

**THE ROLE OF E-COMMERCE IN REDUCING
SME'S OPERATING COSTS IN MALAYSIA**

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The Role Of E-Commerce In Reducing SME's Operating Costs In Malaysia

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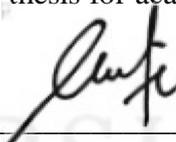
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CHAPTER 1: INTRODUCTION

1.1 Background of the study

A discussion on the role of E-commerce in reducing SME operating costs in Malaysia, where the recent economic crisis in the country is becoming increasingly worrying. However, it is not a reason that SMEs should stop working during the financial crisis. Still, SMEs should take the opportunity and find more alternatives to ensure their business operations continue and reduce operating costs while using the E-commerce platform.

This is E-Commerce, online sales. E-Commerce allows merchants to sell to customers around them and customers in other states and countries. So, the potential of E-Commerce is more significant compared to opening a shop on the side of the road. E-Commerce is Online Business where merchants can sell online either through their website or social media, such as Instagram, Facebook, or Mudah, as well as marketplaces known to the public, such as Shopee and Lazada. So, through this channel, traders can make sales to their customers. This E-Commerce usually means I need help getting into a regular store if I buy items. If I have to go around that big shopping mall to find that one item, it is better to open my phone and buy it online. After a few days, the goods arrived at home. So, this saves me time. So usually, people believe that using this E-Commerce platform is to save time. Compared to having to go to physical stores to shop. Mostly young people, but many older people dare to try E-Commerce and buy online. Selling online can be made cheaper because they do not need to have a physical store or rent a store every month, which makes them able to sell their goods more affordable.

If we compare rent online, the cost is cheaper than renting from a physical store. It impacts even more ordinary every day, which is widely available online, where they are easy to find. It is just that there are half of the customers want cheap goods; there are also customers who want the goods quickly; if the customer wants the goods rapidly, he may not buy on E-commerce. He just went to the nearest store where he knew they sold the goods. However, E-commerce is easiepretty items that are difficult to find in

regular stores. Not all items available in the US or abroad in Japan or Korea are sold in Malaysia. Moreover, through E-commerce, customers can buy on the international website, but the shipping cost will be expensive because of logistics such as airplanes and vehicles. So, this will be a factor in the price increase. Alternatively, the buyer can decide whether to buy in overseas E-Commerce or local E-Commerce. Traders such as micro or retail should take this opportunity to use this E-commerce to sell their goods not only to customers around them but also to customers further away who may be in KL, Kuantan, or Australia. You can do that all just using the E-commerce platform.

Distribution via the Internet is likely successful because it connects end-users with producers directly. This will reduce the traditional role of intermediaries, agents, and distributors in international marketing. The manufacturer does not require goodness that can be seen that it can reduce the cost of marketing the product, and it is a result, the price that reaches the consumer is lower than through an intermediary (Sinha et al., 2017).

Through e-commerce, it can eliminate or reduce rental costs of warehouse or business premises insurance, rental control services, and other costs related to storage costs in transactions transfer of goods or services. In addition, savings on labor costs is also enjoyed, i.e., there is no more provision to pay wages to employees, and utility bills (electricity and water) can also be saved. According to (Hamill & Gregory, 1997), the convenience of the Internet can also reduce advertising costs, making it cheaper.

E-commerce is a good and effective method of buying and selling because this method saves time and costs. Traders can provide limited premises space to conduct business. Buying and selling can be done more easily and quickly while saving costs. It helps the company to expand the market to all corners of the world by keeping the world's economy into an interdependent system. Buyers do not have to leave the house in hot weather or go through traffic and can even save time and cost while seeing the products being sold clearly along with the accompanying information.

- Reducing travel costs: using mobile phones, e-mail, and ICT to replace travel claims.

They are reducing the cost of materials, for example, the delivery of better information from suppliers about more competitive prices. Reducing marketing and distribution costs, for example, online brochure publishing can reach unlimited domestic and international customers. Lowering the cost of sales, for example, the Internet provides extraordinary opportunities for businesses to reduce the cost of doing business in the country and export. More efficient supply chain management, for instance, can eliminate the role of intermediaries leading to reduced transaction costs, including marketing, sales, transaction processing, reduced overhead, inventory, and labor costs.

The use of e-commerce is believed to give advantages to SME entrepreneurs from the aspect of increasing productivity and competitiveness (Love et al., 2001). In the current globalization and uncertain economic environment, competition is the main challenge for a company to maintain its business. A company that wants to stay ahead of the market must stay ahead of its competitors. The use of e-commerce contributes to various benefits such as cost reduction, product quality improvement, acquiring new customers and suppliers, and producing new methods of selling existing products (Saffu et al., 2008). Therefore, e-commerce is essential and relevant in today's business world. The Internet has become the new online sales and transaction channel, proliferating. This requires understanding the customer's online activity and purchasing behavior (Arthur & Deh, 2011).

In addition, e-commerce facilitates business-related processes and can change the structure of business in the world (Bharati & Chaudhury, 2015). How the new business environments created by globalization affect companies, and how SMEs can solve the problems of the new environment if they can use the potential of e-commerce. This means a company can reduce bureaucracy and improve the buying and selling process, benefiting the company and its customers. Geographical factors are often associated with increased costs in a business. Thus, e-commerce solves geographical barriers such as distance, time, information, and suppliers (Aleid, 2011). This can ensure that products or services to customers during the specified period may affect the reputation of the company concerned. E-commerce is about electronic buying and selling. This requires building systems, services, models, and relationships to support the most efficient buying and selling mechanisms.

Undoubtedly, most average entrepreneurs think E-commerce can help reduce travel costs, eliminating or reducing rental costs. Most of these studies often focus on the readiness to use E-commerce in SMEs to achieve their primary objective of minimizing costs and maximizing profits. However, what became clear to me is that there are still conditions for running E-commerce affairs that require updating the latest and most recent information in administrative and business processes. Therefore, the natural next step to reduce operating costs through E-commerce is that SMEs must always be aware of the current company and get used to using E-commerce platforms such as Facebook, Instagram, Tiktok, etc. This can save costs for small entrepreneurs and can increase their sales.

Therefore, the next step to reduce operating costs is that SMEs should be bold in engaging in transactions using E-commerce platforms. There is evidence that E-commerce can increase sales through promotions using Tiktok, Facebook, and so on media. If E-commerce can reduce operating costs for SMEs in any transaction, whether in products or services, many studies may be conducted to identify the benefits both sellers and buyers can enjoy. Since using E-commerce, it is known to many SMEs that it can reduce operating costs. It was found that technology changes so quickly, and many small entrepreneurs change their way of selling to E-commerce instead of renting a shop site which involves high costs.

1.2 Problem Statement

This study aims to discover why and how E-commerce can reduce SME operating costs in Malaysia.

Small and medium-scale firms have played an essential role in developing the national economy. But these small and medium-scale firms also face many problems. This problem is similar to the issues faced by small-scale firms in developed countries, such as ASEAN countries, Taiwan, Japan, England, the United States, etc.

Small and medium-sized firms currently have various problems setting up for the market. Among the most critical issues faced by small and medium-scale firms are high cost, finance, marketing, management, technology, inappropriate building and site, competition, license, and product quality control.

High cost is a "scarce" commodity, so that this burdensome cost can happen anywhere. High-cost conditions are more severe in times of economic downturn.

This high-cost problem occurs in developing countries and developed countries such as England and the United States. In recent times, SMEs have experienced high costs in setting up firms and have also been plagued with the complex problem of obtaining funds. The committee discovered that small businesses in England could not raise the capital required even when the security offered was sound (Keasey & Watson, 1994). In 1935 in the United States 'the US Department of Commerce surveyed 6,158 small manufacturers and found that 47.2% could not get funds from any source... (Abdullah, 1993).

In Malaysia, reviewing research done on small and medium-scale firms, the statistics clearly show the difficulties of getting loans from banks. The current credit squeeze has resulted in difficulty for SMEs to obtain financial assistance from commercial banks` (Cassetta et al., 2019). This problem is not only faced by Chinese entrepreneurs but is also found by Malayu and Indian entrepreneurs. According to a study conducted on 491 small industrial entrepreneurs of peninsular Malaysia in 1992, about 71 percent of them informed that the biggest problem is the very high cost of setting up a firm and the difficulty of obtaining financial or credit resources from commercial banks or other financial agencies (Ganguly, 2015).

This high cost is also due to less professional cost management and no sound control system. For example, spending a lot of money buying non-productive assets such as luxury cars, high-priced club memberships, and branded office furniture.

In addition, the factors that make it difficult for SMEs to cover the existing operating costs, i.e., labor talent problems. Small and medium-sized firms' ability, success, and growth are determined by a vital source of financing and require a skilled,

knowledgeable, and talented labor force. As stated by Tan Sri Dato' Soong Siew Hoong (ACCCIM Honorary Secretary General), 'The people in your company are your greatest assets (2000a:2). The Prime Minister of Malaysia, Yang Amat Berhormat Dato' Seri Dr. Mahathir Mohamad also attaches importance to the skills and talents of the labor force, according to Yang Amat Berhormat:

"From the experience in the last two decades, of all the economic miracles of the countries that have been poor in terms of natural resources, it is blindingly clear that the most important resource of any nation must be the talents, skills, creativity, and will of its people. What we have between our ears, at our elbows, and in our hearts is much more important than what we have below our feet and around us. Our people are our ultimate resource. Without a doubt, in the 1990s and beyond, Malaysia must give the fullest emphasis possible to the development of these ultimate resources" (Gupta, 2006).

"We cannot but aspire to the highest standards about the skills of our people, to their devotion to know-how and knowledge upgrading and self-improvement, to their language competence, to their achievement motivation, their attitude towards excellence and to the fostering of the entrepreneurial spirit" (Mohamad, 1998).

