

TECHNOLOGY ADOPTION TOWARDS SMEs  
MARKETING PERFORMANCE

NURUL AMIRA BINTI IBRAHIM

UNIVERSITI TEKNIKAL MALAYSIA MELAKA

## DECLARATION BY SUPERVISOR

I hereby declare that I have checked this project and in my opinion, this project is adequate in terms of scope and quality for the award of the degree of Bachelor of Technopreneurship (Honours)

Signature : .....

Supervisor's Name : Prof. Dr Salleh Bin Yahya

Date : 25 June 2015

Signature : .....

Panel's Name : En Albert Feisal Bin Ismail

Date : 25 June 2015

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NURUL AMIRA BINTI IBRAHIM

Submitted in Partial Fulfilment of the requirement for the Bachelor of  
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Faculty of Technology Management & Technopreneurship

Universiti Teknikal Malaysia Melaka

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## DECLARATION OF ORIGINAL WORK

“I hereby declare that the work of this exercise is mine except for the quotations and summaries that have been duly acknowledge.”

Signature : .....

Name : .....

Date : .....

## **DEDICATION**

For my beloved father Ibrahim Bin Mohd Shah, my beautiful mother Rokiah Binti Ali, my best friend Nur Khairiennaz Nazman, Shazwani Mad Shah and Muhammad Saifudin Hashim.

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## ABSTRACT

In globalisation era, technologies adoptions are really helpful in terms of increasing organization performance. Technologies have been used by large company but for SMEs, technologies adoption still in early stages. These studies are aim to figured out the suitable technologies that can be used to improve marketing performance, the important factors when adopting the technology and identify the impacts of using technology in marketing. Quantitative-exploratory research been selected to study this research. Random sampling of 125 SMEs from random industry has been selected to be respondents for this research. Social Media Technology has shown that this technology is the most give impact towards SMEs Marketing Performance.

*Keywords: Small Medium Enterprise, Technology Adoption, Information Communication Technology (ICT), Technology, Marketing mix, marketing performance, Social Media Technologies, E-Commerce, Mobile Technology, Training and Incentives.*

## ABSTRAK

Di dalam era globalisasi, *Technology Adoption* membantu dari segi meningkatkan prestasi organisasi. Teknologi telah digunakan oleh syarikat yang besar tetapi untuk Industri Kecil Sederhana (IKS) , penggunaan teknologi masih lagi di peringkat awal. Kajian ini bertujuan untuk mencari teknologi yang sesuai yang boleh digunakan untuk meningkatkan prestasi pemasaran syarikat, faktor-faktor penting apabila mengguna-pakai teknologi dan mengenal pasti kesan penggunaan teknologi dalam pemasaran. Penyelidikan kuantitatif-penerokaan telah dipilih untuk mengkaji kajian ini. Persampelan rawak 125 IKS daripada pelbagai industri telah dipilih sebagai responden kajian ini. Sosial Teknologi Media telah menunjukkan bahawa ia memberi kesan yang tinggi terhadap prestasi pemasaran IKS.

Kata Kunci: Industri Kecil Sederhana (IKS), *Technology Adoption*, Teknologi maklumat dan Komunikasi, Campuran Pemasaran, Prestasi pemasaran, Teknologi social media, e-perdagangan. *Mobile Technology*, latihan dan ganjaran.



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## **Chapter 1**

### **Introduction**

#### **1.1 Background of study**

According to Analysis of the Australian Building and Construction Industries (Competitive Australia), SMEs represent a major business sector in the industrial world and it has been widely recognised that they make a significant contribution to an economy's well-being. SME have a role in gaining increasing awareness as to promoting economic growth Esselar et al., (2008).

SMEs in the context of this paper are defined according to the SME Corporation Malaysia as in Manufacturing sector, sales turnover not exceeding RM50 million OR full-time employees not exceeding 200 workers; Services and other sectors, sales turnover not exceeding RM20 million OR full-time employees not exceeding 75 workers.

According to Malay Mail Online News, It's the perennial Malaysian problem: How to get small and medium enterprises (SMEs) — which make up more than 90 per cent of the businesses registered in Malaysia, but contributing only 33 per cent to the nation's gross domestic product (GDP) — to adopt technology to boost their efficiency, productivity and competitiveness.

As stated by Stockdale & Standing, (2004) the ability of such marketplaces to facilitate trading over regional and geographic boundaries at low cost and without regard to the size of the firm opens up all markets to broader competition. SMEs just need to spend once to gain much better impact towards their marketing performance. New ways for doing business are developed through the innovative usage of information and communication and internet technologies Jakovic & Galetic (2013).

In organization, marketing is one of the departments that play important role to increase company performance, especially SMEs Company that still new in industry. As stated by Kotler (2009) Marketing is an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders. According to J.Brodie et al., (2007) Speculation initially suggested that these developments would lead to a dramatic transformation of marketing, and this would lead to superior business performance.

In this era, ICT has become trending in business application especially in marketing aspects. Information and Communication Technologies (ICTs) have also gained a continuously growing focus in all stages of EU initiatives and projects funding, from initial information to final accomplishment level and they can adjust the socio-economic environment of rural areas. Some of technology didn't involve big cost. Technology adoption is a consistent process that enabling hesitant users to successfully adopt and use technology (Technology Corp, 2005). Technology adoption is important because it allows most people participate in a rapidly changing world where technology has become our central to our lives.

