

# The Impact of E-Business Adoption on a Global Marketing: A Case Study of SMEs in Malaysia

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**ABSTRACT:** *In the era of globalization pursuing a sophisticated and develop, people are more inclined to the use of media electronic as a complement to a daily life. Almost a large amount and a half of the cycle of human life in this era tended to and controlled by the media electronic as an auxiliary handling in daily life. It is also beneficial to the Small Medium Enterprise (SME) to broaden their sources of income into globalize and it is certainly helpful to boost their goods and services in the market. The purpose of this case is to identify the impact of E-Business adoption on a global marketing of SME in Malaysia as many SMEs has become globalize. Thus, several studies have been taken off as a reference to be studied further to the influence of e-business into a small medium enterprise in Malaysia. E-business (electronic business) is carrying out the process of business on the Internet. The processes of e-business are including buying and selling products, service and supply; service to customers; payment processing; recruiting; and much more. So, in this paper, we could see how this e-business process could be influenced in a global marketing of SME in Malaysia based on a promotion, distribution, product, price and the customer services.*

**Keywords:** *E-Business, adoption, global marketing, Small Medium Enterprise (SME), impact, promotion, product, price, distribution, customer service*

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## I. INTRODUCTION

### 1.1 Definition of SME

Defining small medium enterprises (SMEs) is not a simple errand. This is because there are vastly different definitions as there are interlocutors. Given that SMEs reality and size can a considerable measure from sector to sector, or as indicated by economy and timeframe considered, a single definition is difficult (Vilasea, 2013). Really, there is no generally accepted definition of SMEs; ordinarily they are described with number of employees or yearly turnover. Truth be told, definitions shift with the level of specific economy in consideration. For example, in enveloped countries, like in Europe or America, where there is a larger variety in enterprise types, little sized organization can be considered medium or large in less developed countries.

Given that there have been many developments in the economy since 2005 such as price inflation, structural changes and change in business trends, a review of the definition was undertaken in 2013 and a new SME definition was endorsed at the 14th NSDC Meeting in July 2013. The definition covers all sectors, namely services, manufacturing, agriculture, construction and mining & quarrying.

Sales turnover and number of full-time employees are the two criteria used in determining the definition with the “OR” basis as follows:

- For the manufacturing sector, SMEs are defined as firms with sales turnover not exceeding RM50 million OR number of full-time employees not exceeding 200.
- For the services and other sectors, SMEs are defined as firms with sales turnover not exceeding RM20 million OR number of full-time employees not exceeding 75.

Under the new definition, all SMEs must be entities registered with SSM or other equivalent bodies. It however, excludes:

- Entities that are public-listed on the main board; and
- Subsidiaries of:
  - Publicly-listed companies on the main board;
  - Multinational corporations (MNCs);
  - Government-linked companies (GLCs);
  - Syarikat Menteri Kewangan Diperbadankan (MKDs); and
  - State-owned enterprises.