That element is essential and is considered the lifeblood of economic growth. It is also a tool for accelerating the process of industrial development. Experience from developed countries such as Japan, South Korea, and Taiwan shows that industrial growth is intertwined with the skilled labor force in addition to the improvement of successfully feasible technologies. The country's experience cannot deny that the technical skills of the labor force play an essential role in developing a nation.

The lack of skilled labor in technology is one of the major problems faced by the vast majority of small firms. The leading cause of this problem is the government and the private sector's lack of training schemes for teenagers. Especially in this new device, the working atmosphere is filled with electronic devices such as computers, digital cameras, phone bimbi, and so on. Of course, the market is thirsty for skilled labor. Uninformed labor uses computers and machine tools, so online production and marketing power cannot be enhanced. In addition, technology also changes frequently, and every change involves a more complex Teknologi. As a result, the labor force should always be

trained and channeled with thermogenic technological knowledge so that production and marketing power is enhanced and operating costs can also be reduced.

Next, factor in the lack of knowledge in the use of technology. Technology can generally be defined as a framework for collecting manufacturing or marketing techniques that can be attributed to one-on-one online marketing if it can use technology as a guide to activate E-commerce in reducing operating costs for SMEs. Technology can be hailed as a rational knowledge system based on science, engineering, and E-commerce knowledge. 'Generally, there still needs to be more aware of the importance of information technology in manufacturing and business. In today's competitive global market, SMEs must recognize that information technology will improve productivity, quality, and performance which are essential for the survival of their companies (Mncayi, 2016).

In addition, the problem of buildings and sites involving high operating costs has become a fact. Many small entrepreneurs lament that with such high-cost areas and facilities, many small entrepreneurs are forced to stop their business operations. Its tail affects the quality of product production.

Given the problems SMEs face regarding the shortage of skilled labor, small entrepreneurs still need to gain knowledge in the use of technology and building and site problems involving high operating costs. This study found that one of the SMEs that can solve these problems is to focus on using E-commerce. This is because the existence of E-commerce can reduce the operating costs faced by SMEs. For example, small entrepreneurs or companies can start learning how and methods of using this Ecommerce to reduce the required labor. Companies need skilled workers to sit in front of the computer, market the sales, and make transactions easily. Therefore, the benefits of E-commerce can reduce operating costs.

In addition, today's SMEs should be bold to take steps to learn or follow the trends of the fast-changing technological age. For example, if a firm spends \$5,000 to send a worker for training overseas, then a tax exemption of \$10,000 should be provided.' (Leavitt, 2007). This is because, as we see, overseas markets are wildly successful by using E-commerce platforms in their significant transactions. This e-commerce platform has been going on for a long time, but only some tiny entrepreneurs or companies are

willing to use E-commerce. Directly or indirectly, the existence of E-commerce can reduce operating costs. One is they can provide flyers and materials to distribute to customers around their business. Using this e-commerce platform, they need to upload the promotion, and the information will continue to reach the social media of their respective customers.

Finally, many still need to figure out how this E-commerce can reduce the operating costs of SMEs. The problem of the very high price of renting a building and the difficulty of finding a site makes SMEs less enthusiastic about generating quality ideas and production results. In the old days, a business was successful when it opened a physical shop near the visiting public. Such effective technological changes have helped and changed the fortunes of SMEs who want to try and dare to break into the world of technology. Many people need to be aware of this sophistication and potential in business matters and in providing various benefits such as political and social elements and much other beneficial information. This e-commerce has a wide range of platforms, including Amazon, Shopee, and Lazada. And there are social media e-commerce like Facebook Marketplace, Instagram, and Tiktok that are more viral in starting a business without cost.

1.3 Research Question

Much study has been conducted to determine how eCommerce has enabled businesses to consolidate corporate operations and minimize operational expenses. On the other hand, this study aims to determine the influence of e-commerce on decreasing operating expenses and how e-commerce may reduce operational costs. Design/methodology/approach data from a multi-industry firm survey were analyzed using exploratory data analysis and logistics regression. According to the findings, organizations have increased the service they can deliver to their clients by utilizing eCommerce. (Lin, 2003) contends that e-Customer satisfaction is critical when measuring the perceived customer-delivered value of e-Commerce. (Kumar and Petersen, 2006) investigated how e-Commerce has impacted the online business' ability to serve e-Customers needs and increase their level of satisfaction. From the whole online shopping experience perspective, (Guo et al., 2012) identify factors influencing Malaysian customers' online shopping

satisfaction. According to the findings, there is a direct relationship between the impact of e-commerce in reducing operational costs and how to reduce operating costs.

The impact of e-commerce on reducing operational costs accrues to the manufacturers or vendors in the spend of processing electronic stores and low-cost inception compared to the processing of traditional stores, which leads to a reduction in the cost of business performance, and increases the scope of supply markets, including beyond the limits of space and time, and thus to increase competition which results from a high-quality product (Sangor). Lower business process costs represent a trade transaction cost of gathering information, negotiation and brokerage fees and sales commissions, administrative procedures, and other important product price components. Moreover, e-commerce significantly lowers these costs by improving information flow, increasing business coordination, and the costs of searching for information about potential buyers and sellers in the market.

E-commerce, in particular, has enhanced information availability, decreased processing mistakes, cut response times, slashed service costs, and raised customers' happiness and the degree of service consumers expect. Implications for Practice according to the findings, many organizations are making the switch to integrated e-commerce business processes. This is done to cut operating expenses while dramatically boosting the quality of their service offerings. Originality/value The study is unusual in that it uses a logistics regression technique to multi-company data from diverse sectors to examine the influence of e-commerce on business operations' service aspects. It also addresses the research question whether the role of e-commerce in reducing operational costs for SMEs in Malaysia.

This study begins with a series of broad questions, in the spirit of qualitative research: 'What? 'Who? ', 'When? ', 'Where? ', 'Why? ' and 'How? ' This method informs future industrial policy theory; hence. This study intends to answer the following research questions:

1. What is the platform of e-commerce that can reducing operational costs the most?
2. How can e-commerce reduce operation costs?

1.4 To answer these research questions, the following research objectives are formulated:

- i. To identify the performance of using e-commerce in reducing operating costs compared to doing business physically.
- ii. To evaluate how e-commerce aids the reduction of operating costs by making a comparative analysis.
- iii. The level of readiness of SMEs in using the e-commerce platform.

1.5 Scope of the study

The study; researches are focusing on Small and medium-sized enterprises (SMEs) in Malaysia on lowering operational costs by utilizing the E-commerce platform. Researchers will interview four small businesses using other media, such as Shopee and Lazada. Tiktok, and others. This is because we have an objective to achieve in conducting this research. SMEs are expanding as a result of online businesses such as e-commerce platforms. Companies like this make it easier for traders to do business and teach them how to use cutting-edge technology. The use of technology is critical for traders in business affairs at this time, particularly when connecting with customers abroad.

The researchers will gather permission from SME entrepreneurs to interview them online or in person. Instead, the researcher will locate an SME entrepreneur who uses an e-commerce platform. According to the researcher, SMEs now use the platform to help them do business. So, the researcher will research two company SMEs using e-commerce platforms.

From here, researchers can compare one of the e-commerce platforms that can attract a large number of customers. SMEs' use of that platform requires only a free registration, making it easier for entrepreneurs to get started. They only need to spend a little money to start an online business. The researcher believes that small and medium-sized enterprises (SMEs) are developing many processes and technological innovations. When

there is a high demand, SMEs tend to focus on improving old products to produce more quantities. As a result, researchers want to know how this e-commerce platform can keep its operating costs under control.

1.6 Significance of the study

With time, numerous social media channels are available to Malaysian traders, such as e-commerce. The use of technology is critical at this time. It not only makes it easier for traders to compete with others traders. Next, the government frequently creates programmers to help traders in this country expand their businesses. The government also contributes to SME traders to assist them in starting their businesses. According to Berita Harian (Sarabatin, 2019), the Ministry of Entrepreneur Development offers programs, training, and appropriate loan schemes to Bumiputera entrepreneurs with B40 income to improve their abilities and skills.

Productivity and output have increased as a result of economic development. This is because SME business production positively impacts national income (Al Mamun et al., 2018). As a result, the use of e-commerce now assists SME entrepreneurs in conducting business online. Doing business online can help these entrepreneurs gain customers from all over the world. Customers can buy products from wherever they are, and they can also view pictures and obtain product information provided by the buyer (Jimenez et al., 2016). Consumers frequently use e-commerce websites to purchase a variety of products and services. Consumers use the e-commerce web at all stages of the purchasing cycle. Entrepreneurs work hard to understand their target market better and display the diagnostic product content required to inform and persuade customers (Furtado et al., 2022).

International expansion has become an essential path for SMEs as they enter new markets, allowing them to attract more customers, produce quality products, and increase their profitability and growth (Dangi et al., 2018). The use of social media moderates the performance of SMEs and also mediates part of the SME performance (Susanto et al., 2021). E-commerce platforms are simple because they do not require a significant

investment to establish an online merchant. Next, entrepreneurs must be creative to attract customers to buy their goods. The Internet's accuracy, speed, and efficiency make it indispensable for the growth and sustainability of all operations in the modern business. Technological advancements provide a foundation for a significant competitive advantage. This is especially true in terms of the global and global economy. One can confidently assert that the modern business will make or break a successful company by embracing internet technology. Entrepreneurs can connect with suppliers and buyers more easily thanks to the Internet (Tarofder et al., 2017). So, this is important for the researchers to know how e-commerce can reduce operational costs for SMEs.

