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ACCEPTANCE OF SME COMPANIES TOWARDS ADVANCED TECHNOLOGY OF ICT IN SELANGOR

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DECLARATION

"I hereby declare that the work of this exercise is mine except for the quotations and summarize that have been duly acknowledge"

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DEDICATION

To my beloved parents and siblings, thank you for raising me and support me until now.
A special thanks to my supervisor, panel and my friends for helping me throughout the
project towards accomplishing my thesis.

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ABSTRACT

The purpose of this study is to investigate the advanced technology ICT that influenced SME Company. Data was collected from the Tniza Resources, Necro Studio and Impak Tinggi Enterprise in Selangor. Interviews method was used to collect the data. Factor analysis was conducted to investigate the acceptance of advanced technology ICT among SME Company in Selangor. The results of this study highlight the factors of ICT and the achievement in advanced technology in organization. The results also provide the answer of suitability of this topic. The framework was developed through case studies conducted in these companies.

ABSTRAK

Tujuan kajian ini adalah untuk mengkaji berkenaan teknologi termaju ICT yang mempengaruhi Syarikat IKS. Data dikumpulkan dari syarikat Tniza Resources, Necro Studio dan Impak Tinggi Enterprise. Kaedah temu bual telah digunakan untuk mengumpul data. Analisis faktor telah dijalankan untuk mengkaji penerimaan teknologi termaju antara Syarikat IKS di Selangor. Keputusan kajian ini mengetengahkan faktor-faktor ICT dan pencapaian teknologi termaju dalam organisasi. Hasil kajian juga menyediakan jawapan bersesuaian dengan topik. Rangka kerja ini telah dibangunkan melalui kajian kes yang dijalankan di syarikat-syarikat tersebut.

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LIST OF ABBREVIATIONS/SYMBOL

SME   =   Small and Medium Enterprise

ICT   =   Information and Communication Technology

PSM   =   Projek Sarjana Muda

MSC   =   Multimedia Super Corridor

B2B   =   Business to business

B2C   =   Business to consumer

NITA   =   National IT Agency

NITC   =   National IT Council

MDeC   =   Malaysia's Multimedia Development Corporation

BITE   =   Bumiputera ICT Technopreneur Development Programme

TAP   =   Technopreneur Academy Programme

BCi2   =   Bumiputera Creative Multimedia and Content Initiative

R&D   =   Research and Development

%   =   Percentage

PC   =   Personal Computer

IT   =   Information Technology

ATM =   Automated Teller Machine

FB   =   Facebook

TI   =   Technical Integration

OI   =   Operational Integration

II   =   Inter-organizational Integration

SI   =   Strategic Integration

SOP =   Standard of Procedure

WMC =   World Class Manufacturing

UTeM =   Universiti Teknikal Malaysia Melaka

IKS   =   Industri Kecil Sederhana

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CHAPTER 1:

INTRODUCTION

1.1 Background of Study

This research will be conduct to see about acceptance of Small Medium Enterprise (SME) companies towards advanced technology of Information and Communication Technology (ICT).

SME are known as small and medium enterprises are plays major roles in economies. According to Migiro (2010), SME are making works and snowballing wages levels of a middle-of-the-road people and serve as a driver of innovation and financial growth. Other than that, SME also serve the social objective of unbiased income distribution.

In Malaysia, Central Bank of Malaysia (2010) reported that SME indicate over 95% of the total business establishment, give more than 40% of the overall output, over to 46% of total value-added and over and above 60% of overall employment from 2000. This report indicates the contribution of SME is enormous especially to wider economic divergence and causes significant impact to the whole of economy in the country. But, SME were faced with multiple of challenges. A number of way out have been suggested

and including the adoption of ICT to boost proficiency and competitiveness to minimize the challenges.

Based on Ashrafi and Murtaza (2008), ICT discuss to the extensive range of high-tech information and communication technologies. These technologies include goods and service such as desktop computers, handled devices, wireless or wired intranet, business productivity software like editor and spreadsheet, enterprise software, data storage and network security between others.

ICT also stimuli the flexibility of organizations and businesses that is companies that adopt ICT have a tendency to perform well in market and stress-free differentiate products, services and others. ICT adoption look like to have an optimistic outcome on productivity, directly as well as indirectly, contingent on the sectors and to have excessive potential to support a maintainable development. In addition, the use of e-mail, e-commerce and social media network have significantly cut down on the physical conveyance involved in sending mail, banking, advertising and buying goods.