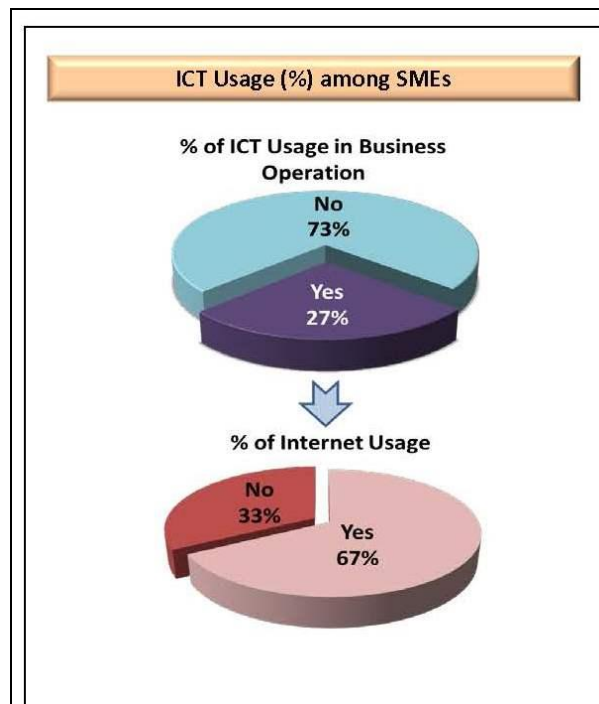
### 1.2 Definition of E-business

Nowadays, ‘e’ is gaining momentum and most of the things if not everything is getting digitally enabled (Srikanth, V. & Dhanapal, R. 2011) thus, it becomes very important to determine the competitive

advantage of firms using e-business. The aim of adopting e-business is to improve the firm's competing ability, since businesses are being competition focus (Xiaoming M., 2010). Increasing global competition has led businesses to consider e-business strategies. E-business technologies present unique opportunities and challenges for businesses, and Small & Medium Enterprises (SMEs) are no exception (Elragal, A. and Abouseif, H., 2011). E-business is a composed of many function and services, it is consist of the development of intranet and also the extranets for the e-services system, a provision of services and a task via the internet with the supplies of services application. Nowadays, the small medium enterprise also did not lagging behind this era of development on rethinking about their business to be adoption with the internet. The SME's are adopting an e-business in their services on buying a supplies from the other company as well and also joint venture in the selling promotion and some market research as well.

## II. LITERATURE REVIEW

E-business has been claimed as a source of fundamental change to business practice, changing the way of how SMEs execute and deliver their services. The emergence of e-business as a landscape, will enabling SMEs to compete on a different scale and design. To begin with, any businesses that markets item or services over the internet by a definition is globalization. The accompanying sections talk about how e-business (essentially internet) has influenced global SMEs marketing strategies. Google Malaysia is on track to rope in some 50,000 local small and medium enterprises (SMEs) to start their business online, after having signed 15,000 SMEs to go online under its Get Malaysian Business Online (GMBO) program (David 2012). The internet exposes a small business to a worldwide audience, allowed to collect prospective leads, tap new markets, find cheaper vendors and gather new ideas about the industry. By shipping products or delivering services remotely, can service new customers from around the world. Partnering with a complementary business exposed to a new customer base and allows to share marketing and promotional expenses (Mike 2013).



**Figure 1.1** Percentage of ICT usage among SMEs

*Source:* [www.smecorp.gov.my](http://www.smecorp.gov.my)

Figure 1.1 is shown that the percentage in a pie chart of Internet users among the SMEs in Malaysia. From the pie chart above, it shown that it has the highest percentage of internet users among the SMEs but did not engage with the ICT usage in their business operation. E-business in Malaysia is still green when compared to other countries such as the United States, United Kingdom, Canada and other developed countries. There is a lack of research, especially in published reports or journals, about e-business development in Malaysia. The obstacles facing entrepreneurs, such as problem in locating desired information, the rising costs of utilizing the internet, security problems, rapid changes and technology advances, and long waiting times to

access the internet (Mohamed and Syarisa 2002). There are some impact that will be influenced on SMEs operation if the e-business were adopted.

### **2.1 Promotions**

As a result of e-business, the execution of global marketing strategies is made possible where the internet goes about as marketing and correspondences channel which delivers a company's worldwide marketing strategies extending from marking, information base building, and customer securing to giving customer service, framing relationships, building steadfastness, and ingraining backing in existing customers. E business through the internet likewise facilitates worldwide marketing effort with specific relevance to smaller associations that have previously been unable to compete on a worldwide scale. With tremendous user base development and unlimited operational boundaries, e-business has the potential for mass correspondence and advertising..

### **2.2 Distribution**

The effect of the internet on worldwide marketing strategies is not limited to the new media's capacity to create sales enquiries, which consequently push the purchases by means of conventional channels. The internet essentially capacities to open up possibilities of companies to use new circulations channels and therefore reshape the consumer's shopping propensities. The open door has driven both SMEs to incorporate e-business as an essential piece of their competitive strategies.