1.7 Definition of the term

1.7.1 E-commerce

E-commerce, or electronic commerce, is the term used to describe businesses and people who conduct their business online. E-commerce can be done on computers, tablets, cell phones, and other intelligent devices and operates in various market categories. E-commerce transactions make almost every good or service accessible, including books, music, airline tickets, and financial services like stock trading and online banking. It is seen as a very disruptive technology as a result.

1.7.2 SME

Small and mid-size enterprises (SMEs) maintain revenues, assets, or several employees below a certain threshold. Each country has its definition of what constitutes a small and medium-sized enterprise. Specific size criteria must be met, and occasionally the industry in which the company operates is considered. SMEs, or small and medium-sized enterprises, are defined differently worldwide. The country a company operates in provides the specifics on the limited size of an SME.

1.7.3 Reducing operational cost

Improving our operating costs means putting yourself ahead of our competition. Small business owners should always look for ways to reduce expenses without sacrificing the quality of their products or services. An effective and efficient way to reduce our operating costs is by using business management and process solutions to automate our processes that are currently being done manually.

1.7.4 Role of e-commerce

Highlight in this research on electronic commerce and its benefits and challenges and its role in reducing costs, which are suffering the majority of companies from high whether depleted or non-depleted. Even people who own capital are few and want to enter the world of commerce, which has opened an e-commerce field in front of them, not only the owners of enormous amounts of money.

1.8 Organization of the term

There are five different chapters in the thesis. By discussing the background research, problem statement, research questions, research objectives, the scope of the study, the definition of terms, and proposal organization, the first chapter gives the main idea of the substance of a research study.

The literature from other journal articles, books, and other sources relevant to the study is reviewed and evaluated in the second chapter, which gives an overview of this research investigation. The dependent variable, intention to make an online purchase, and independent variables, like price, perceived usefulness, perceived ease of use, website design quality, trust, and perceived risk, are all thoroughly reviewed in this chapter. This chapter includes an introduction, underlying theory, prior investigations, hypothesis statement, conceptual framework, and a chapter summary.

The research approach used to accomplish the goals of this study will be described in the third chapter. Introduction, research design, data collection methods, study population,

sample size, sampling strategies, development of the research instrument, measurement of the variables, a method for data analysis, and chapter summary are all included in this chapter.

Using qualitative where it is necessary to use the interview process, interviews need to be done correctly and on the topic related to the study. Furthermore, based on the inputs obtained from the interview process, the contents of this study can be expanded. From there, you can also extend the scope of the study by giving the right questions related to the study.

The conclusion is included in the study's last section, chapter 5. This chapter summarises the key findings, discusses them, and offers suggestions for additional research.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

In this part, the researcher will discuss past studies related to the survey about the role of E-commerce in reducing SME operating costs in Malaysia. The related theories will be stated, and an explanation of the independent variables, dependent variables, conceptual framework, and research hypotheses will be discussed. A brief overview of connections between the independent variable and SMEs in saving operating costs by venturing into e-commerce in business. The explanation featured in the following content relates to eCommerce and SMEs. Explain the concept made in the theory that has been discussed.

2.2 The effectiveness of SMEs using E-commerce in reducing cost.

Based on the researcher of the definition, E-commerce has made advances in transaction cost theory, marketing, communication, information retrieval, and strategic networking (Wigand, 1997). According to (Kauffman & Walden, 2001), E-commerce is a revolution that many industry and academic observers believe will change the behavior and structure of the business as we know it. A series of exciting developments and innovations occurring in information goods, enterprise business processes, electronic markets, and emerging industries in the economy provide the impetus for the expansion of e-commerce research efforts. However, (Elia et al., 2007) E-commerce has long been broadly defined as online commerce using a combination of technology and business strategies. They also explained that this business strategy includes the main business areas of information technology, marketing, and finance. E-commerce is also defined as viewing and researching what you want to buy, getting what you need, and paying for the purchase (Omar et al., 2018). While (Daniel & Wilson, 2002) states that E-commerce is the use of information technology to enhance communication and transactions with all organizational stakeholders, such as customers, suppliers, government agencies, financial institutions, managers, employees, and the public.

The effectiveness of e-commerce can reduce search costs because buyers do not have to go through various intermediaries to find information about suppliers, products, and prices as they do in traditional supply chains. In terms of energy, time, and money, the Internet is a more efficient information channel than conventional channels (Gupta, 2014). Online services such as the easy search for products and services, provision of product specifications that reduce communication costs, secure electronic payment systems for completing transactions, updated product delivery information, and quick response to customer inquiries are essential to attract and retain customers online to this website. It is necessary for further purchases (Singh, 2002).

Acquiring electronic customers is difficult and expensive (Singh, 2002), and customers can quickly evaluate and compare the advantages of competing services, thereby reducing switching costs. However, E-commerce reduces the costs incurred by manufacturers or suppliers due to the speed with which they deal with electronic stores and has low initial costs compared to dealing with traditional stores, resulting in lower performance costs of stores and an increase in the number of supply markets, beyond space constraints and time, thereby improving product quality and intense price competition (Porter & Van der Linde, 2000). Lower business process costs represent trade transaction costs for gathering information, consulting and brokerage fees, sales commissions, administrative procedures, and other essential parts of the product price. E-commerce plays a vital role in reducing these costs by improving information about potential buyers and sellers in the marketplace (Resnick, 2008).

In addition, entrepreneurs who run such digital businesses also reap various benefits in terms of expanding their product and service markets, more flexible working hours, systematic transaction processes, cost savings, and the ability of merchants to deal with customers without a location or direction. Combined time constraints, better operational efficiency, and many more benefits of e-commerce for SMEs (Sahar et al., 2021). Using e-commerce in business can benefit entrepreneurs in terms of increased productivity and competitiveness (Pires & Aisbett, 2001). This is because e-commerce can reduce costs, improve product quality, attract new customers and suppliers, and develop various new ways to sell existing products (Duffy, 2013).

2.3 Sector SMEs active using e-commerce (the importance of eCommerce in SME)

From 2016 to 2021, the MSMEs landscape has grown significantly. According to the most recent data in the Malaysia Statistical Business Register (MSBR) published by the Department of Statistics, Malaysia (DOSM), there will be 1,226,494 MSMEs in Malaysia in 2021, accounting for 97.4% of all establishments. There has been an increase of approximately 140,000 firms compared to 1,086,533 MSMEs in 2016, resulting in an average growth rate of 5.2% per year over the six years. In crucial economic sectors, the services sector has consistently accounted for more than 80% of all MSMEs profiles, totaling 1,028,403 firms. At 8.0%, the construction sector remained the second largest contributor (98,274 firms). Meanwhile, the manufacturing industry employed approximately 5.8% of MSMEs (71,612 firms), agriculture employed 1.9% (23,633 firms), and mining and quarrying employed 0.4% (4,572 firms). Microenterprises were prominent in business size, accounting for the largest share of MSMEs. From 2016 to 2021, there was an increase of more than 150,000 microenterprises, with an annual growth rate of 5.6%. In 2021, microenterprises made up 78.6% (964,495 firms) of total MSME establishments, small-sized firms made up 19.8% (242,540 firms), and the remaining 1.6% (19,459 firms) were medium-sized MSMEs.

The rise of smaller businesses has been a significant trend since the 1990s when they became the engine for economic development. Today, Small and Medium Enterprises (SMEs) increasingly rely on e-commerce channels to create and capture value. Growth in e-commerce enables SMEs to benefit from globalization by expanding their ability to access customers worldwide and across demographics and customer categories. The emergence of these new market networks has made strategic flexibility important for SMEs, as such expansion requires consistent rethinking and adapting to the ever-changing dynamics of the global environment. Several international and technological developments are propelling the growth of e-commerce operations. Internet channels have facilitated communication, allowing even small businesses to conduct global operations. The growing popularity of global value chains and the increased dependability of extended supply chains have encouraged small businesses to do business with suppliers and customers worldwide, and that customer base is expanding. There were 413 million internet users

worldwide in 2000; by 2016, that figure had risen to 3.4 billion. The majority of businesses consider internet users to be customers. Even though technology has given SMEs access to these consumers, they must compete for their business globally against more prominent, better-funded, and experienced players. E-commerce aims to assist SMEs in meeting this challenge by allowing them to broaden their geographical reach, build a more extensive customer base in new markets, and improve their products for customer satisfaction.

SMEs benefit significantly from e-commerce platform technology. To begin with, they increase the flow of information. SMEs, for example, can obtain targeted, unique data and valuable market information by communicating with customers, creating customer profiles, and collaborating with customers. Through technologies such as EDI, SMEs can securely exchange and share information, making the market transaction more accessible and transparent. E-commerce is a more convenient and cost-effective way to conduct business because customer orders can be received, confirmed, processed, and paid for online. The advantages of information technology (IT) as even more critical in international business activities because they overcome cultural and linguistic barriers. E-commerce eliminates challenges caused by geographic dispersion and time zone differences among participating organizations while providing visibility to all stakeholders in a business transaction. Small and medium-sized businesses (SMEs) can gain a competitive advantage by optimizing cash flow and managing working capital, which eCommerce makes easier. Using eCommerce technology can significantly reduce a SMEs operating costs or the cost of doing business daily. One of the most obvious advantages is the ability to communicate in great detail about demand and supply, which reduces the need for transportation and goods movement. More importantly, the flow of information upstream and downstream improves operational synchronization, reducing operational inefficiencies by ensuring that more actions and decisions are based on market, supply chain, or value signals. This lowers the likelihood of resource waste and leakage. Working capital is reduced as a result of improved operational efficiency.

Finally, eCommerce enables SMEs to collect data for analysis. This is critical for business growth and revenue generation. SMEs can automatically gather essential data of

marketing from a good website by recording customer purchasing behavior, product selection, and payment information. By measuring consumer behavior, they can also use data analysis tools to direct their marketing strategies. Despite the availability of information via these tools, SMEs need more capital and skilled resources; Small and medium-sized businesses (SMEs) need more resources to keep their website and product information up to date (Raziel Bravo 2022).

