FACTORS THAT AFFECT THE SELECTION OF FUNDING OPTION TO IMPLEMENT DIGITALIZATION AMONG SMES

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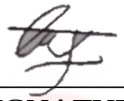

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LIST OF ABBREVIATIONS

UMK	University Malaysia Kelantan
SMEs	Small and Medium Enterprises
RBV	Resource Based-View
DV	Dependent Variable
IV	Independent Variable
MV	Mediating Variable
IF	Internal Funding
EF	External Funding
GF	Government Funding
FR	Financial Resource
TR	Technical Resource
IR	Intangible Resource
SD	Strongly Disagree
SWD	Somewhat Disagree
D	Disagree
N	Neutral
A	Agree
SWA	Somewhat Agree
SA	Strongly Agree

LIST OF SYMBOLS

- -

ABSTRAK

FAKTOR YANG MEMPENGARUHI PEMILIHAN PILIHAN PEMBIAYAAN UNTUK MELAKSANAKAN DIGITALISASI DALAM KALANGAN PKS

Kertas kajian ini adalah untuk mengkaji faktor-faktor yang mempengaruhi pemilihan pilihan pembiayaan untuk melaksanakan pendigitalan dalam kalangan PKS di Malaysia. PKS mengalami kesukaran dalam melaksanakan pendigitalan dalam perniagaan mereka dengan pemilihan pembiayaan yang akan dibuat, sama ada melalui pembiayaan dalaman, luaran mahupun daripada kerajaan. Pendigitalan dalam PKS adalah sesuatu yang tidak asing bagi mereka dan amat penting bagi mereka untuk dapat mengurus pengurusan dengan baik dan lancar seiring dengan perkembangan globalisasi, maka kini setiap perniagaan telah beralih kepada pendigitalan. Matlamat utama adalah untuk mengkaji pembolehubah yang memberi kesan kepada pilihan pembiayaan yang dipilih oleh PKS di Malaysia untuk melaksanakan pendigitalan. Selain itu, kajian ini bertujuan untuk meneroka korelasi antara pembolehubah bebas (pelaksanaan pendigitalan PKS) dan pembolehubah bersandar (sumber kewangan, teknikal dan tidak ketara). Menggunakan skala Likert untuk mengukur data, pengkaji menumpukan perhatian pada pautan antara pembolehubah bebas dan bersandar. Melalui penggunaan soal selidik dalam talian, kajian ini menggunakan teknik kuantitatif untuk menyiasat pendapat PKS di Malaysia mengenai pembiayaan yang mencukupi untuk membolehkan mereka merealisasikan pendigitalan. Seramai 384 orang responden telah mengambil bahagian dalam kajian ini. Profil demografi peserta, analisis deskriptif, analisis kebolehpercayaan, regresi linear berganda, ujian normaliti dan ujian hipotesis adalah antara analisis yang dilakukan dengan Pakej Statistik untuk Sains Sosial (SPSS). Penemuan kajian menunjukkan bahawa penggunaan pendigitalan oleh PKS mempunyai kaitan positif dan signifikan dengan sumber kewangan, teknikal dan tidak ketara mereka. Hipotesis menunjukkan bahawa tidak ada penolakan dan semua hipotesis diterima.

ABSTRACT

FACTOR THAT AFFECT THE SELECTION OF FUNDING OPTION TO IMPLEMENT DIGITALIZATION AMONG SMEs

This research paper is to examine the factors that influence the selection of financing options to implement digitization among SMEs in Malaysia. SMEs experience difficulties in implementing digitization in their business with the selection of financing that will be made, whether through internal, external financing or from the government. Digitization in SMEs is something that is not foreign to them and is very important for them to be able to manage management well and smoothly in line with the development of globalization, so now every business has moved to digitization. The primary goal is to examine the variables that impact the financing options chosen by SMEs in Malaysia to implement digitization. Additionally, the study aims to explore the correlation between the independent variable (the implementation of SME digitization) and the dependent variables (financial, technical, and intangible resources). Using a Likert scale to measure the data, the researcher concentrated on the link between the independent and dependent variables. Through the use of an online questionnaire, this study employs a quantitative technique to investigate the opinions of SMEs in Malaysia on adequate funding to enable them to actualize digitization. A total of 384 respondents have taken part in the study. Participant demographic profiles, descriptive analysis, reliability analysis, multiple linear regression, normality testing, and hypothesis testing are among the analyses performed with the Statistical Package for Social Sciences (SPSS). The study's findings indicate that the adoption of digitalization by SMEs is positively and significantly correlated with their financial, technical, and intangible resources. Hypothesis indicates that there is no rejection and that all hypotheses are accepted.

CHAPTER 1: INTRODUCTION

1.1 Company Background

The increase in technology related to this increasingly rapid digitization (Wolfgang Becker and Oliver Schmid, 2020) causes many companies to digitize to compete in business (Benjamin Barann et al, 2019). With the digitization method, a company can increase customer satisfaction with the services and products they provide. Digitalization is a process of making or improving business processes by using technology and digital data (Rahiza, 2021) this also aims to create a better business. The digitization process is very important to be done in small and medium enterprises (SMEs), but financial constraints cause the digitization process in SMEs to be slow. Small and Medium Enterprises (SMEs) is an industry where most of their efforts and jobs are in the category of private industry that has the best economy (Waseem Ahmed Abbasi et al, 2017). This enterprise consists of no more than 250 employees and has a turnover of no more than 50 million.

According to Purnima Rao et al, 2021 in this increasingly developing and advanced economy, Small and Medium Enterprises (SMEs) are one of the most important sources of income for many people. This causes SMEs to become one of the main focuses of the Government. In 2021, according to the news comment by Wan Salman, there will be a decline in SMEs due to the spread of the COVID-19 epidemic which has caused a very severe economic crisis, this has a great impact on SMEs in Malaysia

The fourth industrial revolution is known as Industry 4.0 which is currently a digital transformation that brings changes to business. (Dragana and Sasa, 2023). Small and medium-sized businesses are among those that are in desperate need of SME digitization. This aims to assist SMEs in incorporating digitization services into their daily company operations. According to Haslinda and Muruga, by 2020, SMEs in Malaysia have the potential to contribute as much as 41% to the country's GDP compared to 2012 which only contributed as much as 32%. However, according to a study conducted by SME Corp. Malaysia, as many as 73% of SMEs in Malaysia will experience losses in 2020 due to the spread of the COVID-19 virus. Since covid 19, many SMEs have had difficulty applying for financing from banks due to their severely affected credit reports (Afiq Mohd Shah, 2021).

1.2 Problem Statement

Digital Transformation refers to an organization's ongoing process of digitalization via the use of data-driven and digital innovation to enhance current processes, modify specific components of the business model, or create a new business model from scratch. While small and medium-sized organisations (SMEs) face challenges due to limited resources and a lack of direction on realising the advantages of digital transformation, larger corporations are leading the way in this regard (Benjamin barann et al,2019).

There are various sectors that are categorized in SMEs, including the service sector, construction, manufacturing, agriculture, mining and quarrying. In 2020, there was a severe economic crisis due to the spread of covid-19 which caused many SME companies to close their companies. This closure has left many affected communities without jobs. In 2022, which is when there is a decrease in covid-19 cases which causes many SME companies to operate again. At this opening it has been shown that many companies are innovating in the

digitalization of their business. This digital transformation innovation requires a lot of funds to realize this change. This constraint is viewed strictly by the Government in the country by doing various initiatives.

Digital transformation also refers to the use of technology to transform analog processes into digital ones. This digitization transformation also drives the modernization of business systems run in a company. Doing innovation in the Company is no longer something New for every Company that wants to grow rapidly. This innovation requires a high cost for every SME Company. Such a situation has created competition to get capital to innovate in SMEs. Because, every entrepreneur needs various initiatives to get capital to start digitization innovation.

1.3 Research Question

To achieve the objective of the study, several questions were created as a yardstick for the formed hypothesis.

1. Is there a relationship between the financial resource and internal funding to implement digitalization among SME ?
2. Is there a relationship between the financial resource and external funding to implement digitalization among SME ?
3. Is there a relationship between the financial resource and government funding to implement digitization among SME ?
4. What connection exists between the technical resources and government funding to implement digitization among SME?
5. What connection exists between the technical resources and external funding to implement digitalization among SME ?
6. What connection exists between the technical resources and government funding to implement digitization among SME ?
7. What link is there between the intangible resources and internal funding to implement digitization among SME ?
8. What link is there between the intangible resources and external funding to implement digitalization among SME ?
9. What link is there between the intangible resources and government funding to implement digitalization among SME ?
10. What is the relationship between financial resources and SME digitalization implementation mediated by internal funding ?
11. What is the relationship between financial resources and SME digitalization implementation mediated by external funding?
12. What is the relationship between financial resources and SME digitalization implementation, mediated by intangible resources?

1.4 Research Objective

Basically, the objective of this study is to determine the relationship between the Implementation of digitalization in SMEs in Malaysia with Government Grants, Loans and

Financial Institutions, Private Investments, Crowdfunding, and Strategic Partnerships and Collaborations.

1. To determine the relationship between the financial resource and mediating variable to implement digitalization among SME
2. To determine the relationship between the technical resource and mediating variable to implement digitalization among SME
3. To analyze the relationship between the intangible resource and mediating variable to implement digitization among SME
4. To explain the relationship between dependent variable and independent variable mediated by mediating variable.

1.5 Scope of Study

This study's scope essentially discusses the elements that affect the funding options chosen by SMEs for implementing digitization. The purpose of this study is to determine the variables that affect funding decisions in order to facilitate the digitization of SMEs. As a result, this study will go into further detail on the funding choices that are appropriate or have been discovered for the goal of adopting SMEs in this nation. Furthermore, this study will make it possible to answer any queries and issues. To ensure the success of this study, a quantitative approach will be used, distributing a google form questionnaire to over 350 Malaysian small- and medium-sized business owners. This is because, in Malaysia, data will be easy to obtain because this study was conducted in Malaysia and in addition, according to SME Corp, for the period from 2016 to 2020, a total of 322,834 SMEs in Malaysia have participated in e-commerce platforms while 171,776 SMEs have attended training through various programs from e-commerce strategic partners, associations and government agencies. Therefore, from the distributed questionnaire, we will easily get information such as data and their views on the study and it will make it easier for us to do joint analysis to formulate our study more accurately and in detail.

1.6 Significant of The Study

The importance of this study is to give exposure to small and medium enterprises to learn about the factors that influence financing options to help them implement SME digitization. This is because it is quite difficult for SMEs to implement SME digitization due to factors that influence the selection of financing options. This study will show the relationship between the factors that influence the selection of financing options and the implementation of SME financing. There are many advantages if the implementation of SME digitization can be implemented not only within Malaysia but also abroad. This is because SMEs can be categorized as the economic backbone of a country. Therefore, the digitization of SMEs is very important to implement.

Among the advantages of implementing SME digitization is being able to change the fortunes of small and medium enterprises (SMEs). For example, in Malaysia, this digitizer proved to be able to help them overcome the challenges when the covid-19 pandemic occurred. Digitization has not only played an important role in helping SMEs in Malaysia increase their productivity post-pandemic, but it has also helped SMEs reach a wider customer base, giving them access to a larger market, thereby contributing to business

growth. By using digital technologies such as cloud computing, automation and e-commerce, SMEs can streamline their operations, reduce manual processes, and increase efficiency.

Next, in Malaysia, the digitization matching grant facility has been encouraged by SMEs as one of the initiatives to help facilitate cash flow and continue their business in the face of challenging conditions, particularly during the pandemic and now that the majority of the country uses e platforms commerce. Furthermore, this digitalization matching award offers an opportunity for SME5 to improve their business operations and productivity. With this aid, SMEs can also strengthen their usage of digital applications in their company operations, in line with the government's objective to prepare for the Malaysian economy's digitization.

1.7 Definition of Term

1.7.1 Financial Resources

The money or assets that people, companies, or organizations have available to them in order to meet their requirements and accomplish their objectives are referred to as financial resources. These resources, which come in a variety of forms, are essential to the sustaining of economic activity.

I. Internal Funds

In general terms, an internal fund is any cash or money created and held within an organization for a variety of uses. This could be money reserved for certain endeavors, financial investments, or operational requirements. External funds, which originate from outside sources like grants, loans, and investments, are different from internal money. While external financing necessitates the engagement of a third party, internal financing refers to firms that generate funds from activities and assets that already exist within the organization.

II. External Funds

In the realm of finance and business, capital originating from sources outside the organization is referred to as external funds. These monies are typically acquired by a variety of outside sources and are utilized to support business operations, investments, and other monetary requirements. It is demonstrated by Jaffee and Stiglitz (1990) and Greenwald and Stiglitz (1990) that agency expenses and the risk premium should be covered by external financing costs. A gap within internal and external finance costs is probably being created by information-related capital market flaws (see, for example, Gale and Hellwig 1985; Froot et al. 1993).

1.7.2 Technical Resources

In general, technical resources are the instruments, apparatus, expertise, and abilities needed to carry out technical jobs or activities. In many disciplines, including science, technology, engineering, and manufacturing, these resources are indispensable. Depending on the kind of technical activity being performed—engineering, R&D, manufacturing, or information technology—different technical resources are needed. For projects and technical efforts to be successful, these resources must be managed and used effectively.

I. IT Systems

A grouping of resources, including computer and/or communication components, that help achieve one or more organizational functional goals. Any IT component, associated manual processes, and physical facilities utilized for data collecting, storage, manipulation, display, and/or transfer, as well as for directing or overseeing operating operations, are all considered IT system resources. One or more computers, along with any number of related resources, can make up an IT system. It is not necessary for the resources that make up the system to be physically linked together.

II. Engineering equipment

A wide range of tools, machines, apparatuses, and instruments created and employed for diverse engineering purposes are collectively referred to as engineering equipment. Engineers working in a variety of fields depend on specialized tools to complete duties involving design, building, testing, analysis, and maintenance. Depending on the engineering discipline and the sort of project being worked on, many types of engineering equipment may be used.

1.7.3 Intangible Resources

Intangible resources are irreplaceable assets that don't have a physical form but nonetheless add a lot to the total worth of a person, group, or company. Intangible resources are non-physical and frequently more difficult to measure than tangible resources, which include real assets like buildings or machines.

I. Human

The only capital that does not diminish with increased consumption is human capital, which is why it appears that human capital accounts for the majority of the differences between industrialized and low-income nations. Basic human capital generates the understanding needed for entrepreneurship and high-caliber innovation. Staff members with authority within an organization possess greater human capital, which may be utilized to generate innovative ideas and enhance organizational productivity.

Individual abilities, aptitude, experience, and knowledge of managers and staff are represented by human capital. As a consistent source of creativity and innovation, human capital is regarded as the company's most valuable asset (Bontis, 1998; Brookings, 1996; Edvinsson and Malone, 1999; Stewart, 1999). Since it belongs to each employee as a member of the organization rather than the company, it is also regarded as the riskiest (Edvinsson, 1997).

II. Knowledge

One of the primary intangible resources that companies frequently utilize is knowledge. Intangible resources are assets that are not material but are very valuable to the company. Intangible resources in the context of knowledge can include things like intellectual property, copyrights, patents, and trademarks. Due to their difficulty for rivals to copy, these advantages are frequently crucial to a business's competitive advantage. This includes knowledge, particularly specialized or unique knowledge.

It's similar to having a differentiator that makes you stand out from the crowd. Sveiby (1997) offers one of the clearest definitions of intellectual capital, referring to it as a " helpful knowledge package." It is real and consists of things like employee skills, organizational procedures, patents, and data about suppliers, partners, and clients. By means of these constituent parts. According to Brookings (1997), assets derived from market knowledge are included in intellectual capital understanding of technology businesses, intellectual property, and human resources.

1.7.4 SME Digitalization Implementation

The process of incorporating technology and digital tools into many facets of operations, procedures, and business activities is known as digitization implementation for Small and Medium Enterprises (SMEs). Utilizing digital advancements to boost production, competitiveness, and efficiency is the goal. The application of digital technologies to various company tasks in order to optimize workflows, enhance decision-making, and adjust to the dynamic business environment is known as digitization for SMEs.

1.8 Organization of The Proposal

The research conducted by this researcher is to find out or investigate factors that affect the selection of funding options to implement digitalization among SMEs through a questionnaire that has been distributed to entrepreneurs who run small and medium businesses in Malaysia.