### **2.3 Product**

While nearby adjustment practices are being carried out by SMEs, the concept of worldwide mass market is additionally being fostered in e-business. The suggestion that the internet will increase the practice of item institutionalization. The increased levels of correspondence derived from the internet world foster a worldwide mass market as proposed by Levitt (1983). Consumers share the latest trends and data about items, and this done the world over all through various stages. Through the internet, consumers get current data about items, for example, mold apparels, mobile phones, cutting edge items, and need to purchase it regardless of where it is really 'located'. Notwithstanding that, the internet additionally tends to promote a way to deal with advertising and advancement that is standardized worldwide. Despite the fact that this is permits the organizations to realize the cost economies and establish a cohesive worldwide item situating, it may not be desirable practice for some items and services that require item differentiation to suits consumer's needs. This may therefore be generally inconsistent with the organizations' worldwide advertising strategies. A noteworthy challenge for international marketers remains as attempting to achieve a balance between the capacity of the internet to customize and the need to keep up their global marketing strategies' coherence, control and consistency.

### **2.4 Price**

The influence of e-business on global marketing strategies is primarily seen in price. Due to the easy access of data, the price transparency in the global markets has increased. It is presently possible for consumers and competitors to do a research on the price of merchandise and ventures and compare them online. This should be possible with little effort and requiring little to no effort. What's more, there is additionally a reduction in prejudicial price policies due to an increase in the consistency of global valuing strategies. This has resulted from the accessibility of data on prices collected by outsider search agents for consumers.

The freedom of data has resulted in numerous price reductions. Preceding the internet, national boundaries played a critical role in the marketing strategies of numerous worldwide firms, where these organizations exploited the differences in consumers' price sensitivities crosswise over national borders by charging different prices for the same item in different national markets. However, due to the relative efficiency of price searching, and the irrelevance of area, price competition becomes more apparent, especially when the items and services are difficult to differentiate.

### **2.5 Customer Service**

Global marketing strategies, with the help of the internet, can concentrate more on the customer service side. With the internet, new correspondence channels are opened up between companies and their customers, enabling the former to develop and foster a better relationship with the customers. Sinden (2001) noted that websites can increase customers interaction by consolidating customers services facilities into the activities of companies, which provides a point of convergence for the companies customers worldwide. An SME's customer services office therefore, can be improved with the help of such activities as e-mail contact and frequently-asked questions.

It has been reported that huge cost reserve funds has been generated by the online computerization of routine customer service capacities. Besides that, SMEs can likewise increase the value of the services provided by giving supplementary data about their items to customers on the internet. Such activities enhance the whole experience for customers and go far in establishing brand reliability and differentiation.

### III. CONCLUSION

The presentation of online networking was a powerful marketing way to deal with the delivery of data about items and services to end customers. E-business' involvement was developing in prominence among SME entrepreneurs. However, they likewise faced challenges, for example, an absence of customer trust and fulfillment with internet technology usage. SME businesses likewise produce more economical and technically essential advancements than larger companies. The finding of this study has suggestions for the appropriation of the e-business concept, identifying the strategies to engage greater involvement in the e-business field among SME entrepreneurs. There are several impact stated to be considered for the sustainability of the SMEs in global market. The primary concerns are the means by which to develop the belief of usefulness, ease of use and trustworthiness of systems. The association of computer instructional classes to increase the computer literacy of the SME entrepreneurs is one arrangement. Malaysian e-business is in the early stages of development and is under more research investigation and development. Subsequently, the relationships found in this study demonstrate that most entrepreneurs are utilizing the internet as a part of a business movement application to market their items and services in the nearby and international marketplace. There is some constraint, and inherent suspicion that SME entrepreneur's members have less experience with expertise. It might take some time to carefully collect information that keeps away from biased information.

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