2.4 E-Commerce reducing operational cost to Small Medium Enterprises (SME)

Today, many industries use the Internet to identify the need to improve their business to maintain cost and overall service competitiveness compared to their competitors. The emphasis is not on a single industry but on the advantages companies gain from using the Internet to serve their customers better (Kumar & Petersen, 2006). E-commerce is a good and efficient way to buy and sell because it saves time and money. To conduct business, traders can prepare a limited space. Buying and selling can be done more efficiently and accurately, resulting in lower production costs. It enables the company to expand its market to all corners of the globe by transforming the global economy into an interdependent system. The buyer does not have to leave the house in hot weather or deal with traffic and can save time and money by clearly seeing the merchandise being sold and complete information.

According to Actor-Network Theory (Benqatla & Bounabat, 2018), which was developed in the 1980s, collaboration in business networks is an essential factor in inter-organizational project governance and a critical enabler for trading success. This theory presents Collaborative Network (CN) to study the construction of a network of digital cooperation. This enables businesses to connect and collaborate effectively between sellers and buyers. A collaborative network (CN) can also assist sellers in reducing their operating costs. This theory divides the process into four stages: problematization, intersegment, enrollment, and mobilization.

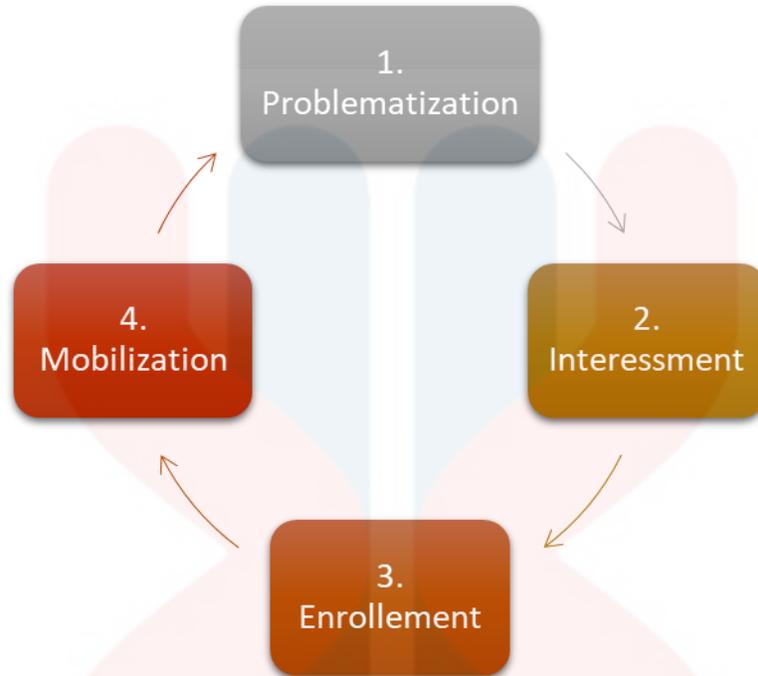


Figure 1.0: Phase of Actor-Network Theory

Based on figure 1 above, almost any business has problems. SME entrepreneurs must identify the issues that their company is facing. This allows them to solicit feedback from customers. Following that, many SME entrepreneurs are interressment in establishing a business on an e-commerce platform. These entrepreneurs can enroll in the e-commerce platform they want to use online. Mobilization tools such as shop e-commerce platforms can reduce SME operating costs because SME entrepreneurs do not have to pay registration fees. According to theory, combining all actors results in a heterogeneous group with aligned interests, in which an entrepreneur is typically an SME business owner essential in decision-making. These entrepreneurs also mediate and unite all the other entrepreneurs who are critical to the process to ensure a stable network. Building relationships and emphasizing common interests facilitates this unification. These alliances and networks are typically formed by business owners to successfully meet customer demands (Asiaei & Rahim, 2019).

Almost any SME wants to reduce operating costs to reduce debt in their business. As a result, the merchant decided to expand their business into the e-commerce platform. This platform aids in lowering their operating costs. They can invest little money in their

business. SME business is one region where e-commerce has significantly helped SMEs in international business. This is the exchange of goods or services over computer systems such as the Internet. E-commerce has opened up new avenues for resource-constrained SMEs, such as doing business abroad. This demonstrates that global trade highly values analyzing large multinational corporations (Hermans & Reyes, 2020). Bob Clark's theory of cost-cutting legal changes is similar to George's Iman theory. However, it differs because it emphasizes the role of lawyers and judges who innovate in response to costs. From the more automatic and superficial mechanical process known as relitigation. One approach to looking at it is an attempt to apply the Calabresi-Posner cost-efficiency theory pretensions to improve their reliability. That is the distinction between cost reduction and mere bickering—Clark analyses what can go wrong with cost-cutting theories of change because his work is partly critical. Moreover, despite his imposed constraints, his version appears vulnerable to the same criticism he leveled at Priest, so I frame my remarks in his terms (Linzer, 1981).

Nevertheless, SMEs should take classes that teach how to use e-commerce to be more creative when selling goods online. This is because not all SMEs understand how effectively they use e-commerce. Many seminars are held by professionals, either in person or online, to assist SMEs in using this platform. E-commerce enables SME traders to grow their businesses by lowering operating costs.

2.5 Summary

To summarize, this part of the research on the literature review that related to the previously studied components. According to the literature review, the actor-network theory examines the role of E-commerce in reducing SME operating costs. The idea is further strengthened by explaining what has been in the middle part of this chapter and other theories used in this research that fit the chosen issue. This research focuses on the role of e-commerce in reducing operation costs, in which SMEs can save their operating costs. The research stand on the independent variable and dependent variable.

Also, the type of method was discussed based on the following chapter to discover the outcome of this study.



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CHAPTER 3: RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the research design and methods used in this study. Research design is of great importance to any piece of research. Indeed, the strategy that a researcher chooses to address the research objectives and examine a specific topic can influence the quality of the results. In this process, gathering and analyzing the data is critical as this study attempts to contribute a deeper understanding of government policies to promote high-technology industrialization within emerging economies. The policies are part of government initiatives to catching-up technologically with developed economies by promoting a knowledge-based economy. In this context, this research investigates the role of E-commerce in reducing SME operating costs in Malaysia. The specific research objectives are:

- i. To identify the performance of using E-commerce in reducing operating costs compared to doing business physically.
- ii. To evaluate how E-commerce aids the reduction of operating costs by making a comparative analysis.
- iii. The level of readiness of SMEs in using the E-commerce platform.

This chapter discusses this study's methodological issues, which explain the ontological and epistemological assumptions that have influenced this researcher's work. The specific research design, i.e., a case study, is also discussed. A case study was selected because it is an inclusive approach, allowing for data triangulation from multiple collection techniques into a single research (Piekkari et al., 2009). The researcher sought to rely primarily on interviews with key informants as the primary source of evidence (Verona & Ravasi, 2003). In addition, observation and document analysis methods are used to strengthen the findings of this study. Triangulation is argued to make the research process more rigorous, although the process is more time-consuming compared to a single data collection technique.

The research design for this study lays out the overall research plan, which is composed of four main elements the strategy, the conceptual framework, the sources of data, and the tools used for data collection and analysis. This will be followed by a discussion the data collection methods, sampling technique, and data analysis process. This chapter ends with a discussion of the research credibility of the study. This study employs multiple case studies within a single case study design to lay out data collected during the fieldwork (Interview section). It treats the SMEs as the primary case study and selected recipients of SME support as mini-cases. This approach is exploratory because there needs to be more explanation and discussion, specifically about the role of E-commerce in reducing operating costs for SMEs in Malaysia.

3.2 Research Design

A research design is a general strategy or blueprint prepared to address the research topic and manage variance. Additionally, the research design organizes data collection and analysis parameters to maximize relevance to the research objective. According to (Mahwire, 2021), the research design is the "overall strategy for linking the conceptual research concerns to the relevant and realizable empirical research.

The research design refers to the distinction in evaluation between quantitative and qualitative analytical methodologies. Our research method in this study was a qualitative technique. In qualitative research, the researcher gathers information through participant observation, interviews, focus groups, participant written questionnaires, participant observation in natural settings, documents, case studies, and artifacts. Most of the data are not numerical. Ethnography, grounded theory, discourse analysis, and interpretative phenomenological analysis are examples of qualitative approaches. Researchers that use qualitative methods examine how people perceive their social world.

3.3 Data Collection Method

Data collection refers to gathering information from various research sources, including facts, items, figures, classifications of historical knowledge, and other important information. There are many methods a researcher might use to collect data, including surveys, in-person interviews, questionnaires, and direct observation. Primary and secondary data are the categories into which the data collection process has been divided. While secondary data refers to the material gained by newspapers, magazines, and other sources, primary data comes from newly acquired first-hand information gathered by the researcher.

Based on this study, we chose to get primary sources. The intended primary source is questions and answers in interviews. Interviews are conducted only online due to many unavoidable constraints. Through the discussion, we asked questions related to our study. Questions are based on how their company saves operating costs in their business processes. Information and data through questions in the interview will be processed in a case study in the next chapter. From what relevant input we can get from the consultation, we will adapt to how a company reduces its operating costs.

3.4 Sample Size

The research methodology method entails surveying CEOs, managers, or some employees from Malaysian SMEs that use e-commerce platforms to investigate how particularly e-commerce can help SMEs reduce operating costs. To obtain research goals or objectives, qualitative research begins with one or more broad research questions that can be revisited iteratively as the analysis is carried out (Denny & Weckesser, 2022). Researchers conducted qualitative research on SME entrepreneurs through interviews. The researcher will lead face-to-face or online discussions with the entrepreneur. This happens because asking this entrepreneur in this manner will give the researcher a more accurate response.