Chapter 1:

Summarizes the background of the study, which is the factors that influence the choice of financing for the implementation of SME digitization, the statement of the problem, which is that small and medium-sized organizations (SMEs) face challenges due to limited resources and lack of direction to realize the advantages of digital transformation. Next, the question related to the study is whether there is a relationship between independent variables and dependent variables, which is the relationship between financial resources, technical resources and intangible resources with SME digitalization implementation and the objectives of the study. In addition, the objective of the study is to determine the relationship between independent variables and dependent variables. This chapter also explains the scope of the study which discusses the elements that affect the funding options chosen by SMEs for implementing digitization and To ensure the success of this study, a quantitative approach will be used, distributing a google form questionnaire to over 350 Malaysian small- and medium-sized business owners. This is because, in Malaysia, data will be easy to obtain because this study was conducted in Malaysia and also this study will discuss the importance and meaning of key terms. Next, it also explains the order of a proposal.

Chapter 2:

This chapter highlights the items of purpose in the proposal in addition to the basic theory used for the research to be conducted. In this study, the theory used is Resource-Based View. Next, this chapter has also conducted previous research on the factors that influence the

selection of financing for the implementation of SME digitization and followed by a hypothesis statement. In addition, in this chapter there is also a discussion between two variables which are the dependent variable and the independent variable which is the implementation of SME digitization and the independent variable which is financial resources, technical resources and intangible resources.

Chapter 3:

The researcher will analyze the identification, research design, data collection method found in this study primary data and secondary data have been used, the study population which is the population of the population in Malaysia which is entrepreneurs who run SME business, the sample size which refers to the Krejcie and Morgan technique (1970), sampling technique which is convenience sampling and instrument development research involving data collection and analysis, variable indicators, process for data analysis, and conclusions in this section. Investigation methods will be used to explain the background and design of the study to ensure that the technique meets the objectives of the study. Data is being collected by researchers using questionnaires and other data collection methods. This section also includes the creation of research instruments, variable measurements namely nominal, ratio and interval scale, and then the process of data analysis using descriptive statistics, reliability test, Pearson correlation and regression analysis.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

In overall, the goal of a review is to critically analyze a section of a published body of information by summarizing, categorizing, and comparing past research investigations, reviews of literature, and theoretical pieces. In this section, researchers will delve into an in-depth examination of the independent and dependent variables related to the funding options for small and medium-sized enterprises (SMEs) digitalization implementation. Additionally, this study will provide a comprehensive literature review to elucidate the researcher's perspective on these variables. Furthermore, the research will offer an extended exploration of the nature of the study and provide a more detailed analysis of both the independent and dependent variables under consideration.

The purpose of the research is to discover the different types of funding options for SME digitalization implementation. Nowadays, businesses are concentrating on exploring new avenues for innovation in addition to leveraging technology to increase their productivity (Benjamin, 2019). Besides that, businesses began searching for simple solutions to carry out digitization initiatives in order to please customers and stay competitive. In addition, it also shows some serious issues which are financial limitations as well as expertise shortages that sometimes make it difficult for small businesses to assess and take advantage of digitalization potential. SMEs frequently lack the funding for expensive outside assistance. Rather, there are few ways of funding options such as government financed support organizations and others that can offer assistance to SMEs. These provide workshops to assist SMEs in becoming more aware of the possibilities for digital innovation, impart basic skills through training, and facilitate the project execution of chosen ideas such as transferring Industrie 4.0 Approaches to Small and Medium-Sized Enterprises employing a Learning-Based Manufacturing Approach.

In this chapter, both Independent Variables (IV), Mediating Variable (MV) and Dependent Variables (DV) are covered. This research investigates the intricate relationships between financial, technical, and intangible resources (Independent Variable) concerning the SME's digitalization implementation (Dependent Variable). By exploring the influence of financial resources on SME digitalization, incorporating internal funding as a (Mediating Variable), the study uncovers internal dynamics. Likewise, it examines the impact of technical resources, encompassing IT systems and engineering equipment, with external funding acting as a (Mediating Variable). Additionally, the study explores the role of intangible resources, utilizing government funding as a (Mediating Variable). The overarching goal is to comprehend how these factors collaboratively shape the implementation of digitalization in SMEs. Furthermore, based on the researcher framework which is SME digitalization implementation among Kelantan entrepreneurs, the researcher will discuss independent and dependent variables in even more detail in this chapter.

2.2 Underpinning Theory

The Resource-Based View (RBV) theory posits that a company's long-term competitive advantage stems from its distinctive and valuable internal resources, capabilities, and competencies, rather than its position within an industry. Grounded in the Resource-Based

View (RBV) theory, this research delves into how financial resources, technical resources, and intangible resources shape the selection of funding mechanisms. Additionally, the study explores the mediating functions of internal funding, external funding, and government funding. The overarching objective is to illuminate the complex interconnections among these variables and their combined impact on the implementation of digitalization within SMEs.

The study is anchored in the Resource-Based View (RBV), which serves as a guiding framework emphasizing the role of a company's distinct resources and capabilities in establishing a competitive edge. Within the scope of this research, RBV is employed to investigate how financial, technical, and intangible resources impact the selection of funding mechanisms for SME digitalization. It underscores the importance of both internal and external resources in shaping organizational strategies and outcomes. RBV places emphasis on the pivotal role played by both internal and external resources in influencing a company's performance. Internally, it stresses the utilization of distinctive and valuable resources that are challenging to replicate, thereby creating a competitive edge. Externally, RBV acknowledges the significance of aligning with external resources, such as partnerships and prevailing market conditions, to augment overall firm performance. Essentially, RBV advocates for a comprehensive approach that acknowledges the interconnected nature of a firm's internal strengths and external factors in sustaining competitive advantage and ensuring success.

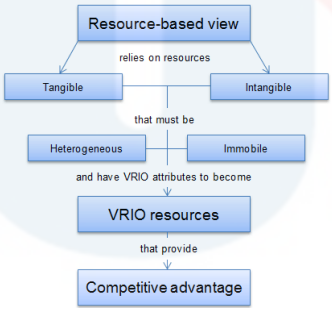

Figure 2.2: Resource-Based View Framework (RBV)

The Resource-Based View (RBV) and the VRIO framework offer valuable perspectives on how organizations can secure and uphold a competitive advantage through their resources. Within the RBV framework, resources are fundamental to gaining a competitive edge, and the VRIO attributes serve as criteria to determine their potential for sustained advantage. For a resource to be considered VRIO, it must be Valuable, Rare, Inimitable, and non-Substitutable. Firstly, the resource must be Valuable, contributing significantly to the efficiency and effectiveness of the organization. Rarity emphasizes that the resource is uncommon among competitors, adding to its uniqueness. Inimitability stresses the challenge for competitors to replicate or imitate the resource, establishing a barrier to imitation. Lastly, non-Substitutability underscores the absence of readily available alternatives that can replicate the benefits offered by the resource. Therefore, the VRIO framework acts as a rigorous assessment, ensuring that resources not only bring value but also possess rarity, difficulty of imitation, and a lack of substitutes. Resources meeting these stringent criteria are classified as VRIO, playing a pivotal role in providing an enduring competitive advantage for the organization. This nuanced understanding of the VRIO attributes within the RBV framework guides strategic decision-making, aiding organizations in identifying and capitalizing on resources that truly differentiate them in the competitive landscape.

Previous studies investigating funding options for Small and Medium-sized Enterprises (SMEs) during digitalization have yielded valuable insights, particularly focusing on the nuanced interplay of financial, technical, and intangible resources. Financial resources stand out as crucial, with research emphasizing their pivotal role in enabling SMEs to invest in digital technologies, employee training, and infrastructure enhancements. The presence of adequate financial backing not only facilitates the initial adoption of digital tools but also ensures the long-term viability and adaptability of digitalization initiatives. Technical resources, encompassing IT systems and engineering equipment, have been recognized as decisive factors shaping the success of SMEs in their digital endeavors. Studies stress the necessity for SMEs to strategically allocate resources to cutting-edge technologies and infrastructure to fortify their digital capabilities. Intangible resources, such as intellectual property and human capital, emerge as fundamental drivers for SME digitalization. Research underscores the importance of leveraging these intangible assets for fostering innovation and facilitating knowledge transfer, emphasizing their role in influencing the strategic funding decisions of SMEs. As the digital landscape continues to evolve, these findings from prior research contribute to a holistic comprehension of how financial, technical, and intangible resources intersect in guiding funding choices for SME digitalization initiatives.

The presence of financial resources significantly shapes the decision-making process of Small and Medium-sized Enterprises (SMEs) regarding digitalization implementation. Financial resources, encompassing capital and liquidity, empower SMEs to invest in the essential components of digital transformation, including advanced technologies, skilled workforce training, and necessary infrastructure upgrades. RBV asserts that firms gain a competitive edge by leveraging unique and valuable resources. In the realm of digitalization, financial resources emerge as a crucial internal asset. SMEs endowed with substantial financial capabilities can allocate funds strategically to acquire cutting-edge technologies and adapt their infrastructure, fostering a seamless integration of digital systems. Moreover, the availability of financial resources equips SMEs to handle the initial costs associated with digitalization, covering aspects like software implementation, hardware upgrades, and employee training. This financial flexibility not only facilitates the adoption of digital technologies but also positions SMEs to respond adeptly to dynamic market trends and evolving technological landscapes. Therefore, RBV suggests that SMEs endowed with robust financial resources are better equipped to unleash the transformative potential of digitalization. These financial capabilities not only enable the initiation of digitalization initiatives but also support their sustained implementation and adaptation, ultimately contributing to a competitive advantage in the ever-changing business environment.

In the context of the Resource-Based View (RBV), internal funding assumes a pivotal mediating role in linking financial resources to the implementation of digitalization within SMEs. While financial resources are essential, their effective utilization is key to successful digitalization endeavors. Internal funding serves as a mediator by strategically directing financial resources within the organization. This involves allocating funds for crucial aspects such as technology acquisition, training initiatives, and infrastructure enhancements necessary for the digitalization process. RBV underscores the significance of internal capabilities, highlighting that the adept allocation of funds contributes substantially to a firm's competitive advantage. SMEs with a robust internal funding mechanism can ensure the efficient utilization of financial resources earmarked for digitalization. Moreover, internal funding acts as a catalyst for the development and reinforcement of internal capabilities. The availability of financial resources facilitates the establishment and improvement of these internal capabilities, creating a mediating link that fosters successful

digitalization implementation. Within the RBV framework, internal funding operates as a mediating, ensuring that financial resources are not only accessible but are also strategically channeled to build internal capabilities. This dynamic interplay enhances SMEs' digitalization efforts, reinforcing their competitive stance in the marketplace.

Within the Resource-Based View (RBV), the importance of technical resources, including IT systems and engineering equipment, is pivotal in the context of SME digitalization. These technical assets form the essential foundation for initiating and sustaining digital endeavors. Robust IT systems establish the digital infrastructure necessary for the smooth integration of technologies, efficient data management, and effective communication. The role of engineering equipment is particularly significant, especially in industries where physical infrastructure intersects with digital systems. RBV underscores the distinctive and valuable nature of these technical resources, emphasizing their potential to confer a competitive edge. SMEs equipped with advanced IT systems and specialized engineering tools are better positioned for innovation, process optimization, and adaptability in the dynamic digital landscape. Furthermore, within the RBV framework, the strategic alignment of technical resources with digitalization objectives enables SMEs to stand out in the market. The ability to deploy cutting-edge technologies and leverage engineering expertise becomes a source of sustainable competitive advantage, aligning with the fundamental principles of RBV. In summary, technical resources form the backbone of SMEs' digital capabilities, playing a crucial role in achieving competitive strength and ensuring long-term viability in the digital age.

Through the Resource-Based View (RBV) framework, researchers will gain insight into the integral role of intangible resources in the realm of digitalization, with a specific emphasis on intellectual property and human capital. Intellectual property, which includes patents, trademarks, and proprietary knowledge, stands out as a distinctive asset that can confer a competitive edge to SMEs in the digital landscape. It becomes a strategic cornerstone, enabling companies to differentiate their digital offerings and safeguard their innovative contributions. Simultaneously, human capital emerges as another critical intangible resource shaping the success of digitalization endeavors. The expertise, skills, and innovative capacities of the workforce become decisive factors in navigating the intricacies of technological integration. A workforce that is digitally literate and adaptive contributes significantly to the effective implementation and continuous refinement of digital initiatives, fostering a culture of innovation and agility. In summary, viewing the digitalization landscape through the RBV lens highlights that intangible resources are not only valuable in their own right but also serve as catalysts for effective digitalization. SMEs that acknowledge and strategically leverage their intellectual property and human capital are better positioned to unlock the full potential of digital technologies, thereby gaining a sustained competitive advantage and ensuring enduring success in the digital era.

2.3 Previous Studies

An important portion of the work is this section, where researchers review and analyze the corpus of literature, scholarly work, and research that has already been done on the subject. Besides that, this section will help researchers to detect gaps or restrictions in the body of current literature by examining earlier research.

2.3.1 SME Digitalization Implementation

Through recent studies, the goal of this study is to examine the obstacles that SMEs in Terengganu, Malaysia face while attempting to embrace digitalization. There were 102 SMEs in the study, and a survey questionnaire was used to gather data. According to the report, SMEs' biggest obstacles to digitization were a lack of funding, a lack of government backing, and a lack of expertise and skills. The report suggests that in order to help SMEs improve their digital competences, the government should give them additional financing, education, and training (Ismail et al, 2022).

Besides that, the adoption of SME digitization is essential to the expansion and long-term viability of SMEs in Malaysia. Financial limitations, a lack of government assistance, and a lack of knowledge and skills are the obstacles that SMEs must overcome in order to embrace digitization. Numerous organizations are working together and launching projects with the goal of improving digital competences, promoting innovation, and encouraging inclusion and expansion in the digital economy.

2.3.2 Financial Resource

Few studies explicitly look at the connection between government funding and Malaysian SME digitization initiatives. Nonetheless, a few studies address whether the advancement of research at Malaysian public institutions is affected by changes in government financing. According to these studies, government funding may positively affect research and development (R&D) efforts, which in turn may spur innovation and expansion. Furthermore, the Malaysian government introduced a number of grants and financial aid programs in 2021, such as the SME Digitization Grant. The SME Digitization Grant is one of the government grants that has been introduced in recent years to assist small and medium-sized enterprises. For SMEs who have the capacity to digitize their operations, this award offers RM 5,000. A SMEs may submit an application to three separate digitalization initiatives. Every SME is only permitted to make one claim per service.

The initiative will end on February 17th, or when 100,000 SMEs have claimed the incentive, according to the Malaysian government. The grant will terminate with whichever occurs first. The grant will terminate with whichever occurs first. The Targeted Loan Repayment Assistance (TRA), Wage Subsidy Program (WSP 3.0), and PERMAI Special Prihatin Grant (GKP) are just a few of the grants and financial aid initiatives that the Malaysian government has introduced.
Overall, studies that are currently available indicate that government grants can positively affect research and development activities, which can spur innovation and growth. This is true even though there is little data on the specific connection between government grants and SME digitalization implementation in Malaysia.

Research (OECD, 2021) indicates that the government can support SMEs digitalization through subsidized grants/vouchers for consultancy services, technology extension programs such as diagnostic and self-assessment tools and guidelines, e-business solutions among others. In addition, the article pointed out that these same governments ought to foster an internal data culture in SMEs so that they are able to understand how to take care of their data. One can do this in various ways, and they include issuing of information, offering

financial support and provision of technical help. To this end, governments are supporting SMEs digitally through increasing awareness programs around digital security systems and providing guidelines that ensure that small and medium-sized organizations remain secure online. The company is giving small businesses access to toolkits, audit frames, assurance protocols, certification schemes, and training.

The major player in ensuring that technologies are commercialised in Malaysia and that technology is adopted by local companies has been MTDC. As at today, MTDC has funded and invested over 850 Malaysian companies with some being listed on bourses both in Malaysia and internationally making a market valuation of more than RM1 billion (admin, 2023). Some of their programs can be in partnership with other government organizations aimed at providing technological solutions for the halal sector among other industries. Adoption of Digital Solutions (ADS), Recovery Initiative for Social Enterprise (RISE), i4.0 Technopreneurship Accelerator Program (i-TAP), and i4.0 Accelerator Program (ACE) were some of the training and digital adoption programs that MTDC has organized by the year 2020. Other programs included i4.0 Accelerator Program (ACE) (Bank, 2022).

2.3.3 Technical Resource

According to recent studies, the research-based-view (RBV), as a pioneering study, acknowledged IT as a valuable resource. One of the previous studies found that enterprises may achieve an edge over their competitors by combining technological assets, such as technological innovation, with technological expertise, such as having an online store manager on staff (Elia et al, 2021). The article also discovered that companies who hold those important, uncommon, insufficiently comparable, and not interchangeable technological innovations can benefit from the differences between enterprises across the spectrum of their technological capabilities.The higher technological capabilities, the higher sales of the company.