The use of ICT especially using an internet to do business through virtual is rapidly shifting the conservative way of doing business among brick and mortal firms (Sin et. al., 2009). The internet brings lots of benefits features such as quickness, wide accessibility, user-friendly and low cost. The internet has become progressively spread worldwide, conveying countries together into an international networked economy.

1.2 Problem Statement

Advanced technology is a technology that is still not fully formed but promise to provide noteworthy value, or that has few technical maturities but still has relatively insufficient users. Competition in advanced technology is not just a matter of generating the best ideas. It includes research, development,

manufacturing and distribution. The innovation process is dynamic and interrelated between the four subsystems. Generating best ideas is the first step of innovation.

Two main factors that enable the business to use an advanced technology are a new knowledge and innovations. These have been created resulting in continual development in industries. ICT is a wide-tenacity technology that extends to all areas of the economy, improving and incoming cheaper over time by enabling the new creation of goods and services. However, the problems arise caused by the issue of lacking of knowledge, networking and fail to suppress the spillover outcome of knowledge and innovation.

In the era technology certainly led to a wide-range of innovation in the implementation of business movement especially in the field of the promotion, a company may be ascertained using the medium of information technology in marketing their products. It brought good impacts for producer and consumers.

To facilitate manufacturers introduce product to consumers but consumers also facilitated the provision of information about these product can be easily found on the internet. Thus, in this era economic change that occur because of this technological era impact which is: more customers, power switch to consumers, consumers will be more selective in choosing products and there is no more restriction area from one country to another in offering products.

1.3 Research Objectives

The aim of this study is to treasure the acceptance of SMEs" companies towards advanced technology of ICT in Selangor based on these two main factors: knowledge and innovation. The goal will achieve through the following research objective.

1: To analyze the innovation of advanced technology of ICT that is available for SMEs to use and implement in the industry.

2: To understand the knowledge of advanced technology of ICT that capable to provide advantages to SME‟s organization.

1.4 Research Questions

1: What is the innovation of advanced technology of ICT that is available for SMEs to use and implement in the industry?

2: What is the knowledge of advanced technology of ICT that capable to provide advantages to SME‟s organization?

1.5   Scope and Limitation of the Study

1.5.1 Scope of the Study

This research was focused on the acceptance of SMEs Company in advanced technology ICT at Selangor, Malaysia. Based on the problem statement, this research is carried out in order to enhance the innovation of advanced technology of ICT among SMEs and improve the knowledge of advanced technology in ICT industry.

As recorded, there are 22,220 SME companies in Selangor but only 507 SMEs that involved in ICT. Others companies also involved in ICT adoption but not all the company are willing and aware to use an advanced technology in their company.

In short, first of all the researcher study thoroughly about what is advanced technology and it innovation in details. Then it follows by investigating the knowledge of the SMEs towards advanced technology of ICT industry. Eventually the study was furthered on to find out what are the

significant factors that contribute to SME Companies" acceptance of advanced technology of ICT in Selangor.

1.5.2 Limitation of the Study

There are some limitations while conducting this study, there are:

1.5.2.1 Limited of respondent

This research needs a respondent from SME Companies to make it easier. Limited of respondent will complicate my research due to lack of information that I need to complete this study.

1.5.2.2 Limited of experiences

As a student, I have a limited of experiences because this study is my first research in order to complete my first final year project. Some of knowledge I need have to ask my supervisor, other lecturer or senior to give guidance.

1.5.2.3 Limited of resources

Most of researchers have limited resources for their research. Since my research was covers the latest technology, I found the difficulties in getting the information for this topics from trustful resources. I am not encouraged to refer to the internet only as a main source of study. However, secondary data such as books, journal and others trusted literature about the topics is also few.

1.6 Importance of the Study

The aim of this study is to find out are the companies is ready to adopt the advanced technology. The result will beneficial for SMEs as reference about knowledge and innovation that are suitable for theirs business to use an advanced technology in ICT. To study whether the innovation of advanced

technology are available and can be successful to implement as a new proposed technology in certain location.