As a result, researchers will use this technique to obtain important primary data from Malaysian SME entrepreneurs. So, every researcher will be assigned an SME entrepreneur

for sampling. Each researcher will focus on two small and medium-sized (SME) businesses. Because it is appropriate for this research, the researcher will interview SME entrepreneurs who use e-commerce platforms. The researcher will investigate the Public Gold and Eng's Popcorn companies. Public Company employs 58 people, whereas Eng's Popcorn employs 30 people. The researcher will explore how the e-commerce platform can help these two businesses reduce operating costs. The researcher will go to the SME doing online business, such as live FB, Instagram, tik tok, and shop. The researcher then compared various sales platforms and provided the lowest cost.

3.5 Purposive Sampling Technique

Purposive sampling was used in this study. The research interview was with four (4) SMEs from different business backgrounds who use the role of E-commerce in reducing operating costs in Malaysia.

Interviews were selected by any SMEs that have dared to take steps to use E-Commerce as the leading platform and reduce operating costs. The researcher believes he obtained a representative sample using reasonable judgment through purposive sampling, saving time and finances (Lee & Xia, 2010). In addition, there are still many SMEs who are not skilled in using the role of E-commerce, and they are still not confident in the readiness to use the E-commerce platform as their primary platform in reducing operating costs among SMEs. Hence, SMEs should seize this opportunity to learn and understand in depth the role of E-commerce capable of playing a vital role in the marketing of products/services and bringing various benefits, one of which can reduce operating costs.

3.6 Research Instrument Development

As stated by (Mejia Benitez, 2021). The System for Multilevel Observation of Groups (SYSLOG) is a theory-based framework for studying group members' individual or organizational patterns of interaction. The researcher will gather research material through

interviews. Before that, the researcher will prepare a set of questions about the research topic based on their established objectives. The researcher will prepare less than three or four questions. The researcher will also ask for permission from entrepreneurs who wish to be interviewed in person or online. The responses obtained by the researcher will not be shared with anyone and will only be used as a reference in this research.

3.7 Unit of Analysis

The term "unit of analysis" refers to the portion of content that will serve as the foundation for decisions made during code development. In textual content analyses, for example, the unit of study could be a word, a sentence (Milne & Adler, 1999), a paragraph, an article or chapter, an entire edition or volume, a complete response to an interview question, entire diaries from research participants, or another level of text. The unit of analysis may not be the content itself but rather a feature of the creator of the content (for example, a person's age), or it may be at the individual level, with each participant in an in-depth interview (IDI) study considered a case. The researcher will code the content based on elements such as length, complexity, manifest meaning, and latent meaning based on subtle variables such as a person's tone or manner, regardless of the unit analysis.

Choosing the unit of analysis is critical because it guides the development of codes as well as the coding process. Whether you are conducting quantitative or qualitative research, the unit of analysis is an important concept to understand. It is linked to another concept, the unit of observation. Although the terms are frequently used interchangeably (and can mean the same thing in some studies), they are not conceptually equivalent. A unit of analysis is the main subject or entity on whom the researcher intends to comment in the study. The research question is the primary determinant. Simply put, the unit of analysis is the 'who' or 'what' that the researcher wishes to investigate. An individual, a group an organization, a country, a social phenomenon, and so on.

The unit of analysis for our group research is an organization. Our group of unit analysis is wishes to investigate SME’s organization. Our research is directed at understanding the role of E-commerce in reducing operational cost of SMEs in Malaysia, then the unit of analysis becomes an organization. Understanding the unit of analysis is critical because in influences the type of data we should collect for our study as well as who we should collect it from. If the organization is our unit of analysis, we should measure organizational level variables such as organizational size, revenue, hierachy, or absorptiive capacity.

3.8 Procedure for Data Analysis

Qualitative Data Analysis (QDA) is the range of processes and procedures whereby we move from the qualitative data collected into some form of explanation, understanding, or interpretation of the people and situations we are investigating. Qualitative Data Analysis is usually based on an interpretative philosophy. The idea is to examine the meaningful and symbolic content of qualitative data.

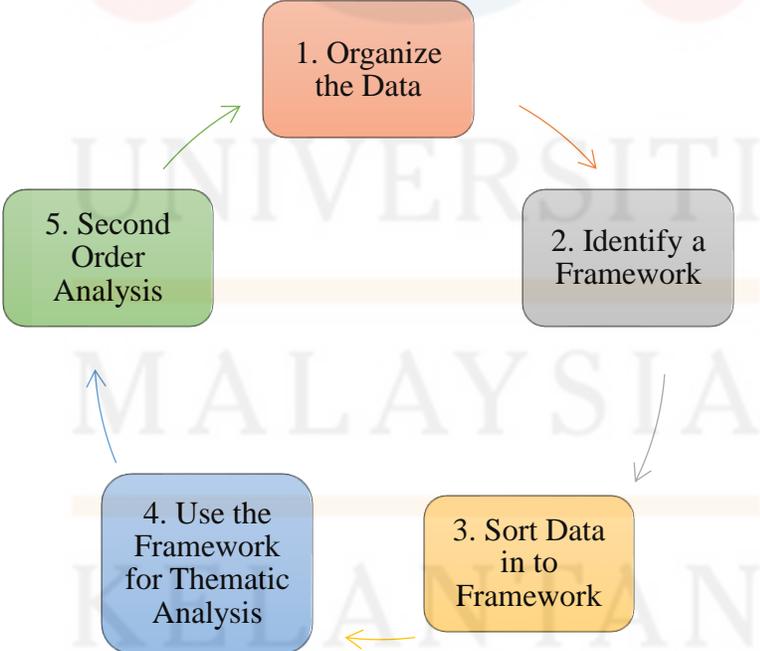


Figure 2.0: Procedure for Data Analysis

3.8.1 Organize the Data

Firstly, organize the data for analysis to collect qualitative data effectively. Unstructured data can be discovered in various ways, so planning for an organization is essential from the start. To begin, it must be sure of the qualitative data collection method. If you're planning a focus group or a series of group discussions, write down as much information about each study participant as possible. It's a good idea to keep track of who, went, where, and when in a spreadsheet because this will come in handy when logging data from each session.

3.8.2 Identify a Framework

Analytical framework: A set of codes organized into categories developed collaboratively by researchers involved in analysis and used to manage and collect data. The framework creates a new structure for the data (rather than the full original accounts given by participants) that can be used to summarize/reduce the data to answer the research questions.

3.8.3 Sort Data in to the framework

A descriptive or conceptual label is assigned to excerpts of raw data in a process called 'coding.' Before qualitative data can be analyzed, it must usually be in text form. These texts can be elicited (written specifically for the research, such as food diaries), extant (pre-existing texts, such as meeting minutes, policy documents, or weblogs), or produced by transcribing interview or focus group data, or creating 'field' notes while conducting participant-observation or observing objects or social situations.

3.8.4 Use the Framework for Thematic Analysis

Thematic analysis is a qualitative data analysis method that involves searching across a data set to identify, analyse, and report on repeated patterns (Braun & Clarke, 2006). It is a data description method, but it also involves interpretation in the processes of selecting codes and constructing themes. Thematic analysis is distinguished by its ability to be used within a wide range of theoretical and epistemological frameworks, as well as to be applied to a wide range of study

questions, designs, and sample sizes. While some scholars have described thematic analysis as belonging to ethnography (Kiger & Varpio, 2020) or as being particularly suited to phenomenology (Kiger & Varpio, 2020), Braun and Clarke (2006) argue that thematic analysis can stand alone as an analytic method and can be viewed as the foundation for other qualitative research methods. Indeed, the principles of thematic analysis, such as how to code data, search for and refine themes, and report findings, are transferable to a variety of other qualitative methods, including grounded theory (Watling & Lingard, 2012) and discourse analysis (Taylor, 2014). Because of its adaptability, Braun and Clarke (2006) refer to thematic analysis as a method rather than a strictly prescribed methodology.

3.8.5 Second-Order Analysis

When we cannot obtain a complete description and explanation of the observed event directly from the informants, we use second-order theoretical analysis. While the data collected from participants does focus on the informants, it is not accompanied by direct descriptions and explanations from them. The data we collected on and from our informants, which contain valuable indicators suggesting a possible theoretical basis with the potential to express the informants' worlds, is analyzed using second-order theoretical analysis. It was a procedure for determining the veracity of observations-based descriptions, explanations, and theories.

3.9 Conclusion

This chapter has presented the research philosophy adopted in this study and the method employed to investigate the research questions. Since the focus of this relies on experiences, views, and perceptions given both by the selected SME recipients and the company using E-commerce personnel, a qualitative, interpretive approach is appropriate in investigating the role of e-commerce as a government support program to facilitate the commercialization of research outputs. The main feature of the research design was the use of case studies. The primary method for data collection was semi-structured interviews supported by documentary analysis and observations. Thematic analysis in light

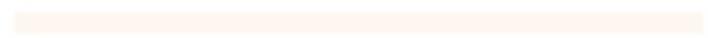
of underpinning theories was adopted to analyze the interview transcripts. The choice of respondents in this study enables the researcher to generate meaningful explanations about how E-commerce can reduce operating costs in Malaysia.



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CHAPTER 4: CASE STUDY

4.1 Introduction

The purpose of this chapter is to present the findings of this study. The results presented in this chapter are derived from interview transcription. There are two (2) case studies from the master dealer of Public Gold and Eng's Popcorn.