Not just only that, other studies also found that digitization may act as a mediating factor in the relationship between IT capabilities and business outcomes. As far as current research is concerned, this is among the initial studies providing proof for the connection between digitization and IT capacity. The theoretical model advances our understanding of how businesses might employ IT capacity to maximize efficiency by identifying it as a crucial precondition of digitization. As a result, this study builds on earlier information systems (IS) research that attempts to connect how information technology capabilities affect business success with the supporting equipment (Nwankpa and Roumani, 2016).

According to recent studies, Small and medium enterprises also can borrow money or get cash advance from loans and financial establishments for investment into digital machinery, software, and procedures. The capital will assist SMEs that are challenged by financial huddles arising from digitalization. In their quest for new finances, small and medium enterprises (SMEs) can seek working capital loans from various entities including digital banks and alternative lenders. Doing this could cushion SMEs from cost compression forces. Furthermore, it would enable them to invest in digital technologies that will improve both efficiency and operations (PYMNTS, 2023) (PYMNTS, 2023b). This is where loans and financial institutions come in, as they guide these small businesses towards making informed decisions on investment into digitial technologies. The advice offered here will enable SMEs

to choose appropriate funding for their digital projects. This is where loans and financial institutions come in, as they guide these small businesses towards making informed decisions on investment into digitial technologies. The advice offered here will enable SMEs to choose appropriate funding for their digital projects (Bank, 2022).

2.3.4 Intangible Resource

One of the components of digitalization is employee digital skill and digital strategies are advantageous for small and medium-sized enterprises (SMEs) and may enhance performance while preserving their sustainable growth. Intangible resources are critical in the age of digitization for small and medium-sized firms (SMEs). These tools can assist SMEs in obtaining financing from outside sources, increasing their edge over rivals, and driving development (Le et al, 2023). In order to increase their competitiveness in the scientific and internet-based economy, SMEs should concentrate on growing their software, trademarks, and proprietary information. Not just only that, there are a few of recent studies shows that intangible resource will helps their company to compete their rivals in this era of competiveness. To get access to assistance and resources, SMEs should establish connections with intellectual networks, collaborate with major corporations or internet-based platforms, and take part in purchasing initiatives or social connections (OECD, 2021).

2.4 Hypotheses Statement

(H1): There is a significant positive relationship between financial resources and internal funding for the implementation of digitalization among SMEs.

(H2): There is a significant positive relationship between financial resources and external funding for the implementation of digitalization among SMEs.

(H3): There is a significant positive relationship between financial resources and government funding for the implementation of digitization among SMEs.

(H4): There is a significant positive relationship between technical resources and government funding for the implementation of digitization among SMEs.

(H5): There is a significant positive relationship between technical resources and external funding for the implementation of digitalization among SMEs.

(H6): There is a significant positive/negative relationship between technical resources and government funding for the implementation of digitization among SMEs.

(H7): There is a significant positive relationship between intangible resources and internal funding for the implementation of digitization among SMEs.

(H8): There is a significant positive relationship between intangible resources and external funding for the implementation of digitalization among SMEs.

(H9): There is a significant positive relationship between intangible resources and government funding for the implementation of digitalization among SMEs.

(H10): The relationship between financial resources and SME digitalization implementation is mediated by internal funding.

(H11): The relationship between financial resources and SME digitalization implementation is mediated by external funding.

(H12): The relationship between financial resources and SME digitalization implementation is mediated by intangible resources.

2.5 Conceptual Framework

This research paper "Factors that affect the selection of funding option to implement digitalization among SMEs" requires the use of a conceptual framework in order to clarify and focus on a particular research problem. These ideas are placed within a conceptual framework to point out their relations with one another as well as with the research study. This conception aims to explain how the synergistic dynamics among these variables impact SMEs' decision-making process when deciding on finance choices for digitalization efforts. The approach also investigates the potential mediating function of internal funding and intangible resources in the relationship between financial resources and SME digitization strategy implementation. By thoroughly investigating these issues, the conceptual

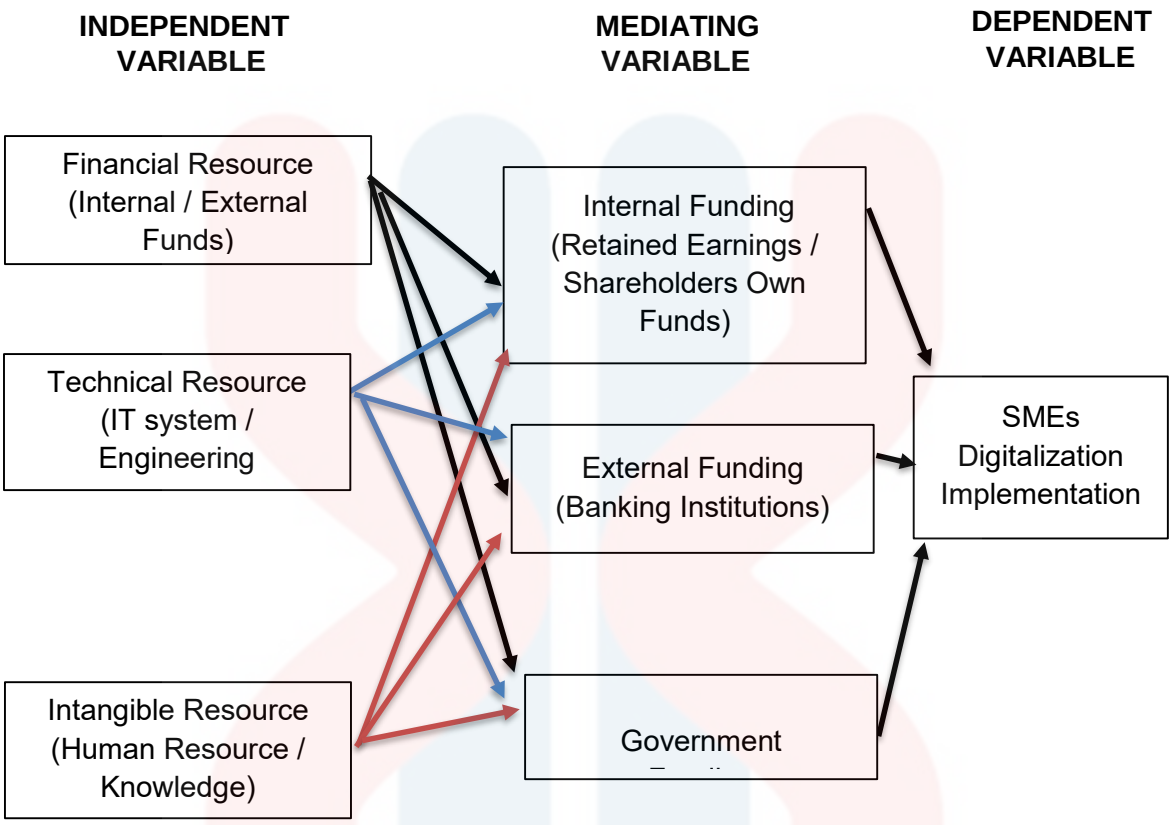

Figure 2.5: Conceptual Framework

2.6 Summary

This part of the research paper contains the literature review on factors that affect the selection of funding options to implement digitalization among SMEs. This includes theoretical background, earlier studies as well as the assumptions. This study seeks to explore a relationship between various factors affecting the selection of funding options and SMEs' digital readiness. The review delves into the independent and dependent variables associated with SME digitalization, exploring the complex relationships between financial, technical, and intangible resources. The overarching goal is to understand how these factors collectively influence the implementation of digitalization in SMEs.

The Resource-Based View (RBV) theory posits that a company's long-term competitive advantage stems from its distinctive and valuable internal resources, capabilities, and competencies, rather than its position within an industry. This research delves into how financial, technical, and intangible resources impact the selection of funding mechanisms for SME digitalization. The study explores the mediating functions of internal funding, external funding, and government funding. The RBV framework emphasizes the importance of both internal and external resources in shaping organizational strategies and outcomes. It emphasizes the pivotal role played by both internal and external resources in influencing a company's performance. Internally, it stresses the utilization of distinctive and valuable resources that are challenging to replicate, thereby creating a competitive edge. Externally, RBV acknowledges the significance of aligning with external resources, such as partnerships and prevailing market conditions, to augment overall firm performance.

The literature review and discussion of the factors that influence the choice of funding alternatives for digitalization among SMEs is presented here. The theoretical background, preliminary studies and assumptions. Therefore, this paper aims at identifying a link existing between some elements determining what finance mechanisms are most preferred by SMEs and their preparedness for ICT adoption. This review, however, takes a detailed look at the different determinants of SME Digitalisation such as, financial, technical and intangible capital. For this reason, the general objective is to determine how these elements cumulatively affect digitalization implementation in SMEs.

RBV is one of the resource-based theories that consider a company's long term competitive advantage based on their unique and valuable internal resources and capabilities instead of their place in a certain industry. The research provides an analytical perspective on the effects that each of these dimensions have on a company's choice of financial instrument during digitization process. Internal, external, and governmental money as mediators for the relationship between entrepreneurship education outcomes and venture capital. According to RBV, it is the internal and external factors that determine the strategy and the outcome. This approach stresses that a firm's performance is affected by both internal and external resources which it possesses. It also emphasizes on the use of unique and valuable resources that are difficult to imitate, hence maintaining the competitive advantage internally. Externally, RBV recognizes the importance of maintaining congruence between external components like affiliations and existing industry setting in order to amplify whole firm achievement.

This chapter presents earlier research that discusses the obstacles experienced by SMEs in the process of digitization such as finance, limited government support, and skills gap. Government financing, grants, and initiatives are examined as a role-player in supporting SME's digitalization with emphasis on how this leads to investment into R&D.

Regarding technical resources, this review highlights their significant influence on SMEs' ability to succeed when engaging in digital activities. The study highlights the importance of technical resources for gaining a competitive advantage and sustaining digital capabilities using the RBV framework.

This chapter addresses an issue of intangible resources which involve intellectual property (IP) as well as human capital and these are considered key resources for small and medium enterprises (SMEs) in digital terrain that allows them to achieve competitiveness advantage. RBV refers to intangible resources as a base for spurring creativity and information sharing. The hypothesis statements developed in section 2.4 articulate precise expectations concerning the associations among different elements such as financial services, internal and external finances, technology, and intangibles assets related with SME digitalization.

The last part of the chapter describes a proposed conceptual framework showing how the specified factors impact SMEs' choice of funding instruments for digitization. Internal funding, as well as intangible resources, is used by researchers as a third link between financial sources and SMEs' digitization implementation.

On the whole, the present literature review provides a good basis for detailed consideration of the aspects affecting the financing decisions of SMEs as they embark on digitization.

CHAPTER 3: RESEARCH DESIGN & METHODOLOGY

3.1 Introduction

Data collecting strategies, study design, study instruments, sample techniques, pilot testing, and analysis methods are all covered in this section of methodology. This section also includes two types of research: quantitative research and qualitative research. This will make it easier for scholars to understand the subject of the effects. A methodology is a systematic approach followed by an investigator or researcher to identify an issue and reach a solvable conclusion.

3.2 Research Design

A research plan or research design is a predetermined problem, and the related well-being is seeking a bigger study format and plan that haunts the researchers' imaginations. The general method chosen to combine the components of the study cohesively and logically, in turn, can ensure that all research problems can be effectively handled is to refer to the research design. This is a plan for gathering, measuring, and analyzing data. In the phrases of Jahoda, Detuch & Cook ``The order of conditions for the data to be analyzed and collected is in a way that has the purpose of combining the relevance of the research purpose, with the so-called economics and procedure as the design of the research". According to Henry Manheim (Selltiz, 1962), research design is not only concerned with anticipating and determining the numerous outcomes associated with data collecting, processing, and analysis but also with giving the logical justification for this decision.

For this study, quantitative investigation was used to determine the goals and objectives of the study, as well as identify the independent variable components, namely financial resources, technical resources and intangible resources. Then the dependent variable component is SME digitalization implementation. Raw data, also known as primary data, will be used to obtain data for this investigation. Primary data is a very helpful data collector because it allows us to collect a large amount of data about a specific population in a short period of time.

3.3 Data Collection Method

This research uses:

3.3.1 Primary

According to Ajayi (2017), primary data is live data obtained by researchers from sources such as surveys, observations, questionnaires, and natural discoveries. Primary data is also data produced by investigators with the goal of understanding and solving the difficulties encountered in the investigations. The approach used during this investigation was the questionnaire method. A questionnaire is one of the methods used for carrying out surveys. It includes questions designed to help the respondent grasp the topic from their perspective. There are closed, accessible, simple terms, and long questions on the questionnaire. The participants in this questionnaire will be picked using a 7-point Likert scale by the researchers who performed this survey.

3.3.2 Secondary

In summary, secondary data can be defined as any data set not owned by the author, or as "analysis of data collected by others" (Boslaugh,2007:IX). Secondary data can also be obtained if data was previously collected and is being investigated for re-application of new queries for which the data was not initially collected (Vartanian, 2010). Articles, journals, reports and the internet were used as secondary data in this study. Furthermore, the material acquired from journals and papers will assist the researcher in establishing an outline that will allow the research to be completed. To further reinforce the investigations, the researchers used various types of papers connected to the study's title as references. Researchers, particularly psychologists, have long recognized that the data collection method has an impact on the outcomes. Things connected to questionnaire design, such as the use of forced alternatives, Likert scale, open responses, or multiple response forms, are all much older compared to the internet (Orlich, 1978; Schuman & Presser, 1981; Sudman & Bradburn, 1982). The Internet is one of the most significant networks for researchers to use to access more thorough materials or information on the studies they have conducted. The internet network is simple to utilize and can save time for researchers. Despite this, the network has its own set of flaws.

3.4 Study Population

The Malaysian population's feedback will be used in this study. As such, the study's target demographic consists of Malaysian entrepreneurs operating small and medium-sized enterprises. The study's sample consisted of 322,834 small and medium-sized enterprises (SMEs) in Malaysia that joined the e-commerce platform between 2016 and 2020, according to data provided by SME Corp. While 171,776 SMEs in all have participated in training programmes offered by associations, government organizations, and e-commerce strategic partners.

3.5 Sample size

A sample is an extremely limited number of persons drawn from the general population for research. The most suitable sample is claimed to be important to minimize the expense of sampling mistakes, highlighting the need to select an unsuitable sample size. (Salkind, 2010) emphasizes that an adequate sample size is necessary for every research. This is because an excessively small sample size is not an accurate representation of the population. Type I mistakes can arise when the sample size is too small, which increases the likelihood of incorrectly rejecting a certain discovery when it is received (Sekaran, 2013). Furthermore, Sekaran (2013) stated that a large number of samples was unsuitable due to the problem of type II errors, which resulted in certain findings being accepted when they should have been rejected.

The table below will determine the number of insights. This is because its function is predicated on the anticipated quantity of respondents, who are presumed to be members of the study population. Krejcie and Morgan designed the table in 1970. The table indicates that the study's sample size, which will be measured, falls between 350 and 384 respondents.

As a result, the distribution of the questionnaire takes into consideration the anticipated response rate. Table 3.5 below displays the sample sizes from Krejcie and Morgan (1970):

Table 3.5: The table of Determining Sample Size of a Known Population

Table 3.1

Table for Determining Sample Size of a Known Population

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	346
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	354
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	191	1200	291	6000	361
45	40	170	118	400	196	1300	297	7000	364
50	44	180	123	420	201	1400	302	8000	367
55	48	190	127	440	205	1500	306	9000	368
60	52	200	132	460	210	1600	310	10000	370
65	56	210	136	480	214	1700	313	15000	375
70	59	220	140	500	217	1800	317	20000	377
75	63	230	144	550	226	1900	320	30000	379
80	66	240	148	600	234	2000	322	40000	380
85	70	250	152	650	242	2200	327	50000	381
90	73	260	155	700	248	2400	331	75000	382
95	76	270	159	750	254	2600	335	1000000	384

Note: N is Population Size; S is Sample Size *Source: Krejcie & Morgan, 1970*

Sources: Krejcie and Morgan (1970)

3.6 Sampling techniques

A sampling methodology is the process or technique for choosing an amount of data among a group of people. This sample is used where data about a big group of people or items must be collected or analyzed. This technique has an impact on the precision and standard of the outcomes. As a result, it must be selected carefully based on the study's goal and design. To generate research samples, sampling techniques can be broadly classified into two categories: probability sampling techniques and non-probability sampling techniques. Convenience sampling is the sample method employed in this investigation. One kind of non-probability sampling technique is convenience sampling, where the researcher gathers information from people who are easily reachable and available. Convenience sampling depends on the

sample's convenience rather than a random or methodical approach. Thus, information from business owners who establish small and medium-sized enterprises in Malaysia will be gathered for this study.