This technology not only involved ICT only but mobile technology also can be used by SMEs as a technology to increase marketing performance. The expanded demand for smart devices and the heralding of the 4G mobile broadband networks have increased the use of mobile applications and web services, with strengthened competition among advertising industrial players Kim & Lee (2014). This technology can be used especially in service sectors such as Tourism and Hotel. Hotel Web site and mobile applications will not be only a promotion channel, but also an active generator of the hotel business and development.

Internet applications should be encouraged as a major tool while implementing funding projects, marketing promotion and consulting in rural areas Andreopoulou et al., (2013). Kirtis & Karahan (2011) stated that one of the most distinctive ways the firm lowers its costs is by turning to social media marketing. Firms need to make convenient changes in best-known measures like reducing costs, reducing production capacity and investment, using more with equity capital and improving efficiency (Pearce and Michael, 1997; Zehir, 2005).

By adopting technology into marketing strategy can give a positive impact towards SMEs performance. ICTs can enhance enterprise performance through indirect cost savings such as labour costs and increased labour productivity, and direct cost reduction of firm's input such as information costs.

## 1.2 Problem of Statement

SMEs Company in Malaysia has lack the capabilities and market power. It lowers interest in adopting technology to increase their marketing performance. They tend to used traditional marketing strategy rather than adopting technology.

Currently, most of SMEs seems prefer to use traditional marketing strategy to increase their company performance. It doesn't said a wrong way for them to keep using traditional way but for SMEs in Malaysia to go global and higher, they need to adopt a technology. SMEs need to move along with other big organization that already adopting a technology in their marketing and others department.

In new globalization era, a lot of technology that already been used by large company to increase their marketing performance. ICT adoption is of technology that most large company used, such as social media, e-commerce, email marketing and etc. All this technology sometime did not required a lot of cost. For example, using social media as a marketing medium, large company used Facebook, Twitter even Instagram to promote their product or service. Therefore, SMEs Company cannot use costing as the reason to not adopting the technology. Some SMEs know that adopting technology in terms to increase marketing performance did not require much costing, but they tend to worry about the risk or the feedback when using it.

As a conclusion, SMEs in Malaysia still in early stages in adopting the technology, there are still in the process in adapting the use of technology in terms of marketing.

### **1.3 Research Questions**

Based on problem statements, few questions have been extracting out to study this problem.

- i. What are the suitable technologies that can be used to improve marketing performance for SMEs Company?
- ii. What are the important factors for adopting technology?
- iii. What are the impacts of using technology in marketing?

### **1.4 Research Objective**

In this research, 3 objectives have been deployed for research always sticks into the scope of study;

- i. To identify the suitable technologies that can be used to improve marketing performance.
- ii. To examine the important factors when adopting the technology.
- iii. To identify the impacts of using technology in marketing.

## 1.5 Scope of Study

The scopes of this study are to identify the suitable technology that can be used by SMEs Company in Malaysia. As by adopting this technology, SMEs Company in Malaysia can improve their marketing performance hence, improving their company performance. Marketing performance can be measure through increase sales, rating of SMEs Company and etc.

The respondents are come from 125 SMEs Company in variety of industry. Geographically I choose Selangor and Melaka to conduct this research because of the time constraint and costing.

## 1.6 Important of study

Technology Adoption Improve SMEs Marketing Performance. This research gives so much significant towards SMEs in Malaysia, especially the one who new in industry. This new SME Company can adopt the technology that can help them in improving their performance.

The contribution of this research helps SMEs in Malaysia to move forward and global by adopting technology. Show that SMEs in Malaysia can follow along the large company because some technology didn't use large cost.

Most SMEs Company afraid in using technology because they taught using technology must invest a lot of money. Previously the answer could be totally yes, but in this era there are technologies that do not involve big cost.

As conclusion, this research will give so much positive significant towards SMEs Company in Malaysia in increasing their performance.

## 1.7 Summary

The overall overview of this chapter was covered the background of the study that shown the type of technology that can be adopting by SMEs Company in Malaysia hence improving their marketing performance. The problem statement identified the reason of this research. The summary of this chapter followed by research question and research objective in terms of types of technology that can be used in increasing marketing performance; factors that important when adopting the technology; the impact of adopting the technology; the barriers adopting the technology. This chapter followed by scope of study and the contribution. As I believe, these researches help SMEs Company in Malaysia in expanding their business to global by adopting technology.

## Chapter 2

### Literature Review

#### 2.1 Small Medium Enterprise

According to the SME Annual Report 2013/2014, SMEs has been defined; Manufacturing sector, sales turnover not exceeding RM50 million OR full-time employees not exceeding 200 workers; Services and other sectors, sales turnover not exceeding RM20 million OR full-time employees not exceeding 75 workers.

Table 2.1: Summarise definition of SME

Category	Small	Medium
Manufacturing	Sales turnover from <b>RM300,000 to less than RM15 million</b> OR full-time employees from <b>5 to less than 75</b>	Sales turnover from <b>RM15 million to not exceeding RM50 million</b> OR full-time employees from <b>75 to not exceeding 200</b>
Services & Other Sectors	Sales turnover from <b>RM300,000 to less than RM3 million</b> OR full-time employees from <b>5 to less than 30</b>	Sales turnover from <b>RM3 million to not exceeding RM20 million</b> OR full-time employees from <b>30 to not exceeding 75</b>