4.2 Case Study of Public Gold (Encik Mohd Hilmi Bin Ya'Kub)

4.2.1 The background of Encik Mohd Hilmi Bin Ya'Kub (Master Dealer of Public Gold)

On 19.12, we interviewed Mr. Mohd Hilmi Bin Ya'Kub using Google Meet to ask questions for our research which is, 1. What is the platform of e-commerce that can reduce operational costs the most? and 2. How can e-commerce minimize operation costs? Mr. Mohd Hilmi is from Kelantan, and he is 36 years old. He knew public gold when he was in Kuching, Sarawak. He needed financial knowledge at the time because he was stuck with finances despite having an income from working at Km. Because he did not know about finance, he read finance books and attempted to learn about Public Gold. Within a year, he conducted research and attended free Public Gold seminars. That's when he decided to become a Public Gold dealer. It's just been confirmed "He was previously just a customer" now he said, "He has been a Public Gold Dealer since 2017 and has helped more than 1000 gold savers". Public Gold greatly aided him in saving and properly managing his finances.

Encik Hilmi works in the public gold business, concentrating on online marketing. Mr. Hilmi frequently uses Instagram and Telegram for eCommerce. Mr. Hilmi sells gold by promoting public gold on social media, specifically on his Instagram account 'hilmiyakub' and his Telegram channel 'Nota Emas | Hilmi Yakub. It can reduce operating costs in this manner. Instagram eCommerce combines marketing and selling products through this social network. Also, Instagram enables eCommerce merchants to connect their product catalogs to their Instagram profiles. Using Instagram and telegram as social media platform help Encik Hilmi in reducing operational costs. Social networking sites E-commerce marketing promotes an online store through social media by increasing brand awareness, interest in products or services, and sales.

In addition, PG Group has also ventured into alternative businesses in recent years to meet the public's lifestyle needs. Encik Hilmi said the platform of e-commerce that can reduce operational costs the most is, one of them is PG Mall, Malaysia's No.1 e-commerce platform that Public Gold Group fully backs to serve as a platform to market a variety of lifestyle products, mainly locally made products, to both local and international markets, operating under a unique sharing economy business model that benefits both consumers and merchants (shortened 'ConsuMerchant'). PG Mall is a Malaysian online shopping platform owned by Public Gold Marketing Sdn. Bhd. and operated by PG Mall Sdn. Bhd. PG Mall aims to provide a dependable business platform for merchants to diversify their business portfolios on a global scale. The “Kementerian Perdagangan Dalam Negeri, Koperasi dan Kepenggunaan” (KPDNKK) has confirmed that PG Mall has 100% local ownership and no elements of direct selling in its robust business model. PG Mall complies with Consumer Protection.

Furthermore, from the interview, how can e-commerce reduce operation costs? Public Gold can reduce operating costs when Mr. Mohd Helmi said there is no need to setting up a physical office for the business. Also, there are no overhead costs. No geographical limitation exists because Public Gold can have customers nationwide and even internationally. Other than that, there is no need for inventory in public gold. Zero inventory is a business strategy in which companies aim to keep little or no inventory. The goal of zero inventory is to precisely order what will be sold and receive goods into stock only when required. Aside from that, Public Gold e-commerce leverages social media to build business empires, with near zero cost in reducing operating costs. Public Gold can also conduct business from anywhere at any time using a smartphone. In addition, Public Gold operates a paperless business with no forms to fill out and online database management. Above all, the E-commerce of Public Gold can reduce operating costs.

To summarise, one of the e-commerce platforms that can reduce operational costs the most is PG Mall, Malaysia's No.1 e-commerce platform that Public Gold Group fully backs to serve as a platform to market a variety of lifestyle products, mainly locally made products, to both local and international markets, operating under a unique sharing economy business model that benefits both consumers and merchants (shortened 'ConsuMerchant'). Public Gold Marketing Sdn owns PG Mall, a Malaysian online shopping platform. Furthermore, according to the interview, how can e-commerce reduce operation costs in Public Gold when Mr. Mohd Helmi stated that there is no

need to set up a physical office for the business and there are no overhead costs? Aside from that, Public Gold e-commerce leverages social media to build business empires, with near zero cost in reducing operating costs. In addition, Public Gold operates a paperless business with no forms to fill out and online database management. In addition, Public Gold's e-commerce leverages social media to build business empires at a near-zero cost in terms of operating expenses. Furthermore, Public Gold is a paperless company with no forms to fill out and online database management. Above all, public gold e-commerce can lower operating costs.

4.2.2 Background of Public Gold (PG Group)

PG Group, founded in 2008 by Dato' Wira Louis Ng Chun Hau, provides an integrated range of gold trading activities, including gold mining and refinery, gold exchange and trading center management, and public safety facilities. Not only that, but Public Gold also trades Shariah-compliant gold bullion, gold dinar wafers, silver bullion, and dirham wafers, the Islamic trade currency that allows Muslims to capitalize, save, or pay their zakat with gold. The name "Public Gold" comes from Dato' Wira Louis' belief that the public should have the same opportunity to own gold because gold is stable and can be used as an international exchange medium. As a result, the name Public Gold was chosen.

The headquarters of Public Gold is strategically located at Technoplex, Bayan Lepas Free Industrial Zone (Phase IV), Penang. Public Gold opened its first branch in 2008 in Bukit Jambul, Penang, and now has 18 branches across Malaysia and Singapore. Public Gold collaborated with the renowned Turkish company Nadir Metal Refinery Group and has been appointed as the sole distributor for London Bullion Market Association (LBMA) accredited investment precious metal products in Malaysia. Public Gold's Dinar wafers are the only Shariah Compliant Islamic gold wafer in Malaysia and Singapore.

Above all, Public Gold operates a fully integrated physical gold exchange center, which includes a physical trading system and platform developed by in-house IT experts, allowing customers to access live gold prices and place buy-and-sell orders 24 hours a day, seven days a week. Public Gold also engaged Oracle ERP Solutions, a globally recognized IT Systems and Database solution, to implement a highly sophisticated Enterprise Resource Planning (ERP) system, elevating the Group's existing plan to a new level of sophistication. Because of its rapid

growth, Public Gold Group has recently expanded into foreign markets such as Vietnam, Singapore, and Indonesia, propelling the brand to new heights.

4.2.3 The Product

PG Group has accomplished enormous milestones since its inception in 2008. When PG Group first began, it was undeniably a difficult road. But, with great determination, diligence, and excellent teamwork, we aced it. Public Gold started as a precious metal trading company and has since evolved into a pioneer in Malaysia's precious metal industry, not only trading Shariah Compliant gold and silver bullion products with 999.9 purity accredited by the London Bullion Market Association (LBMA) but also minting customized gold products to meet the growing industrial and corporate needs. With their expertise in gold mining and refinery, they can complete even the most difficult tasks and deliver products that exceed the client's expectations. Public Gold takes pride in everything they do and goes above and beyond to ensure its products are of the highest quality to ensure customer satisfaction.

The products Encik Hilmi sells Dinar Gold Coin, which comes in denominations of 1 dinar, five dinars, and 10 dinars, one of the gold products Mr. Hilmi sells. Mr. Hilmi also promotes its products, the gold "Bunga Mas" and "Taifook." On July 1, 2013, Public Gold launched a version of Bunga Mas gold bars (weighing 10g, 20g, 50g, and 100g) inspired by the great history of Bunga Mas. Bunga Mas bars have a distinct design with flower illustrations and writing on the front. The Jawi calligraphy " (Mass Flower) is gorgeous. A very unique and fantastic songket carving is created on the back. Since ancient times, this gold ingot has symbolized the Malays' greatness and privilege. On November 15, 2012, Public Gold introduced the Tai Fook version of gold bars (weighing 10g, 20g, 50g, and 100g) with the Dragon symbol. When viewed from the front, these gold bars appear simple, with only the Chinese calligraphy (Tai Fook), which means very lucky, great profit, great prosperity, or other related meanings. However, looking at the back, you will notice a very impressive 3D Dragon carving (some say it looks like a Dragonball. For the Chinese community, this gold ingot represents wealth and good fortune. Below is an example of "Bunga Mas" and "Taifook" sold by Encik Hilmi Yakub.



Image 1.0: Bunga Mas Gold Bar

DINAR is a gold coin that is round in shape (gold money). One dinar has a standard weight of 4.25 grams. Dinar is physical gold that can be held in one's hands. The purity of public gold dinars is 999.9. (24 carats). The LBMA recognizes public gold dinars (London Bullion Market Association). Its LBMA accreditation qualifies it for GST exemption and gives it an international reputation. The manufacturer determines the design of the dinar by Public Gold's specifications. The gold dinar is accompanied by a certificate of authenticity, which can be found on the card or separately. If you need cash quickly, you can pawn public gold dinars. Dinar is a well-known gold product all over the world. Below is an example of a "Dinar" sold by Encik Hilmi Bin Yakub.



Image 2.0: Dinar Gold Coin

As an innovative and evolving brand, PG Group is constantly looking for new products and services to meet market demands. This includes providing a safe facility to the Penang community through PG Safe, outfitted with high-resilience security features and safe deposit boxes from Chubb Safe. Furthermore, as a socially responsible company, PG Group not only contributes to needy communities regularly as part of its social responsibility efforts but has also gone above and beyond to educate local and foreign tourists on the history and significance of gold through the imposing PG Gold Museum in Georgetown, Penang, which is the first-ever interactive gold museum in Southeast Asia. This gold museum, located within an internationally recognized UNESCO Heritage Site, is listed by Trip Advisor as one of the top and must-visit tourist destinations in Penang, Malaysia.

Lastly, to add excitement to their existing list of products and services, they also brought in Aurora Italia, a new jewelry brand featuring Italian-inspired gold charms, to woo trendsetters worldwide. Aurora Italia, based in Italy, offers a wide range of stunning and exceptionally high-quality gold charms and accessories made of 18K gold to suit any occasion. While on the topic of knowledge contribution, Public Gold remains an active member of the Malaysia Gold Association (MGA), which was founded to address the previously imposed Goods and Services Tax (GST) issue by exploring more golden opportunities with fellow association members and delivering what is deemed necessary to preserve public wealth, as part of their missions to cultivate a thriving and wealthier nation. To summarise, Public Gold is about committing to bringing you the Ultimate Wealth you genuinely deserve.