3.7 Research Instrument Development

The development of research instruments encompasses the systematic creation of tools that facilitate the collection, quantification, and analysis of data pertinent to a given research investigation. The development of research instruments is a complex and labour-intensive endeavor that demands substantial temporal and intellectual investment from the researchers involved. Research instruments can also include interviews, questionnaires, online surveys, and checklists.

The present research instrument consists of two distinct components. The initial phase of this study will involve the collection and analysis of data pertaining to variables such as age, education, and income of the participants. This segment will primarily focus on examining the demographic characteristics of the sample population. The subsequent phases involve the acquisition of data pertaining to the respondents' degree of concurrence and discordance with the chosen variables.

A survey is a way to collect standardized information from an individual using the questionnaire method. In this study, the questionnaire method will be used to implement the study's objectives in obtaining complete information from all respondents. This method is the most effective method for researchers to get more detailed information to conduct research. This study will use an online survey which is google Forms.

3.8 Measurement of the Variables

3.8.1 Measurement Scale

Measurement scales are a basic tool used in research methodology and statistical analysis. Scale technique or measurement level are other terms for measuring scale. It is a system or framework used to categorize or measure observations or variables in a research study. By providing a way to assign numerical values to distinct features or levels of a variable that allows researchers to collect and analyze data in a meaningful and systematic way.

In this research method, our group used three types of scales in the study, which are nominal scales, ratio scales, and interval scales. The ratio scale and interval scale refer to the measurement scale of quantitative variables. It is a data scale that is considered stronger or more important than the nominal scale. While the nominal scale is the scale used to measure qualitative variables. These three scales are complementary to each other in the research done because the results of the study will be more accurate, and relevant, and provide better results.

i. Nominal Scale

The nominal scale is the lowest level of measurement because only able to provide a form of difference or classification. The data obtained through nominal measurement is only

categorical data or classification. In the nominal size, there is no increase or distance between the variates, despite this, the nominal measure is the best measure for the attributes qualitative. Examples of nominally scaled variables are religion, gender, etc. A nominal scale is a measurement scale used in research to categorize or group individuals. It is typically used for non-numerical variables or in instances where digits are considered meaningless. Nominal scales cannot rate, or measure data collected in research and can only be used to classify items. A nominal scale is merely a numerical measuring scale that is used as a "tag" or "label" to identify items. This scale is used in the research that conduct to study the respondent's gender whether male or female, Malay or Indian, and also work status, whether employed or unemployed.

In other terms, a nominal scale is a scale that allows researchers to categorize subjects into groups or categories. For example, respondents' gender can be separated into two groups which are male and female. Instead of being separated into one of the two categories to avoid overlap or mutual exclusion, respondents can be given numbers 1 and 2, which operate as category labels for convenience without providing any inherent value. On the other hand, if there is no third category that is usually loaded by the respondent, all those categories are completed. The percentage (frequency) of men and females based on the sample of respondents gathered may be determined using nominal scaling.

ii. Ratio Scale

The ratio scale offers the most comprehensive measurement level since it includes all the fundamental elements required for precise quantification and insightful variable comparison. The peculiarity of the ratio scale is that it can solve the subjective point of the interval scale, and the characteristic of the ratio scale is that it has an absolute zero point that is not arbitrary and is a very meaningful measuring point. Our research data can be listed and measured using a ratio scale. This scale was used to examine age groups and education level in this study. Because the ratio scale has an absolute zero point that is different from the arbitrary one and is a useful point of measurement, it overcomes the original disadvantage of the arbitrariness of the interval scale. The ratio scale is the most effective of the four scales because it summarizes the qualities of the other three scales and has a unique zero origin. As a result, it considers both the proportion of differences as well as the size of the difference between points on the scale. The arithmetic or geometric mean can be used to measure the central tendency of a ratio scale, and the standard deviation, variance, or coefficient of variation can be used to measure its spread.

iii. Interval Scale

An interval scale can be defined as a measuring scale with an order of difference between two meaningful and equal variables, with zero being arbitrary. It can compute the distance between any two places on the scale. Furthermore, it can determine the position of the collected data but cannot measure it. In the study, interval scale with seven scales will be used which are strongly agreed, agree, somewhat agree, neutral, somewhat disagree, disagree, and strongly disagree. This is a universal data collection method that is simple to understand and estimate. This will also show if respondents agree or disagree with the questionnaire, and whether the data gathered is legitimate and correct.

Table 3.8.1: 7-Point Likert Scale

Scale	Stage
1	Strongly Disagree
2	Disagree
3	Somewhat Disagree
4	Neutral
5	Somewhat Agree
6	Agree
7	Strongly Agree

3.9 Procedure For Data Analysis

The measurement and analysis of the structural model were carried out using (Statistical Package for the social science) SPSS 26. The data will be collected via 380 questionnaires. A three-step procedure was used to investigate the characteristics of the respondents and the conceptual model of this study, with the first step involving a descriptive analysis of the demographic profile of the respondents, the second step assessing convergent and discriminant validity, and the final step measuring the relationship design between exogenous and endogenous constructs.

3.9.1 Descriptive Statistic

Now, it is possible to extract descriptive statistics for multi-item, interval-scaled independent and dependent variables, such as maximum, minimum, mean, standard deviation, and variance. A correlation matrix may be generated to examine the connections between the model's variables.

3.9.2 Reliability Test

In qualitative research, the term "reliability" refers to the capacity of measuring tools to maintain consistency and stability throughout time. A product or system's overall dependability may be improved by identifying possible flaws, weaknesses, and improvement opportunities through reliability testing.

3.9.3 Pearson Correlation

Pearson's correlation coefficient, which is appropriate for interval and ratio-scaled variables, cannot be used when measuring variables on an ordinal scale. The Tau coefficient or the Spearman Kendall rank should be used instead. By selecting the relevant menu item, selecting a variable, and then performing the necessary parametric or nonparametric statistical search, one can find bivariate correlations anywhere.

3.9.4 Regression Analysis

Regression analysis is a statistical approach for estimating connections between one or more independent variables and a dependent variable. It is a quantitative research approach for modeling and analyzing several variables in a relationship that comprises a dependent variable and one or more independent variables. Random variables, independent variables, and the dependent variable comprise the fundamental form of regression models (Ali and Younas, 2021).

3.10 Conclusion

In conclusion, this methodology section provides a comprehensive overview of how data is collected, the study's design, the instruments used, the sampling techniques, pilot testing, and the methods of analysis. It distinguishes between quantitative and qualitative research, emphasizing the importance of a well-structured research plan. The section delves into the selection of the research design, sampling methods, and measurement scales in detail. It discusses the utilization of various measurement scales, including nominal, ratio, and interval scales, and also explains why SPSS is chosen for data analysis. Additionally, the importance of reliability testing, correlation analysis, and regression analysis is highlighted as crucial steps in ensuring the research's findings and conclusions are robust.

CHAPTER 4: DATA ANALYSIS AND FINDINGS

4.1 INTRODUCTION

This section is mainly importing or entering the data into SPSS. This includes organizing the data into variables and cases, ensuring accuracy and completeness. Initially, analysts often generate descriptive statistics to summarize and describe the basic features of the dataset. This includes measures like mean, median, mode, standard deviation, variance, etc., providing a clear understanding of the data distribution. Identifying and rectifying any errors, missing values, outliers, or inconsistencies in the dataset. This step is crucial as it ensures the reliability and accuracy of the analysis.

Using statistical methods based on a sample from that population. This involves hypothesis testing, confidence intervals, and correlation analyses to explore relationships between variables. This chapter contains the researcher's presentation of the study findings derived from the data analysis. The researchers utilized the application SPSS version 27 to record and analyze 384 responses. If this investigation is completed, the outcomes include multiple regression, descriptive analysis, validity and reliability assessment, normalcy checking, and overall hypothesis testing.

Once the data analysis is complete, the findings are interpreted and presented in a coherent manner. This involves summarizing the results, explaining the significance of key findings, and drawing conclusions based on the analysis performed. For instance, if conducting a study on the impact of education on income levels, after analyzing the data using SPSS, findings might include statistically significant relationships between education level and income, demonstrating how higher education correlates with increased income on average.

4.2 PRELIMINARY ANALYSIS

Prior to distributing the questionnaire to the intended respondents, the investigator needs to finish the pilot test. The objective of this test is to to investigate how to minimize sample size through research design.

Table 4.2: Rule of Thumb about Cronbach's Alpha Coefficient Size Table

Cronbach's Alpha	Strength of Association
< 0.6	Poor
0.6 to < 0.7	Moderate
0.7 to < 0.8	Good
0.8 to < 0.9	Very Good
0.9 >	Excellent

Table 4.2: Reliability Analysis

Variable	Number of Item (N)	Cronbach's Alpha
SMEs Digitalization Implementation (DV)	5	.712
Financial Resource (IV1)	5	.748
Technical Resource (IV2)	5	.773
Intangible Resource (IV3)	5	.778
External Funding (MV1)	5	.762
Internal Funding (MV2)	5	.871
Government Funding (MV3)	5	.775

Sources: Developed from research

In the reliability test, Cronbach's Alpha assigns a number between 0 and 1, with a value closer to 1 denoting a more accurate scale for the variable. Researchers feel more confident conducting their study with more precise scales, which guarantees the safety of the observation and outcome data. Determining the stability of the collected data is the main goal of a reliability test. The data analysis reliability for the dependent and independent variables in this study is displayed in Table 4.2. When the Cronbach's Alpha is more than 0.6, all of these statistics are reliable. The dependent variables for the SMEs Digitalization Implementation are 0.712, as seen in the above table, which is good. The independent variables include financial resources (0.748), technical resources (0.773), intangible resources (0.778), external funding (0.762), internal funding (0.871), and government funding (0.775). This demonstrates that every characteristic has good outcomes for every independent and mediating variable. Every variable exceeds 0.6.

4.3 DEMOGRAPHIC PROFILE OF RESPONDENT

In this segment, a foundational examination was conducted on 384 respondents actively engaged in the SME sector. The objective was to investigate their viewpoints and decision-making procedures concerning the selection of funding options for digitalization initiatives. Results for age, gender, race, education level, work status, average of business fully adopt digital tools/techniques users, average of business only start to adopt digital tools/techniques users, annual sales turnover of business, number of employees, sector of business operated, average of technology users for business operation, rate of technology adoption within the business and average of using funding to develop business digitally in terms of digital payments, infrastructure development, online database and others are shown in this section. Next, simplified charts and tables were used to illustrate the frequency and percentage for each demographic profile of respondents.

4.3.1 Age

Table 4.3.1: Demographic Profile of Respondent's Age

1. Age / Umur:

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	20 to 25 years old	64	16.7	16.7	16.7
	26 to 30 years old	64	16.7	16.7	33.3
	31 to 35 years old	73	19.0	19.0	52.3
	36 to 40 years old	117	30.5	30.5	82.8
	41 years old and above	66	17.2	17.2	100.0
	Total	384	100.0	100.0	

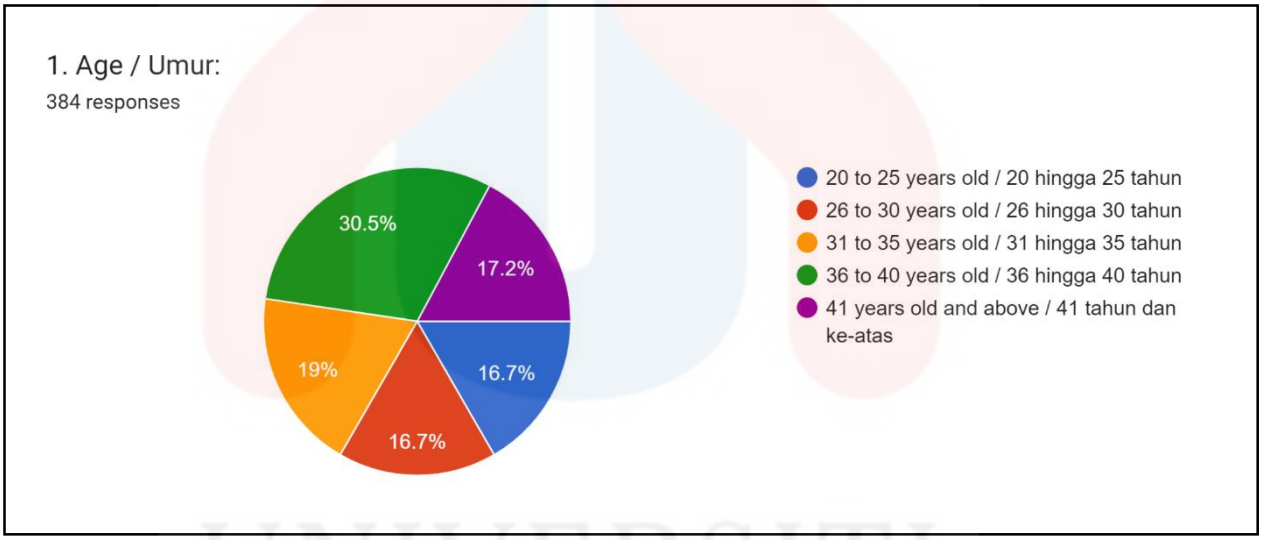

Figure 4.3.1: Percentage of Respondent's Age

Out of 384 respondents who agreed to fill out the survey for this study, the frequency and percentage of respondent's ages are shown in Table 4.3.1 and Figure 4.3.1. According to Table 4.3.1 of the respondents, 117 were between the ages of 36 to 40 (30.5%), which is the range with the highest frequency. The age groups with the lowest frequency of respondents 16.7% - are 20 to 25 years old and 26 and 30 years old, with a total of 64 respondents. Following the respondents' age range of 41 years old and above with a percentage of 17.2% and 66 respondents, the second greatest frequency age range would be 73 with a percentage of 19%. This demonstrates that respondents between the ages of 36 to 40 are actively engaged in the SME sector.

4.3.2 Gender

Table 4.3.2: Demographic Profile of Respondent's Gender

2. Gender / Jantina:

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	237	61.7	61.7	61.7
	Female	147	38.3	38.3	100.0
	Total	384	100.0	100.0	

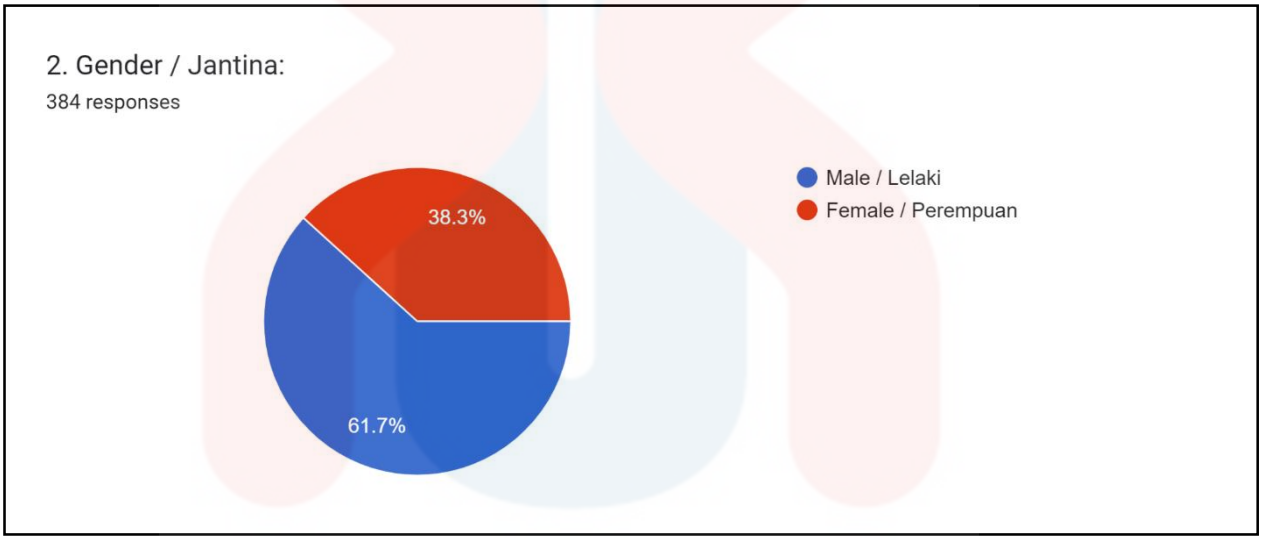

Figure 4.3.2: Percentage of Respondent's Gender

The frequency and percentage of respondent's gender among the 384 respondents who agreed to answer the survey for this study are shown in Table 4.3.2 and Figure 4.3.2. The frequency of male respondents is 237 out of 384 respondents, according to Table 4.3.2, whereas the frequency of female respondents is 147. On the other hand, Figure 4.3.2 demonstrates that the proportion of male respondents accounts for 61.7% out of 384 respondents, while the proportion of female respondents accounts for 38.3% out of 384 respondents. Therefore, it is safe to claim that both the frequency and the percentage of responders who are male are higher.