In another hand, the outcome of this study also could be very useful to companies by creating a competitive organization that able to compete with the others from developed country with new technology. Thus, organization can improve their knowledge about advanced technology and ability to generate higher profits and market their product internationally.

1.7 Summary

This chapter has included introduction and background of study, problem statement, research objectives, and research questions, scope of the study, several limitations and importance of the study. The next chapter, chapter 2 will discuss about literature review.

CHAPTER 2:

LITERATURE REVIEW

2.1 Introduction

This chapter will elaborate more on the subject of the research that is the acceptance about advanced technology of ICT among SMEs Companies. The information later will benefit throughout the research.

The rapid improvement and diffusion of information and communication technologies (ICTs) in recent years has drawn attention of social science institution and researcher. The ICT industry received additional boost when the Multimedia Super Corridor Malaysia (MSC Malaysia) venture was abstracted in 1996 to expedite the transformation process (Chong, 2006). The MSC Malaysia offers and ideal growth environment for the ICT SMEs to transform themselves into domain classes business through numerous encouragements providing under the Promotion of Investment Act 1986.

In March 2008, there are 2006 MSC Malaysia-status company, in which over than 70% of them are locally-owned, mostly SMEs (MSC Malaysia web site, www.mscmalaysia.my). It can therefore be decided that in lots of countries, the roles played by the government and the growing numeral of internet users have far-fetched implications towards SMEs contemplating on

using internet-based ICT to reach higher pool of potential customers locally and worldwide.

2.2 Information and Communication Technology

The term ICT is well-defined in a wide sense as technologies devoted to information storage, processing and communication (Rao, 2004). Based on Martyn et. al., (2003) ICT establish a various of software, hardware, telecommunication and information, management technologies, applications and devices that are to develops, produces , analyze, process, packages, hand out, retrieve store and transmute information.

Advanced technology of ICT be responsible for many advantages across a wide range of intra- and inter- company"s business processes and transactions. Advanced technology of ICT has improves information and knowledge management inside the company and able cut transaction costs and upsurge the speediness and trustworthiness of transactions for both business-to-business (B2B) and business-to-consumer (B2C) transaction. Additionally, they are operative tools for refining external communications and value of recognized and new customers (OECD, 2004)

Government of Malaysia has aspiration to accomplish its *Wawasan* 2020 (Vision 2020) plan to turn into a high-income economy during 2020 were occasioned in improved national development itineraries. To achieve this goal, industry of ICT is known as related to the economy growth for the nation. The National IT Agenda (NITA) was hurled in December 1996 by the National IT Council (NITC) purposes to offer the essential framework for the consumption of ICT towards the development of the nation-state into an information and knowledge-based on society by 2020. The Malaysian ICT industry is presenting from top to toe growth rates and is emergent as a solid contributor to the nation"s employment and economic progress (Beal et. al., 2002).

As informed in the Tenth Malaysian Plan (2011-2015), the ICT sector accounted for 9.8% of the GDP at 2009. This predictable was increased to 10.2% by 2015 (Economic Planning Unit, 2010). The Malaysian government through Malaysia's Multimedia Development Corporation (MDeC) has started the Bumiputera ICT Technopreneur Development Programme (BITE) at November 2005 in demand to raise Bumiputera involvement in the ICT sector (MDeC, 2010).

The aim of this unit is to make sure that Bumiputera persons involve for 30% of Multimedia Super Corridor (MSC) Malaysia Status corporations at 2020. From the time when the formation, BITE was embark on some initiatives such as the Technopreneur Academy Programme (TAP) that purposes to train both existing and potential ICT-based entrepreneurs. To boost Bumiputera participant in the creative and multimedia sectors, the Bumiputera Creative Multimedia and Content Initiative (BCi2) was launched. The quantity of MSC –status owned businesses by Bumiputera entrepreneurs founded only 12.5% according to the 2009 MSC Malaysia Annual Industry Report.

2.3 ICT Innovation

Rogers (2003) defines the innovation as an impression or object that is apparent as firsthand to an individual. According to Geogellis et. al., (2000), in terms of continuing business viability, innovation is definitely not less significant for small organizations as it is for huge businesses on the whole.

Relates to the knowledge and know-how of employees, Rogers (2003) debates that in enterprises where staffs have knowledge and know-how they are more in the offing to grip innovation. The abilities of both workers and management will have an effect on the level to which a small business can be pioneering.