4.3 Case study of Eng`s Popcorn (Puan Siti Zulhijjah binti Haron)

4.3.1 Background of Eng`s Popcorn

Eng`s Popcorn is a local homemade product of a Malaysian brand based in Batu Pahat, Johor. Our brand used the slogan “Popping in your heart.” Eng`s Popcorn offers guaranteed satisfaction for every bite of our popcorn with fully coated caramel. Eng`s Popcorn was established in 2017 and has been in the market for five years. The name “ENG`S” is a tribute to the nickname of the owner`s late father.

It`s a Halal-certified company; its headquarters is located at Batu Pahat, Johor, Malaysia. The popcorn is made from 100 percent wholegrain, non-GMO kernels and is gluten & trans-fat-free. Corn is rich in vitamin C & magnesium, low fat, cholesterol free & sodium free. The team ‘Engstreme’ ensures that each popcorn is fully coated to perfection & smothered with golden caramel joy.

The premium-coated caramel kernels are sealed in an airtight jar-ensuing crunchiness. Eng`s Popcorn is available in a newly designed box. This sweet indulgence remains delectable, dynamically evolving with the lifestyle of the times. Driven by an international mission, the brand has a presence in various countries.

Eng’s Popcorn was awarded the BrandLaureate Emerging SMEs BestBrands e-Branding Award in 2020 for Consumer–Caramel Popcorn. It was represented by Mr. Mohamad Shazarul Ismail, Founder of Eng’s Legacy Sdn Bhd.

4.3.2 What E-commerce platform can reduce operating costs for Eng’s Popcorn company?

During the interview with Puan, Siti Zulhijjah said that among the E-commerce platforms, I have used so far are the official website, secondary website, Facebook, and Instagram, and now among the outlets still viral is TikTok shop. Why is this E-commerce still our leading choice? This is because of the trigger from the incident during the MCO where the time was "lockdown," so for our part, it is more about doing business online only.



Image 3.0: Award from Mrs. Siti Zulhijjah

Not only that, but Mrs. Siti Zulhijjah also said that this e-commerce could reduce costs because they do not need to pay rent for the shop site. They do not need to pay for other utilities. Using E-commerce makes it easier for SMEs because they can run an online business individually, or better known, can do it themselves. So, those SMEs who still don't know how to use this E-commerce platform should take the opportunity to involve the business in the Digital world or better known as E-commerce, because this E-commerce helps us achieve our business targets and makes it easier for people to recognize our business types and products.

4.3.3 How Can E-Commerce Reduce Operation Cost in Eng’s Popcorn

A result of an interview from Puan Siti Zulhijjah on e-commerce can reduce operating costs in Eng's Popcorn business. E-commerce platforms can help merchants not have to pay for store

rent, electricity, employees, and so on. The venue is easy to use for all employees. E-commerce can reduce costs in terms of payments to staff because the store can be self-managed without being managed by the team. For example, a 7-eleven store is open on a 24-hour basis and is managed by employees. Meanwhile, Eng's Popcorn stores via e-commerce platforms are transactions on a 24-hour basis without being managed by employees outside of working hours. Today's economy is unstable as traders must wait for high shop rental fees. The advent of this platform can help merchants reduce those costs.

It's easy for customers to get business information through eCommerce. Customers can get Eng's Popcorn business background information through the eCommerce platform used by them. Next, a savvy customer will look for the lead before purchasing the goods. This can prevent them from being scammed by traders. In addition, pictures give customers an idea of what the merchant is selling. In the online business, images are essential for customers to be aware of the goods they sell. So, Eng's Popcorn puts popcorn pictures clearly and interestingly so that customers are attracted to their stuff, like the photo below:

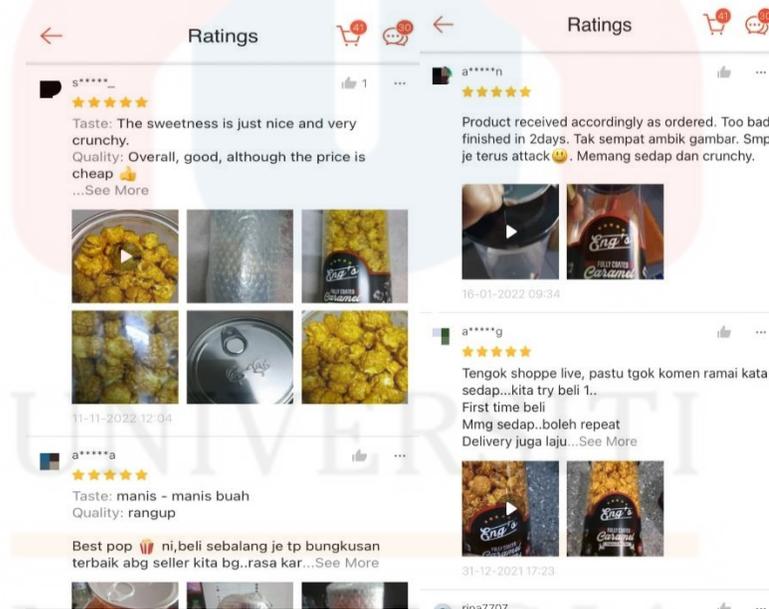


Image 4.0: Poster Eng's Popcorn

The picture above is one of the marketing they carry out to attract customers. The images they use are also accessible for customers to read or understand; the primary colors of their business, red and yellow for caramel-coated popcorn, can attract customers. Eng's Popcorn also puts its business performance in place so that customers know their achievements. Most customers want to see the percentage of sales this business achieves. The company's employer is Encik Mohamad Sharizal Ismail, who resides in Batu Pahat, Johor. He also opened a factory in the district. He also often rewards deserving employees, such as attracting the most customers. These

employers also always do well to employees causing employees to be enthusiastic in carrying out their duties. This also has a positive effect on this company.

The use of this eCommerce platform also helps employees know the results of their sales. Employees can also find out the number of customers who purchased their goods. This makes it easier for employees to increase Eng's Popcorn sales revenue further. Compared to this business, open small stores like kiosks. This makes it difficult for employees to know how many customers they have. Employees also need help knowing about customer reviews of Eng's Popcorn. With this, Eng's Popcorn decided to open an eCommerce platform. This is because e-commerce platforms release base data such as the number of subscribers, customer feedback, and the sales revenue they get. The information on the base made it easier for employees to assess Eng's Popcorn items. However, they can also fix the problem through negative feedback or reviews from customers.



5.0: Feedback from Customer

Through the shop eCommerce platform as illustrated above. Researchers found that many customers responded positively to Eng's Popcorn. Although the company competes with other companies that sell popcorn, they still get a good response from customers. This makes a good profit for the company. The company not only benefits from a large number of buyers.

Profiting they is from cost reduction through eCommerce platforms. The company took an intelligent initiative in further expanding its business.

In today's business, especially for SME merchants, this e-commerce platform is essential to use. With this platform, all business information is readily available online. Any company opened through an e-commerce platform will need to be given complete information Customers at this time are also beginning to be savvy in online purchases. They need the dealer's information in advance to purchase goods. Not only that, customers can get to know the business owner himself. The success of these traders can inspire people to open a business.

Various popcorn items that Puan Siti sells on e-commerce platforms. Econo, Newborn, Strawberry popcorn, Biggie, and Kilo pack are among them. According to Puan Siti:

"We are releasing a new flavor, Strawberry popcorn, because we believe Malaysians are also savoring strawberry flavors. Over 100k packs of strawberry popcorn flavors have been sold."

Customers can get all those items with this new flavor through their e-commerce platform. The price, on the other hand, is reasonable with the weight of the popcorn weighed. The table below shows the items, weights, and prices that can be referenced:

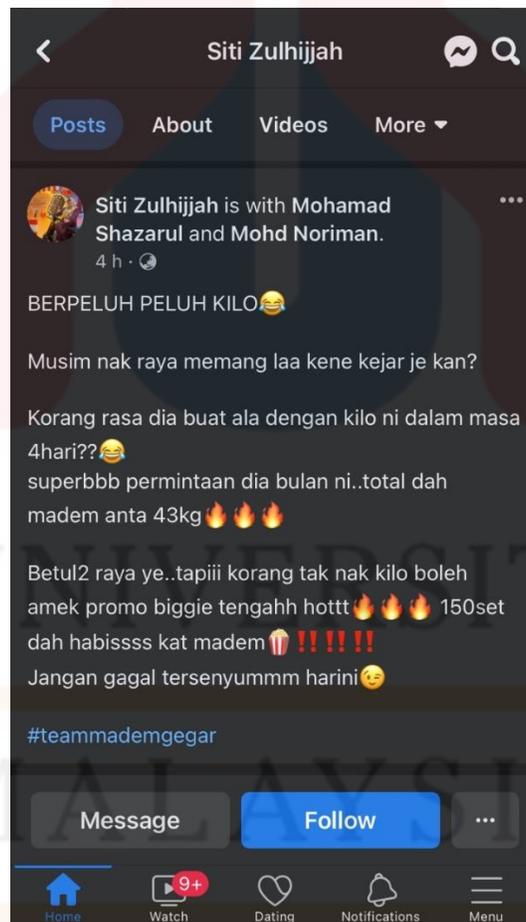
	Item	Weight	Price
1	 <p>Econo</p>	30g	RM 4.00
2		360g	RM 40.00

	 <p>RM 40.00 WEIGHT : 360G</p> <p>Econo (12 pcs)</p>		
3	 <p>RM 20.00 WEIGHT : 200G</p> <p>Newborn</p>	200g	RM 20.00
4	 <p>RM 28.00 WEIGHT : 200G</p> <p>Strawberry Popcorn</p>	200g	RM 28.00
5	 <p>RM 28.00 WEIGHT : 650G</p> <p>Biggie</p>	650g	RM 28.00
6		1kg	RM 40.00

			
Kilo Pack			

Table 1.0: Product Eng's Popcorn

The products issued by Eng's Popcorn company are various forms of packaging carried out by them. Attractive stickers and popcorn colors coated with multiple flavors can also attract customers' attention. Madam Siti also often makes posts on Facebook to attract her customers.