4.3.3 Race

Table 4.3.3: Demographic Profile of Respondent's Race

3. Race / Bangsa:

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Malay	188	49.0	49.0	49.0
	Chinese	134	34.9	34.9	83.9
	Indian	54	14.1	14.1	97.9
	Other	8	2.1	2.1	100.0
	Total	384	100.0	100.0	

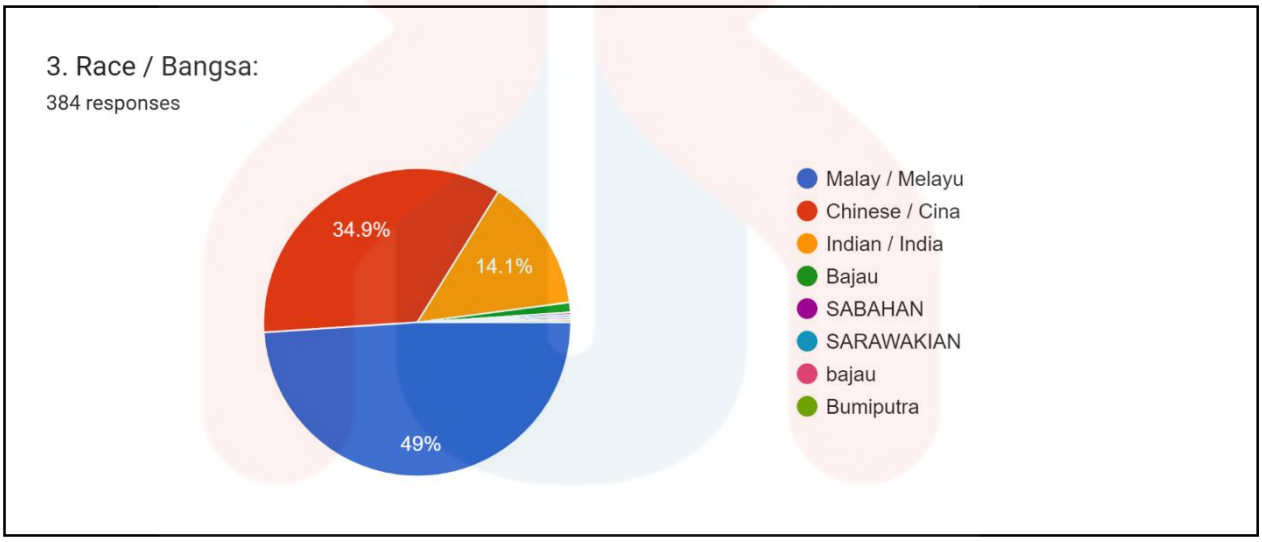

Figure 4.3.3: Percentage of Respondent's Race

The frequency and proportion of respondent's race out of the 384 respondents who were willing to respond to the research's questionnaire are shown in Table 4.3.3 and Figure 4.3.3. According to Table 4.3.3, the majority and largest frequency of respondents' race are Malay, with 188 of the 384 respondents reporting this, while the lowest frequency of respondents' race are other races, reported by 8 respondents. On the other hand, Figure 4.3.3 demonstrates that the majority and highest percentage of respondents' race is Malay, which accounts for 49% out of 384 respondents, while the lowest percentage of respondents' race is other races, which only accounts for 2.1% out of 384 respondents.

4.3.4 Education Level

Table 4.3.4: Demographic Profile of Respondent's Education Level

4. Education Level / Peringkatan Pendidikan:

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Malaysia Certificate of Education	98	25.5	25.5	25.5
	Malaysian Higher School Certificate	80	20.8	20.8	46.4
	Degree/Bachelor	183	47.7	47.7	94.0
	Masters	21	5.5	5.5	99.5
	Doctorate Degree/PhD	2	.5	.5	100.0
	Total	384	100.0	100.0	

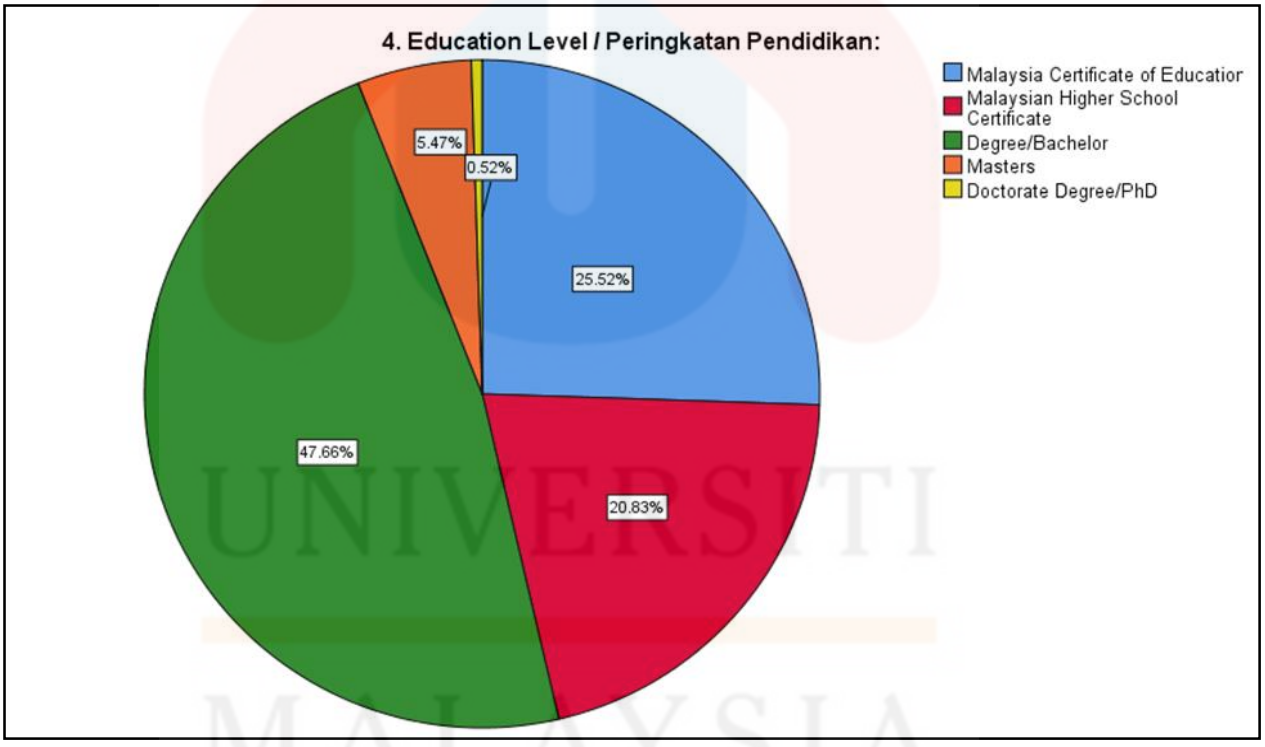

Figure 4.3.4: Percentage of Respondent's Education Level

The frequency and proportion of respondents' education level out of the 384 respondents that answered the survey for this study are shown in Table 4.3.4 and Figure 4.3.4. According to Table 4.3.4, the majority and maximum frequency of respondents' education level is Degree/Bachelor, which accounts for 47.66% which is 183 respondents out of 384 respondents, while Doctorate Degree/PhD accounts for the lowest frequency of respondents' education level and only accounts for 0.52% which is 2 respondents out of 384 respondents.

4.3.5 Work Status

Table 4.3.5: Demographic Profile of Respondent's Work Status

5. Work Status / Status Pekerjaan:

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Student	41	10.7	10.7	10.7
	Employed	223	58.1	58.1	68.8
	Unemployed	8	2.1	2.1	70.8
	Business Owner	106	27.6	27.6	98.4
	Retiree	6	1.6	1.6	100.0
	Total	384	100.0	100.0	

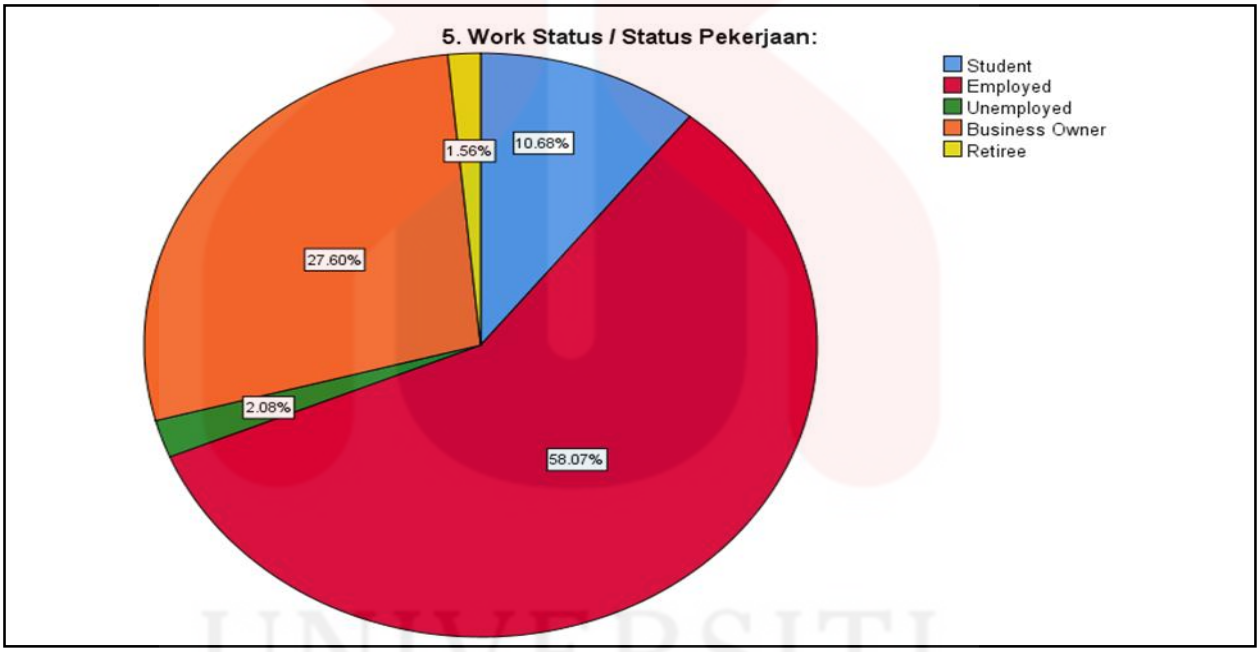

Figure 4.3.5: Percentage of Respondent's Work Status

The frequency and percentage of the work status of the 384 respondents who agreed to complete the survey for this study are shown in Table 4.3.5 and Figure 4.3.5. According to Table 4.3.5, out of 384 respondents, employed people had the highest frequency and proportion reported with 223 respondents (58.07%). The retiree, who accounts for 6 respondents, had the lowest frequency and percentage noted from the data gathered from respondents (1.56%). This demonstrates that employed people make up the majority of SMEs that replied to the poll.

4.3.6 Average of Businesses Fully Adopt Digital Tools/Techniques Users

Table 4.3.6: Demographic Profile of Respondent's Average of Businesses Fully Adopt Digital Tools/Techniques Users

6. Does your business fully adopt digital tools/techniques? (products or services) / Adakah perniagaan anda menggunakan sepenuhnya alatan/teknik digital? (produk atau servis)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	334	87.0	87.0	87.0
	No	50	13.0	13.0	100.0
	Total	384	100.0	100.0	

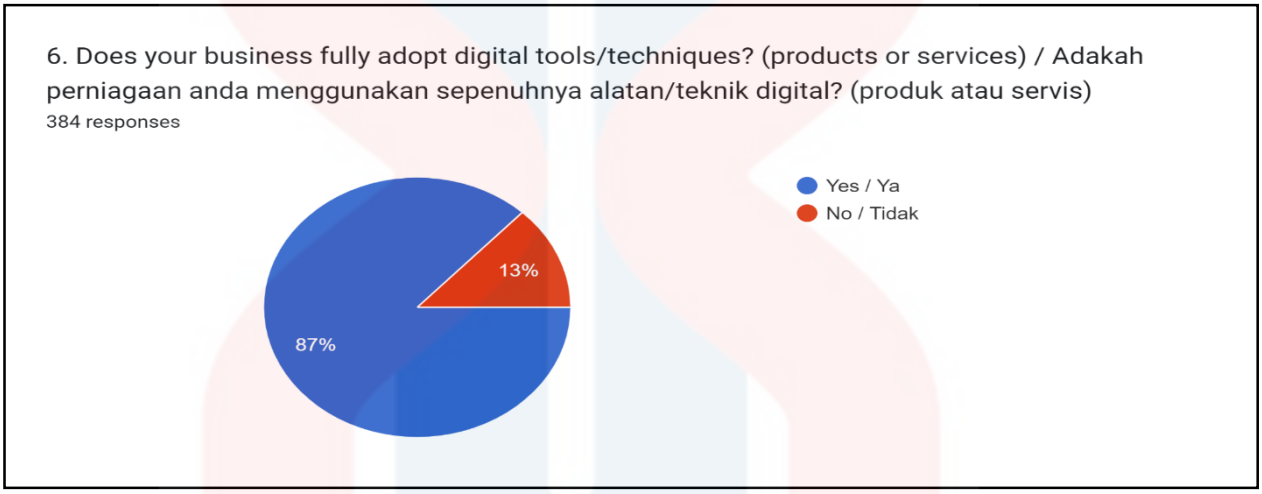

Figure 4.3.6: Pie Chart of Respondent's Average of Businesses Fully Adopt Digital Tools/Techniques Users

Based on Table 4.3.6, it is shown an average of businesses fully adopt digital tools/techniques users. Among the 384 respondents, the majority of respondents on average of businesses fully adopt digital tools/techniques with a total 334 respondents (87%). While, the second higher number of respondents on average of businesses fully adopt digital tools/techniques with a total 50 respondents (13%).

4.3.7 Average of Businesses Only Starting to Adopt Digital Tools/Techniques Users

Table 4.3.7: Demographic Profile of Respondent's Average of Businesses Only Starting to Adopt Digital Tools/Techniques Users

7. Does your business only start to adopt digital tools/techniques? (products or services) / Adakah perniagaan anda telah mula menggunakan alat/teknik digital? (produk atau perkhidmatan)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	366	95.3	95.3	95.3
	No	18	4.7	4.7	100.0
	Total	384	100.0	100.0	

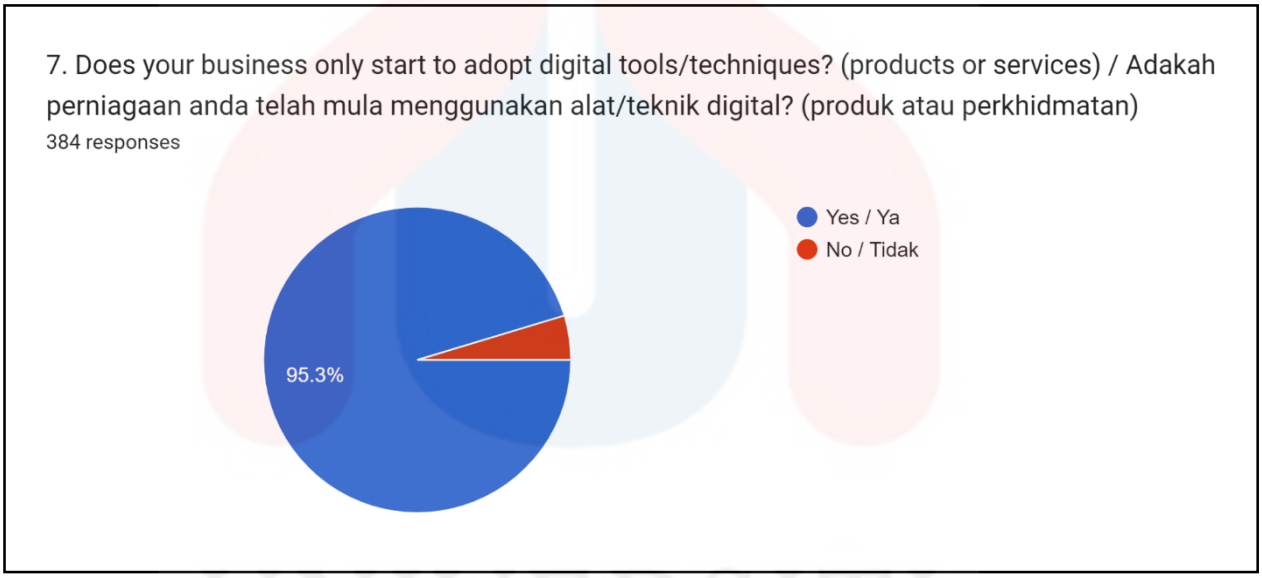

Figure 4.3.7: Pie Chart of Respondent's Average of Businesses Only Starting to Adopt Digital Tools/Techniques Users

Referring to the information presented in Table 4.3.7, the data illustrates the average of businesses only starting to adopt digital tools/techniques users among the 384 respondents. The majority, comprising 366 respondents (95.3%), report only starting to adopt digital tools/techniques in businesses. In contrast, a smaller number of respondents, totalling 18 users (4.7%), indicates that they do not start to adopt digital tools/techniques in businesses.

