implementation of e-commerce, after the identified critical success factors involved implementation E-commerce was bring positive benefits on 'Taste Better Sdn.Bhd' performance.

3. What are most significant critical success factor of implementation e-commerce towards SMEs performance?

After that benefits on SME performance, at this stage researcher want to indetified most significant critical success factors involved for implementation E-commerce towards enhance 'Taste Better Sdn.Bhd' performance.

Researcher validates that this research question are relevant with research topic and beginning question for before analysis or investigate deeply in ‘Taste Better Sdn.Bhd’at Johor.

1.4 Objectives of the Research

The objective of the study is to investigates the organization successfully implementation e-commerce to enhance organization performance under research in ‘Taste Better Sdn.Bhd’. Besides, the study also determines significant critical success factors for successful implementation e-commerce. There are three (3) objectives of the study are stated as below:-

1. To identify critical successes factors of implementation of E-commerce on SMEs performance
2. To identify impacts of SMEs performance by successful E-commerce Implementation
3. To determine most significant critical success factor of implementation e-commerce towards SMEs performance

1.5 Scope of Study

The purpose of this study to propose to identify critical success factors for implementation E-commerce for enhances SMEs performance. .And this study also determine impacts on Taste Better Sdn Bhd performance by implementation E-commerce.

1.6 Limitation of Study

Although the research has reached its aims, there are some unavoidable limitations. First, this research conducted in Johor branch and all questionnaires based on analysis of success factors in the implementation E-commerce are from Management from Owner and Manager, IT department, Marketing, Financial, and clients . This sample is too small and consists only 40 respondents. Researcher assumed that all respondents have provided honest and correct answer to the questionnaire given. However rest 60 respondents are loyal customer who trying buying goods from internet.Reseacher insists that customer as respondents was determine that enhance of organizational performance by implementation E-commerce. Because customer are one of fully utilized user of organization excellence E-commerce application.

Secondly this study is using direct conducted survey questionnaire to respondents which has benefit to being able to reach respondent easily. But it's also one of the limitations in this survey. Even though the survey questionnaire conducted in 'Taste Better Sdn.Bhd and privately distributed according individually. The problem occurred is not all respondents understand and honestly answer the question .Some of them not clear or understand the question.Therefore,the researcher have to describe deeply about e-commerce and re-examine the questionnaire from respondents.