6.0: Posting on Facebook

Based on Madam Siti's post above, Eng's Popcorn can be in high demand, significantly ahead of Aidilfitri, China, Deepavali, and other celebration days. This is because this popcorn can

be served to guests, especially young children. All age ranks are very fond of popcorn; moreover, popcorn is not too sweet for golden citizens.

Every business must have the financial status to know the development of the industry itself. This is especially important because the employer can learn about the financial inflow of the company. Similarly, Eng's Popcorn has an income statement as a benchmark of the company's income. According to Madam Siti, Eng's Popcorn company often receives positive attention from customers. Thus, the company usually gets positive profits nowadays compared to the start of the opening of Eng's Popcorn company. The table below shows the income statement of Eng's Popcorn company.

Year Ended	Revenue	Direct Cost	Profit	Fixed Asset	Current Asset
2019	637, 328. 20	572, 578. 19	55, 445. 01	Nil	59, 950. 49
2020	2, 821, 498. 88	2, 600, 881. 78	46, 170, 59	10,433. 48	80, 607. 45

Table 2.0: Income Statement Eng's Popcorn

Based on the table above, the income statement for the company is still in good condition, although in 2020 there was a decrease of -2%. Profits in 2019 had a significant impact on companies in their business. In 2020 was hit by the Corona Virus (COVID-19) outbreak. At that time, the country issued a Lockdown order, so no one was allowed to leave the house. Therefore, restrictions on the delivery of goods are also imposed, and the operation of this business stops for a while. However, the company took the initiative by opening another e-commerce account to expand its sales further. As soon as the pandemic subsided, the company was in high demand from customers through their open e-commerce accounts. This brings them the awareness that the platform positively impacts cost reduction and increased profits.

This eCommerce platform benefits today's merchants in creating online businesses. They need to be aware of many initiatives nowadays to do business. Despite the many costs that need to be removed, their business will remain for a long time if they plan wisely. SMEs can open business premises. They also need to be tech-savvy for their business to be recognized by many.

4.3.4 What have been the challenges from the beginning of opening Eng`Popcorn until now?

Puan Siti Zulhijjah said one of their biggest challenges is the need for more stock. Mrs. Siti Zulhijjah noted that when many customers already know our products, our brand causes very high demand and can cause an imbalance between our suppliers and the market. As we know, when in today's world, consumers all know how to use technology or make purchases online, indirectly consumers will use their smartphones and digital tools to place orders through E-commerce platforms such as Shopee, Lazada, Facebook, and Instagram. Now and recently, the most effective viral platform to reduce costs and increase sales is Tiktok Shop. Because Tiktok Shop has something unique, we can build influencers to introduce our brand. We can see that our second challenge is more to suppliers. How do suppliers from HQ manage and ensure stock is always sufficient? Because we have customers and loyal customers as well as new customers, they want to get the product at a fast and accurate time. This challenge is tricky because when we run out of stock, the business cannot continue, and when there is no stock, we need to know what we want to sell.

While the second challenge Puan Siti Zulhijjah said was more about needing more ability in management, this is because nowadays, when a business has changed in E-commerce, we have tried to do business physically (offline) to online business (online) and even reach the outside world. This can also be an issue because some users do not have smartphones and lack knowledge about online purchases, especially for the elderly and residents who live outside the city and cannot access online. So, this is also one of the challenges for us to want to introduce our products to the public.

The last challenge is that in this open business world, our customers do not come into our store and directly buy goods, just like online customers do not just visit or open our website and now make purchases. Because this happens, we need to educate our customers and clients to tell them why they need to buy our products.

Nowadays, it is dedicated to students; for example, if the lecturer needs a solid reason why it is necessary to attend class, the student will not participate in class. Therefore, the business owner needs to convey as much information about the product to the client as possible, why they should buy the product, and the benefits the customer will get after buying it.

CHAPTER 5: DISCUSSION AND CONCLUSION

5.1 Discussion

Based on the previous chapter 2, The theory found by the researchers has four phases: problematization, interment, enrollment, and mobilization. The problematization begins with identifying the actors involved, their identities, and their interests. Each stakeholder intends to pose as Obligatory Points Pass (PPO). They present themselves as the people who are required to achieve the goals of each. They put together a project that brings together disparate interests.

Based on the company under review, Public Gold (PG), the company needed help selling gold bars. Agent-agent they have to take their gold bar at each nearest branch. This makes it difficult for the workers and the production of costs. Thus, the company opened its e-commerce platform, Public Gold Mall (PG Mall). On this platform, PG can sell multiple grams of gold bars, and other sellers can also sell various items. The company employs only a few employees in operating the platform instead of hiring at every branch they have: the next company, Eng's Popcorn. At the beginning of the company, they have only a Facebook platform. Since the outbreak of Corona Virus (COVID) in Malaysia, they have realized that e-commerce platforms are crucial in online sales. With this, they use a diverse e-commerce platform to attract customers. The project's initiator defined the problems and solutions. The wording of the project's specific objectives makes it clear that a system for information delivery must be designed (Andrade & Urquhart, 2010). Researchers also agree with Pereyra Romo's opinion. Based on both companies, identify the problem and solve the problem well.

The identities and roles of each are defined at the interment phase, and a system of alliances or associations is formed. The entities designated by the innovators can accept, refuse, or discuss what the project promoters propose to them. This phase can be carried out using tools known as incentive schemes. PG is attracted to e-commerce platforms where this system can save time and cost for a business. Moreover, the company is opening its eCommerce platform without relying on another platform. Eng's Popcorn is also fond of e-commerce systems because the platform doesn't have to pay rent. Instead of on business premises, the company has to pay for the rental of shops and business sites. This does not include the payment of other bills. It involves persuading other actors that the initiator(s)' interests are well aligned with their own (Märing et al., 2004).

Researchers also agree with Märing's opinion. Both of these companies are very fond of this e-commerce platform.

The enrollment phase is critical to the success or failure of innovation, but it needs to be formally studied in the control literature. The project enters the enrollment phase after the profit sharing is successful. Public Gold Mall makes innovations by promoting customers sharing links, and giving feedback on the product from this platform can get a commission from PG Mall. This can encourage people to buy goods at PG Mall. Meanwhile, Eng's Popcorn is also innovating by creating new flavors to add more to the e-commerce platform. These new flavors are well-received by customers. This can further increase the profitability of the company. Additionally, the company took the initiative for Kilo Pack items by using an airtight finish plastic for the popcorn to last longer. This is because this type of food is fast-paced. Actors had to be organized (Ryan, 1991). Researchers also agree with Callon's opinion. This phase can assist these companies in further expanding their business. Innovation can change a company for the better. For both companies to innovate by improving their respective industries.

The final stage of translation, mobilization, is to gather allies. The question of whether what is valid for project participants is actual for those they represent. On the PG Mall platform, Facebook, TikTok, and many other e-commerce platforms have a wide range of information about the sale of gold by PG. most agents will provide customers with information about gold bar sellers. This makes it easier for customers to get information from sellers. The PG company does not have to spend its costs, such as advertising on television or radio to attract customers' attention. Meanwhile, Eng's Popcorn also uses e-commerce platforms to sell its goods to reduce production costs. But they also remove the costs of advertising on the radio. This caused the company to pay the price of advertising earlier. The goal of the project's initiator was to establish the network as a single actor that included both humans and nonhumans. In other words, it would function as a black box (Ryan, 1991; Williams & Wake, 2007). Black box Shows the content of important information, such as product information in a business. Researchers also agree with Latour's opinion. These two companies provide essential information to customers. But this Public Gold company is taking more cost-saving measures than Eng's Popcorn.

Based on that phase, it can assist e-commerce can reducing the operating costs of SMEs in Malaysia. According to (Barnes et al., 2004), many businesses believe that the shift to eCommerce

has created a new economy based on information industries, in which people work with their brains rather than their hands and pursue global competition enabled by communications technology. This new economy is commonly viewed as a world in which dotcoms can ship virtual products to cyber customers at the speed of light and almost no cost and where new network technology and globalization hasten the disembodiment of goods and services. The new dynamics of information will gradually supersede the old dynamics of industrialization until network behavior becomes the entire economy. Production costs can be reduced, and a cost-cutting strategy can provide a competitive advantage. This could reduce prices while margins are maintained to gain or at least defend market share in a competitive environment or improve margins while keeping costs in a more benign environment.

5.2 Conclusion

Based on chapter one, what we can conclude and summarize about the research we have experienced about E-commerce helps SME entrepreneurs or organizations reduce operational costs. According to our study, it is true that e-commerce dramatically reduces the operating costs of SMEs in Malaysia. We have found that using this e-commerce platform gives more ideas to SMEs to expand the market by focusing more on other things without worrying about their operating costs. Most SMEs are comfortable using the Shopee platform as a platform for them to sell without having a physical store. In the interview we have done about the companies that are public gold and eng popcorn, these two companies use a website or platform they created themselves, PG Mall for public gold. While for Eng's Popcorn uses its website and another platform such as Facebook, Instagram, and Tiktok. Then based on all this, our research question about this study is answered. This matter has also given me a better understanding of e-commerce, reducing SME operating costs.

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