4.3.8 Annual Sales Turnover of Business

Table 4.3.8: Demographic Profile of Respondent's Annual Sales Turnover of Business

8. Annual Sales Turnover of my business: / Jualan Tahunan perniagaan saya:

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than RM200,000	126	32.8	32.8	32.8
	Less than RM250,000	122	31.8	31.8	64.6
	Between RM250,000-Less than RM1 million	88	22.9	22.9	87.5
	Between RM1 million-Less than RM5 million	36	9.4	9.4	96.9
	RM5 million-RM10 million	10	2.6	2.6	99.5
	Between RM10 million-RM25 million	2	.5	.5	100.0
	Total	384	100.0	100.0	

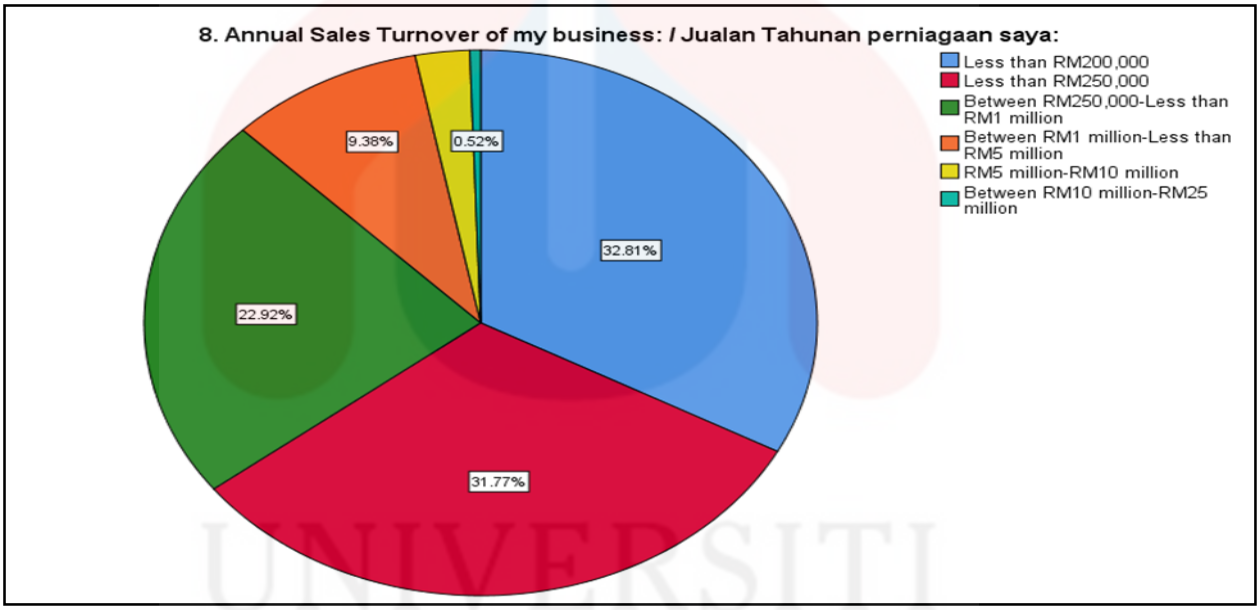

Figure 4.3.8: Percentage of Respondent's Annual Sales Turnover of Business

Table 4.3.8 and Figure 4.3.8 present the annual sales turnover of business among the 384 respondents who participated in the survey for this study. Table 4.3.8 outlines the annual sales turnover of business among respondents, with the highest frequency (32.8%) observed at less than RM200,000, totaling 126 individuals. The annual sales turnover of businesses with the lowest frequency (0.5%) include between RM10 million - RM25 million, with a combined total of 2 respondents. Subsequently, the annual sales turnover less than RM250,000 constitutes the second-highest frequency at 31.8%, encompassing 122 respondents. These findings highlight the highest annual sales turnover of business among respondents is less than RM200,000 in the SME sector.

4.3.9 Number of Employees

Table 4.3.9: Demographic Profile of Number of Employees Among Respondents

9. Number of Employees / Jumlah Pekerja :

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Between 10-19 employees	235	61.2	61.2	61.2
	Between 20-50 employees	136	35.4	35.4	96.6
	Between 51-150 employees	13	3.4	3.4	100.0
	Total	384	100.0	100.0	

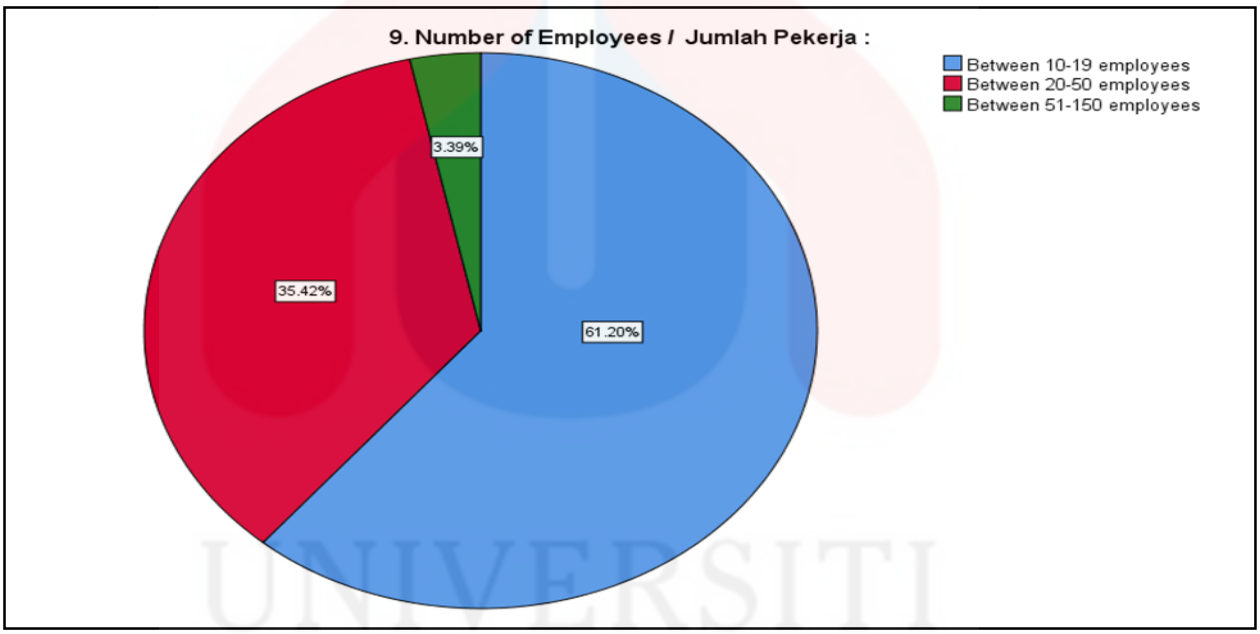

Figure 4.3.9: Percentage of Number of Employees Among Respondents

Table 4.3.9 and Figure 4.3.9 present the distribution of the number of employees among the 384 respondents who participated in the survey for this study. As per Table 4.3.9, the largest segment among the respondents, comprising 235 individuals (43.2%), is between 10-19 employees. On the other hand, between 51-150 employees represent the smallest group, with only 13 respondents, constituting a mere 3.4%. This data underscores that the majority of respondents from SMEs in the survey are individuals who are between 10-19 employees.

4.3.10 Sector of Business Operated

Table 4.3.10: Demographic Profile of Sector of Business Operated Among Respondents

10. Sector of Business Operated/ Sektor Perniagaan saya:

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Primary Agriculture	59	15.4	15.4	15.4
	Manufacturing (including AgroBased) & Manufacturing-Related Services (MRS)	245	63.8	63.8	79.2
	Services Sector (including ICT)	80	20.8	20.8	100.0
	Total	384	100.0	100.0	

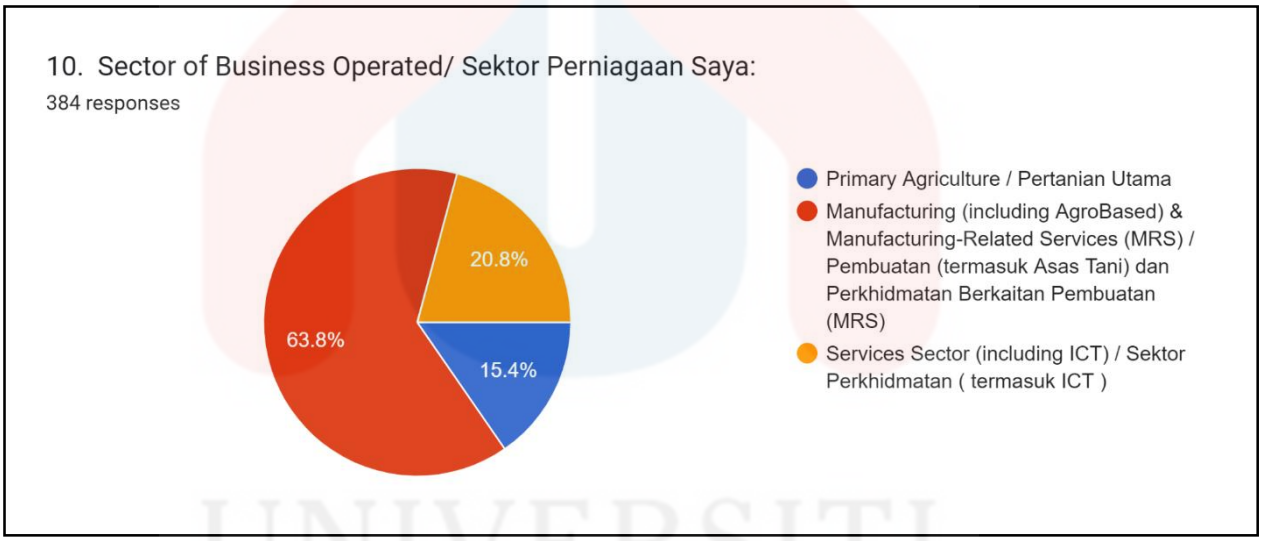

Figure 4.3.10: Percentage of Sector of Business Operated Among Respondents

Table 4.3.10 and Figure 4.3.10 present the sector of business operated among the 384 participants in this study. As per Table 4.3.10, the highest frequency is observed in the "Manufacturing (including AgroBased) & Manufacturing-related services (MRS)" category, constituting the majority at 63.8%, equivalent to 245 respondents out of the total 384 respondents. Conversely, the lowest frequency is found in the "Primary agriculture" category, accounting for only 15.4%, representing a mere 59 respondents out of the total 384 respondents.

4.3.11 Average of Technology Users for Business Operation

Table 4.3.11: Demographic Profile of Respondent's Average of Technology Users for Business Operation

11. My company already has using technology for our business operation. / Syarikat saya sudah menggunakan teknologi untuk operasi perniagaan kami.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	375	97.7	97.7	97.7
	No	9	2.3	2.3	100.0
	Total	384	100.0	100.0	

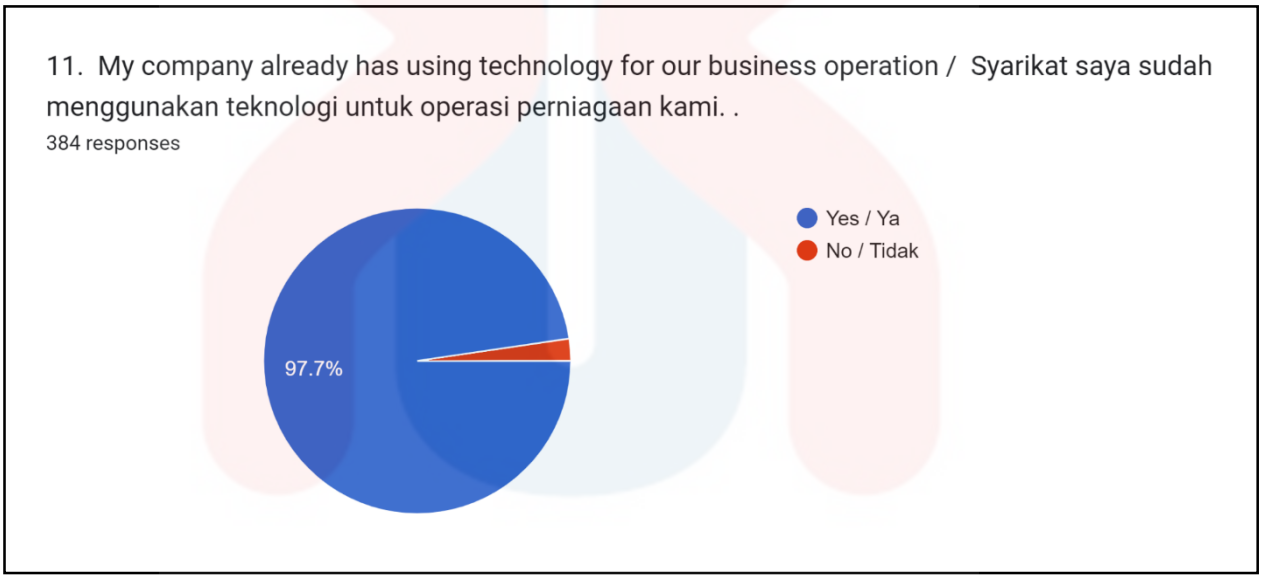

Figure 4.3.11: Pie Chart of Respondent's Average of Technology Users for Business Operation

Table 4.3.11 indicates the respondent's average of technology users for business operation. Out of the 384 respondents, the majority, totaling 375 respondents (97.7%), reported highest users of technology for business operation. The second-highest number of respondents, accounting for 2.3% of the total, amounts to 9 individuals, reflecting lowest frequency and percentage users of technology for business operation.

4.3.12 Rate of Technology Adoption Within the Business

Table 4.3.12: Demographic Profile of Rate of Technology Adoption Within the Business among Respondents

12. If you answer Yes to Question No. 11 above, please rate the level of your technology adoption within the business / Jika anda menjawab Ya kepada Soalan No. 11 di atas, sila nilaikan tahap penggunaan teknologi anda dalam perniagaan :

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Limited Adoption	45	11.7	11.7	11.7
	Moderate Adoption	108	28.1	28.1	39.8
	Substantial Adoption	117	30.5	30.5	70.3
	Advanced Adoption	104	27.1	27.1	97.4
	Leading-edge Adoption	10	2.6	2.6	100.0
	Total	384	100.0	100.0	

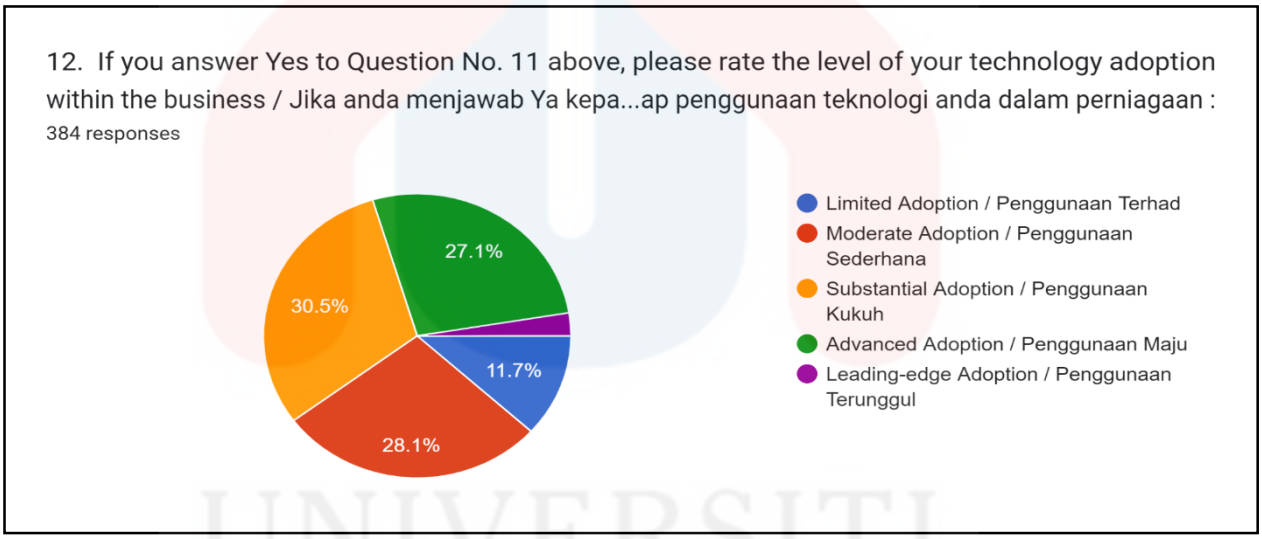

Figure 4.3.12: Percentage of Rate of Technology Adoption Within the Business among Respondents

Table 4.3.12 and Figure 4.3.12 depict the rate of technology adoption within the business among the 384 participants who willingly participated in the research questionnaire. According to Table 4.3.12, the most prevalent and largest frequency of respondents' rate of technology adoption within the business is Substantial adoption, with 117 out of 384 respondents identifying as such. Conversely, the lowest frequency of respondents' rate of technology adoption within the business is attributed to "Leading-edge adoption", reported by 10 respondents. In Figure 4.3.12, it is evident that the predominant and highest percentage of respondents' rate of technology adoption within the business is Substantial adoption, constituting 30.5% of the total 384 respondents. Meanwhile, the lowest percentage is associated with "Leading-edge adoption," accounting for only 2.6% of the total respondents.

4.3.13 Average of Using Funding to Develop Business Digitally in Terms of Digital Payments, Infrastructure Development, Online Database and Others

Table 4.3.13: Demographic Profile of Respondent's Average of Using Funding to Develop Business Digitally in Terms of Digital Payments, Infrastructure Development, Online Database and Others

13. My company have been using funding to develop my business digitally in terms of digital payments, infrastructure development, online database and others from : (tick more than one) / Syarikat saya telah menggunakan pembiayaan untuk membangunkan perniagaan saya secara digital dari segi pembayaran digital, pembangunan infrastruktur, pangkalan data dalam talian dan lain-lain daripada : (tandakan lebih daripada satu)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Business internal source	233	60.7	60.7	60.7
	Funds from family, friends and relatives	85	22.1	22.1	82.8
	Crowdfunding	24	6.3	6.3	89.1
	Loan from Bank and other Agencies	42	10.9	10.9	100.0
	Total	384	100.0	100.0	

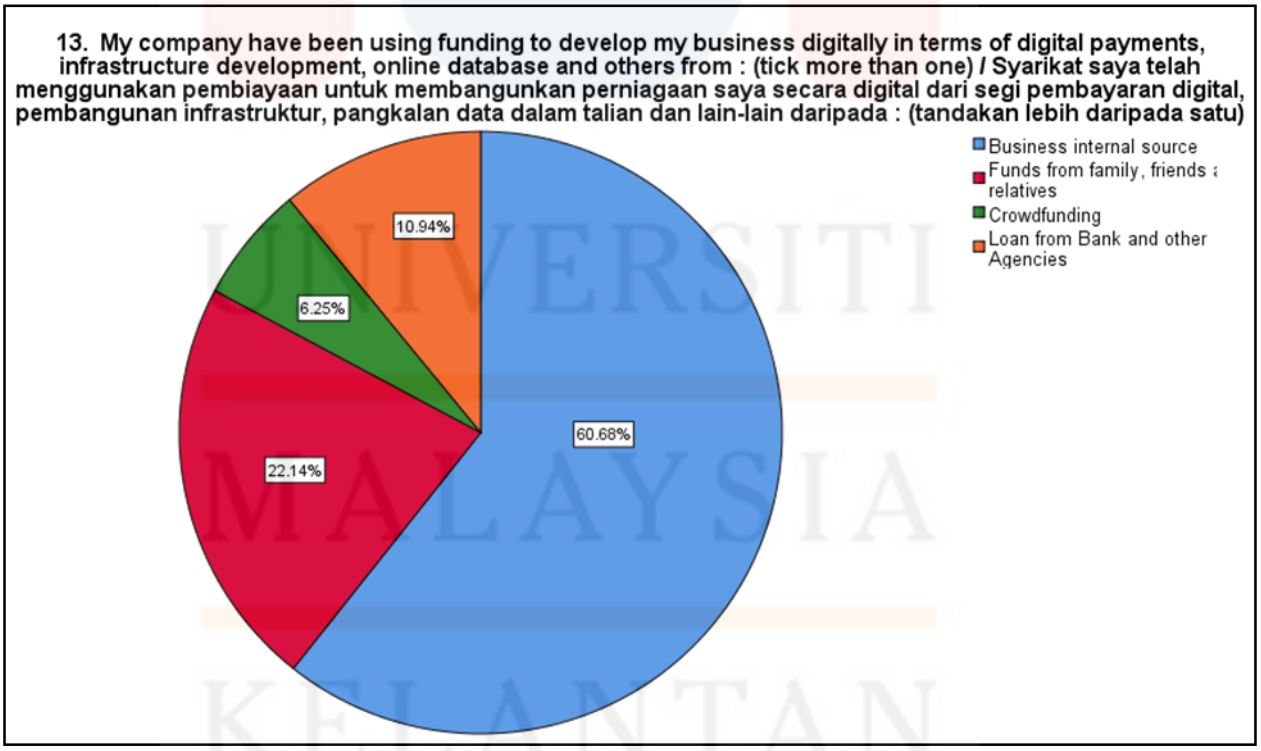

Figure 4.3.13: Pie Chart of Respondent's Average of Using Funding to Develop Business Digitally in Terms of Digital Payments, Infrastructure Development, Online Database and Others

Out of 384 respondents who agreed to fill out the survey for this study, the frequency and percentage of respondent's average of using funding to develop business digitally in terms of digital payments, infrastructure development, online database and others are shown in Table 4.3.13 and Figure 4.3.13. According to Table 4.3.13 of the respondents, 233 were business internal sources (60.68%), which is the range with the highest frequency. The lowest frequency of respondents 6.25% - are crowdfunding, with a total of 24 respondents. Following the respondents' average of using funding to develop business digitally in terms of digital payments, infrastructure development, online database and others of loan from bank and other agencies with a percentage of 10.94% and 42 respondents, the second greatest frequency would be 85 with a percentage of 22.14%. This demonstrates that most of the respondent's companies are using funding to develop business digitally in terms of digital payments, infrastructure development, online database and others from business internal sources.

4.4 DESCRIPTIVE ANALYSIS

This explanation demonstrates the single variable's major tendency that the researcher used to view the data. Predicting the variable's average value is the goal. Finding a central tendency usually involves adding up all the values and dividing them by the total number of values. Like this research, the average value of the variable was determined using descriptive statistical analysis. 384 people in total have responded to our survey. The mean value and standard deviation for each section of the question are shown in the results. The purpose of this research was to do a descriptive analysis to determine the means of the independent and dependent variables. Determining the mean level is shown in the following table.

Table 4.4: Level of mean

Level	Mean
Strongly Agree	6.16 – 7.00
Agree	5.30 – 6.15
Somewhat Agree	4.44 – 5.29
Neutral	3.58 – 4.43
Somewhat Disagree	2.72 – 3.57
Disagree	1.86 – 2.71
Strongly Disagree	1.00 – 1.85

4.4.1 Descriptive Analysis for DV: The SMEs Digitalization Implementation.

Table 4.4.1: Descriptive Statistics for The SMEs Digitalization Implementation

No	Item Description	Mean	Std. Deviation
1	My business already fully adopts digital tools/techniques.	5.66	1.360

2	My business already fully adopts digital product and/or services.	5.7	1.318
3	My business already fully adopts digitalization of the supply chain channel.	5.64	1.281
4	My business already fully adopts digital business models.	5.54	1.278
5	My business already fully adopts digital management.	5.62	1.347

Table 4.4.1 shows the mean value for the dependent variable, The SME digitalization Implementation. The item with the highest mean value is "My business already fully adopts digital product and/or services" which is worth 5.7 and "My business already fully adopts digital tools/techniques" which is worth 5.66. The next mean value is 5.64 for the item "My business already fully adopts digitalization of the supply chain channel." followed by a mean value of 5.62 for the item "My business already fully adopts digital management." Finally, the lowest mean value is for the statement "My business already fully adopts digital business models." which gives a mean value of 5.54. This shows that all respondents agree with The SMEs' digitalization implementation.

4.4.2. Descriptive Analysis for IV1: Financial Resources

Table 4.4.2: Descriptive Statistics for Financial Resources

No	Item Description	Mean	Std. Deviation
1	My business no difficulty gaining access to credit and loans for implementing digitalization in future days	5.64	1.699
2	My business always has positive cash flows.	5.39	1.324

3	My business actively seeks financial support to bolster expansion strategy centered around the implementation of digitalization initiatives.	6.02	1.017
4	My business actively seeks external and/or internal financial support to buy new machinery.	6.08	0.963
5	My business actively seeks external and/or internal financial support to train employee for digitalization.	5.93	1.066

The mean value of the independent variables, financial resources, is shown in Table 4.4.2 The item with the highest mean value of 6.08 is "My business actively seeks external and/or internal financial support to buy new machinery". The second highest mean value is "My business actively seeks financial support to bolster expansion strategy centered around the implementation of digitalization initiatives." with a mean value of 6.02. Next followed by the mean value of 5.93 which is "My business actively seeks external and/or internal financial support to train employees for digitalization." Furthermore, the second lowest mean is "My business has no difficulty gaining access to credit and loans for implementing digitalization in future days" with a mean value of 5.64. Lastly, there is a mean value that is the lowest in the independent variable financial resources which is "My business always has positive cash flows", a mean value of 5.39. All levels of agreement on this issue have been reached. It shows that the majority of respondents believe that financial resources are important in the topic of factors that affect the selection of funding options to implement digitalization among SMEs.

4.4.3. Descriptive Analysis for IV2: Technical Resource

Table 4.4.3: Descriptive Statistics for the Technical Resource

No	Item Description	Mean	Std. Deviation
1	My business uses artificial intelligence in daily life.	5.95	0.960
2	My business uses blockchain technology in daily life.	5.97	0.964

3	My business uses cloud technologies in daily life (cloud computing, edge algorithms, cloud-edge collaboration).	6.02	0.965
4	My business is using mobile technology 5G in daily life.	5.85	0.998
5	My business uses social media in daily life. (collaboration technology).	6.06	0.935

The mean value of the independent variables, technical resources, is shown in Table 4.4.3. The item with the highest mean value of 6.06 is "My business uses social media in daily life. (collaboration technology).". The second highest mean value is "My business uses cloud technologies in daily life (cloud computing, edge algorithms, cloud-edge collaboration)." with a mean value of 6.02. The third highest mean value of 5.97 which is "My business uses blockchain technology in daily life." and next followed by the statement "My business uses artificial intelligence in daily life." with a mean value of 5.95. Lastly, there is a mean value that is the lowest in the independent variable technical resources which is "My business is using mobile technology 5G in daily life", a mean value of 5.85. All levels of agreement on this issue have been reached. It shows that most respondents believe that technical resources are important in the topic of factors that affect the selection of funding options to implement digitalization among SMEs.

4.4.4. Descriptive Analysis for IV3: Intangible Resource

Table 4.4.4: Descriptive Statistics for the Intangible Resource

No	Item Description	Mean	Std. Deviation
1	Employees are compound talents who understand both business and digitalization.	6.07	0.890
2	My business actively promote lifelong learning in digital technology.	5.84	0.941

3	A balance between general digital skills and specialized digital roles is adequate.	5.63	1.173
4	My business assembles teams with the right mix of skills for each digital project.	5.96	0.861
5	My business provides employees with resources or opportunities to acquire the right digital skills for digital transformation.	5.95	0.973

The mean value of the independent variables, Intangible Resources, is shown in Table 4.4.4. The item with the highest mean value of 6.07 is "Employees are compound talents who understand both business and digitalization.". The second highest mean value is "My business assembles teams with the right mix of skills for each digital project." with a mean value of 5.96 followed by the statement " My business provides employees with resources or opportunities to acquire the right digital skills for digital transformation." with a mean value of 5.95. The second last mean value of 5.84 is "My business actively promote lifelong learning in digital technology". Lastly, there is a mean value that is the lowest in the independent variable intangible resources which is "A balance between general digital skills and specialized digital roles is adequate.", with a mean value of 5.63. All levels of agreement on this issue have been reached. It shows that most respondents believe that intangible resources are important in the topic of factors that affect the selection of funding options to implement digitalization among SMEs.

4.4.5. Descriptive Analysis for MV1: External Funding

Table 4.4.5: Descriptive Statistics for the External Funding

No	Item Description	Mean	Std. Deviation
1	External funding such as loans are a reflection of the firm's financial standing.	5.68	1.563
2	The financial and entrepreneurial characteristics greatly influence the external funding resource of SMEs.	5.63	1.482

3	Lack of information or unwillingness to provide information about other funding sources deters organizations from acquiring funding from external sources.	5.93	1.042
4	Lack of and inadequate data on SMEs digitization need affect the potential of external funding.	5.70	1.016
5	The difficulty in accessing funds is a major challenge affecting digitization of SMEs	6.01	0.969

The mean value of the moderator variables, External Funding, is shown in Table 4.4.5. The item with the highest mean value of 6.01 is "The difficulty in accessing funds is a major challenge affecting digitization of SMEs.". The second highest mean value is "Lack of information or unwillingness to provide information about other funding sources deters organizations from acquiring funding from external sources." with a mean value of 5.93. The third highest mean value of 5.70 which is "Lack of and inadequate data on SMEs digitization need affect the potential of external funding." and next followed by the statement "External funding such as loans are a reflection of the firm's financial standing." with a mean value of 5.68. Lastly, there is a mean value that is the lowest in the moderator variable external funding which is "The financial and entrepreneurial characteristics greatly influence the external funding resource of SMEs.", a mean value of 5.63. All levels of agreement on this issue have been reached. It shows that most respondents believe that external funding are important in the topic of factors that affect the selection of funding options to implement digitalization among SMEs.

4.4.6. Descriptive Analysis for MV2: Internal Funding

Table 4.4.6: Descriptive Statistics for the Internal Funding

No	Item Description	Mean	Std. Deviation
1	Internal funding is the main source of funds for SMEs.	6.05	1.063

2	Profits and the financial stability of the SME owner affect the internal funding option.	5.93	1.175
3	SMEs that have operated for many years have the capability of self-financing because of their ability to generate profits.	5.68	1.167
4	Perceived cost of digitization of SMEs affect financing of such initiatives.	5.90	1.045
5	Favorable internal funding policies have influence over success of SMEs.	5.96	1.008

The mean value of the moderator variables, Internal Funding, is shown in Table 4.4.6. The item with the highest mean value of 6.05 is "Internal funding is the main source of funds for SMEs.". The second highest mean value is "Favorable internal funding policies have influence over the success of SMEs." with a mean value of 5.96. The third highest mean value of 5.93 which is "Profits and the financial stability of the SME owner affect the internal funding option." and next followed by the statement "Perceived cost of digitization of SMEs affect financing of such initiatives." with a mean value of 5.90. Lastly, there is a mean value that is the lowest in the moderator variable internal funding which is "SMEs that have operated for many years have the capability of self-financing because of their ability to generate profits.", a mean value of 5.68. All levels of agreement on this issue have been reached. It shows that most respondents believe that internal funding are important in the topic of factors that affect the selection of funding options to implement digitalization among SMEs.

4.4.7. Descriptive Analysis for MV3: Government Funding

Table 4.4.7: Descriptive Statistics for the Government Funding

No	Item Description	Mean	Std. Deviation
1	Government funding relies on the firm's financial performance as a yard stick to measure the success of SMEs.	5.46	1.527

2	Government funding is hampered by various bureaucratic processes such as licensing, taxation, among others, this affects funding of SMEs.	5.71	1.450
3	SMEs are affected by high turn-over hence funding by government is limited.	5.58	1.278
4	Competitive pressure and government support have significant determinant for SMEs adoption of digitization.	5.81	1.313
5	The disconnect between e-government and e-administration in most cases hinders government financing of SMEs and ultimate digitization.	5.94	1.005

The mean value of the moderator variable, Government Funding, is shown in Table 4.4.7. The item with the highest mean value of 5.94 is "The disconnect between e-government and e-administration in most cases hinders government financing of SMEs and ultimate digitization.". The second highest mean value is "Competitive pressure and government support have significant determinants for SMEs adoption of digitization." with a mean value of 5.81. The third highest mean value of 5.71 which is "Government funding is hampered by various bureaucratic processes such as licensing, taxation, among others, this affects funding of SMEs." and next followed by the statement "SMEs are affected by high turn-over hence funding by government is limited." with a mean value of 5.58. Lastly, there is a mean value that is the lowest in the moderator variable government funding which is "Government funding relies on the firm's financial performance as a yardstick to measure the success of SMEs.", a mean value of 5.68. All levels of agreement on this issue have been reached. It shows that most respondents believe that government funding is important in the topic of factors that affect the selection of funding options to implement digitalization among SMEs

4.4.8. Cumulative descriptive analysis (DV, IV, MV)

Table 4.4.8: Cumulative descriptive analysis

Item	Total Mean	Total Std. Deviation

The SMEs Digitalization Implementation.(**DV1**)	28.16	6.584
Financial Resources (External/Internal Funds).(**IV1**)	29.06	6.069
Technical Resource (It System/ Engineering Resource).(**IV2**)	29.65	4.822
Intangible Resource (Human / Knowledge).(**IV3**)	29.45	4.838
External Funding.(**MV1**)	28.95	6.072
Internal Funding.(**MV2**)	29.52	5.458
Government Funding.(**MV3**)	28.5	6.573

The table above shows the cumulative descriptive analysis for each variable. Based on the table above, all levels of agreement on this issue have been reached. It shows that most respondents believe that the dependent variable, all independent variables, and mediating variables are important in the topic of factors that affect the selection of funding options to implement digitalization among SMEs.

4.5 VALIDITY AND RELIABILITY TEST

The statistic or instrument used to gauge the consistency of respondents' answers to a series of questions that were all created with the final goal of the research in mind is known as Cronbach's Alpha.

Table 4.5: Cronbach Alpha Reliability Test

Variable	Number of Item (N)	Cronbach's Alpha	Strength
SMEs Digitalization Implementation (DV)	5	.712	Good
Financial Resource (IV1)	5	.748	Good
Technical Resource (IV2)	5	.773	Good
Intangible Resource (IV3)	5	.778	Good
External Funding (MV1)	5	.762	Good
Internal Funding (MV2)	5	.871	Very Good
Government Funding (MV3)	5	.775	Good

Sources: Developed from research

The reliability test findings were displayed in the above table using the Cronbach's Alpha Coefficient values for the dependent and independent variables in this study, which was based on a survey we conducted with 386 entrepreneur respondents in Malaysia. Table

above indicates that a Cronbach's Alpha coefficient connection strength of greater than 0.7 is considered satisfactory for the reliability test. Those questions were used to measure the SMEs Digitalization Implementation, and the section's question had a good Cronbach's Alpha result of 0.712. As a result, the coefficient for the dependent variable is rather excellent for these issues.

Financial resources were then assessed using five questions, and the section's Cronbach's Alpha result was 0.748, which is likewise considered good. As a result, this variable's coefficient for the questions was really good. Next, five questions were used to measure the technical resource. The Cronbach's Alpha result for this portion is 0.773, which is likewise considered good. As a result, the questions had a satisfactory coefficient. Additionally, five questions were utilized to gauge the intangible resources, and Cronbach's Alpha score for this section is 0.778 which also resulted as good. Therefore, the coefficient obtained for the questions was good.

Other than that, to measure the external funding, there were five questions used and the Cronbach's Alpha result for this section is 0.762 which also resulted as good. Therefore, the coefficient obtained for the questions in external funding was good. Lastly, to measure the internal funding and government funding, both of them were using five question and the Cronbach's Alpha result for the section are 0.871 and 0.775 which resulted as very good and good. Therefore, the coefficient obtained for the questions in both variables was good. Based on the results shown in the table above, the strength of the variables is good if Cronbach's Alpha value is above 0.70.

4.6 NORMALITY TEST

Table 4.6: Result of Tests of Normality for Dependent Variable

Tests of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
MEAN_DV	.204	384	.000	.861	384	.000

a. Lilliefors Significance Correction

The table above show the result of tests of normality for dependent variables. Not only that, it also showed a number of definitions with 0.000 less than 0.005, but not standard data. For instance, the Sig. The Shapiro-Wilk test value is 0.05 and the data is normal. Data from a normal distribution is very important when it is below 0.05.

Table 4.6: Result of Tests of Normality for Independent Variable

Tests of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
MEAN_FR	.185	384	.000	.897	384	.000
MEAN_TR	.235	384	.000	.838	384	.000
MEAN_IR	.152	384	.000	.892	384	.000

a. Lilliefors Significance Correction

The table above demonstrated the p-value for independent variables and it also showed a number of definitions with 0.000 less than 0.005, but not standard data. For instance, the Sig. The Shapiro-Wilk test value is 0.05 and the data is normal. Data from a normal distribution is very important when it is below 0.05.

Table 4.6: Result of Tests of Normality for Mediating Variable

Tests of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
MEAN_EF	.234	384	.000	.881	384	.000
MEAN_IF	.190	384	.000	.869	384	.000
MEAN_GF	.269	384	.000	.866	384	.000

a. Lilliefors Significance Correction

The table above shows the p-value for mediating variables and a number of definitions with 0.000 less than 0.005, but not standard data. For instance, the Sig. The Shapiro-Wilk test value is 0.05 and the data is normal. Data from a normal distribution is very important when it is below 0.05.

4.7 HYPOTHESIS TEST

Table 4.7: Result of correlations test for each variables

Correlations

		MEAN_DV	MEAN_FR	MEAN_TR	MEAN_IR	MEAN_EF	MEAN_IF	MEAN_GF
MEAN_DV	Pearson Correlation	1	.765**	.629**	.652**	.746**	.674**	.788**
	Sig. (2-tailed)		.000	.000	.000	.000	.000	.000
	N	384	384	384	384	384	384	384
MEAN_FR	Pearson Correlation	.765**	1	.844**	.832**	.797**	.738**	.728**
	Sig. (2-tailed)	.000		.000	.000	.000	.000	.000
	N	384	384	384	384	384	384	384
MEAN_TR	Pearson Correlation	.629**	.844**	1	.856**	.744**	.724**	.610**
	Sig. (2-tailed)	.000	.000		.000	.000	.000	.000
	N	384	384	384	384	384	384	384
MEAN_IR	Pearson Correlation	.652**	.832**	.856**	1	.769**	.770**	.642**
	Sig. (2-tailed)	.000	.000	.000		.000	.000	.000
	N	384	384	384	384	384	384	384
MEAN_EF	Pearson Correlation	.746**	.797**	.744**	.769**	1	.771**	.779**
	Sig. (2-tailed)	.000	.000	.000	.000		.000	.000
	N	384	384	384	384	384	384	384
MEAN_IF	Pearson Correlation	.674**	.738**	.724**	.770**	.771**	1	.699**
	Sig. (2-tailed)	.000	.000	.000	.000	.000		.000
	N	384	384	384	384	384	384	384
MEAN_GF	Pearson Correlation	.788**	.728**	.610**	.642**	.779**	.699**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	
	N	384	384	384	384	384	384	384

**. Correlation is significant at the 0.01 level (2-tailed).

The correlation coefficient ranges from -1 to 1. A positive correlation (close to 1) indicates that as one variable increases, the other tends to increase as well. For example, if the correlation coefficient between MEAN_DV and MEAN_FR is 0.765, it suggests a strong positive relationship. Through the table above, there is not a correlation near 0, it also indicates this table did not consist of any weak or no linear relationship between the variables.

The p-value associated with the correlation coefficient indicates the probability of observing such an extreme correlation by chance if there's no true relationship between the variables. Generally, a lower p-value (typically below 0.05) suggests that the correlation is statistically significant, indicating that the observed relationship is unlikely due to random chance. A higher p-value indicates that the observed correlation might be due to random variability and may not be significant.

4.7.1 HYPOTHESIS 1

The relationship between financial resources and internal funding for the implementation of digitalization among SMEs.

H1: There is a significant relationship between financial resources and internal funding for the implementation of digitalization among SMEs.

Table 4.7.1: Correlation coefficient between financial resources and internal funding

Correlations			
		Financial Resource(FR)	Internal Funding(IF)
Financial Resource (FR)	Pearson Correlation	1	.797**
	Sig.(2-tailed)		.000
	N	384	384
Internal Funding(IF)	Pearson Correlation	.797**	1
	Sig.(2-tailed)	.000	
	N	384	384
**Correlation is significant at the 0.01 level (2-tailed).			

The table above shows the relationship between financial resources and internal funding for the implementation of digitalization among SMEs. The value of correlations coefficient, r-value is 0.797, which means a high positive relationship between both of them. Not just only that, the significant value, p-value is .000. This presents a relationship between both of them. Therefore, the hypothesis H1 is accepted.

4.7.2 HYPOTHESIS 2

The relationship between financial resources and external funding for the implementation of digitalization among SMEs.

H2: There is a significant relationship between financial resources and external funding for the implementation of digitalization among SMEs.

Table 4.7.2: Correlation coefficient between financial resources and external funding

Correlations		
	Financial Resource(FR)	External Funding(EF)

Financial Resource (FR)	Pearson Correlation	1	.738**
	Sig.(2-tailed)		.000
	N	384	384
External Funding(EF)	Pearson Correlation	.738**	1
	Sig.(2-tailed)	.000	
	N	384	384
**Correlation is significant at the 0.01 level (2-tailed).			

The table above shows the relationship between financial resources and external funding for the implementation of digitalization among SMEs. The value of correlations coefficient, r-value is 0.738, which means a high positive relationship between both of them. Not just only that, the significant value, p-value is .000. This presents a relationship between both of them. Therefore, the hypothesis H2 is accepted.

4.7.3 HYPOTHESIS 3

The relationship between financial resources and government funding for the implementation of digitization among SMEs.

H3: There is a significant relationship between financial resources and government funding for the implementation of digitization among SMEs.

Table 4.7.3: Correlation coefficient between financial resources and government funding

Correlations			
		Financial Resource (FR)	Government Funding (GF)
Financial Resource (FR)	Pearson Correlation	1	.728**
	Sig.(2-tailed)		.000
	N	384	384
Government	Pearson Correlation	.728**	1

Funding (GF)	Sig.(2-tailed)	.000	
	N	384	384
**Correlation is significant at the 0.01 level (2-tailed).			

The table above shows the relationship between financial resources and government funding for the implementation of digitalization among SMEs. The value of correlations coefficient, r-value is 0.728, which means a high positive relationship between both of them. Not just only that, the significant value, p-value is .000. This presents a relationship between both of them. Therefore, the hypothesis H3 is accepted.

4.7.4 HYPOTHESIS 4

The relationship between technical resources and internal funding for the implementation of digitization among SMEs.

H4: There is a significant relationship between technical resources and internal funding for the implementation of digitization among SMEs.

Table 4.7.4: Correlation coefficient between technical resources and internal funding

Correlations			
		Technical Resource (TR)	Internal Funding(IF)
Technical Resource (TR)	Pearson Correlation	1	.744**
	Sig.(2-tailed)		.000
	N	384	384
Internal Funding(IF)	Pearson Correlation	.744**	1
	Sig.(2-tailed)	.000	
	N	384	384
**Correlation is significant at the 0.01 level (2-tailed).			

The table above shows the relationship between technical resources and internal funding for the implementation of digitalization among SMEs. The value of correlations coefficient, r-

value is 0.797, which means a high positive relationship between both of them. Not just only that, the significant value, p-value is .000. This presents a relationship between both of them. Therefore, the hypothesis H4 is accepted.

4.7.5 HYPOTHESIS 5

The relationship between technical resources and external funding for the implementation of digitalization among SMEs.

H5: There is a significant relationship between technical resources and external funding for the implementation of digitalization among SMEs.

Table 4.7.5: Correlation coefficient between technical resources and external funding

Correlations			
		Technical Resource(TR)	External Funding(EF)
Technical Resource (TR)	Pearson Correlation	1	.624**
	Sig.(2-tailed)		.000
	N	384	384
External Funding(EF)	Pearson Correlation	.624**	1
	Sig.(2-tailed)	.000	
	N	384	384
**Correlation is significant at the 0.01 level (2-tailed).			

The table above shows the relationship between technical resources and external funding for the implementation of digitalization among SMEs. The value of correlations coefficient, r-value is 0.624, which means a high positive relationship between both of them. Not just only that, the significant value, p-value is .000. This presents a relationship between both of them. Therefore, the hypothesis H5 is accepted.

4.7.6 HYPOTHESIS 6

The relationship between technical resources and government funding for the implementation of digitization among SMEs.

H6: There is a significant relationship between technical resources and government funding for the implementation of digitization among SMEs.

Table 4.7.6: Correlation coefficient between technical resources and government funding

Correlations			
		Technical Resource(TR)	Government Funding (GF)
Technical Resource (TR)	Pearson Correlation	1	.610**
	Sig.(2-tailed)		.000
	N	384	384
Government Funding(GF)	Pearson Correlation	.610**	1
	Sig.(2-tailed)	.000	
	N	384	384
**Correlation is significant at the 0.01 level (2-tailed).			

The table above shows the relationship between technical resources and government funding for the implementation of digitalization among SMEs. The value of correlations coefficient, r-value is 0.610, which means a high positive relationship between both of them. Not just only that, the significant value, p-value is .000. This presents a relationship between both of them. Therefore, the hypothesis H6 is accepted.

4.7.7 HYPOTHESIS 7

The relationship between intangible resources and internal funding for the implementation of digitization among SMEs.

H7: There is a significant relationship between intangible resources and internal funding for the implementation of digitization among SMEs.

Table 4.7.7: Correlation coefficient between intangible resources and internal funding

Correlations		
	Intangible Resource (IR)	Internal Funding(IF)

Intangible Resource (IR)	Pearson Correlation	1	.769**
	Sig.(2-tailed)		.000
	N	384	384
Internal Funding(IF)	Pearson Correlation	.769**	1
	Sig.(2-tailed)	.000	
	N	384	384
**Correlation is significant at the 0.01 level (2-tailed).			

The table above shows the relationship between intangible resources and internal funding for the implementation of digitalization among SMEs. The value of correlations coefficient, r-value is 0.769, which means a high positive relationship between both of them. Not just only that, the significant value, p-value is .000. This presents a relationship between both of them. Therefore, the hypothesis H7 is accepted.

4.7.8 HYPOTHESIS 8

The relationship between intangible resources and external funding for the implementation of digitalization among SMEs.

H8: There is a significant relationship between intangible resources and external funding for the implementation of digitalization among SMEs.

Table 4.7.8: Correlation coefficient between intangible resources and external funding

Correlations			
		Intangible Resource (IR)	External Funding(EF)
Intangible Resource (IR)	Pearson Correlation	1	.770**
	Sig.(2-tailed)		.000
	N	384	384
External Funding(EF)	Pearson Correlation	.770**	1

	Sig.(2-tailed)	.000	
	N	384	384
**Correlation is significant at the 0.01 level (2-tailed).			

The table above shows the relationship between intangible resources and external funding for the implementation of digitalization among SMEs. The value of correlations coefficient, r-value is 0.770, which means a high positive relationship between both of them. Not just only that, the significant value, p-value is .000. This presents a relationship between both of them. Therefore, the hypothesis H8 is accepted.

4.7.9 HYPOTHESIS 9

The relationship between intangible resources and government funding for the implementation of digitalization among SMEs.

H9: There is a significant relationship between intangible resources and government funding for the implementation of digitalization among SMEs.

Table 4.7.9: Correlation coefficient between intangible resources and government funding

Correlations			
		Intangible Resource (IR)	Government Funding(GF)
Intangible Resource (IR)	Pearson Correlation	1	.642**
	Sig.(2-tailed)		.000
	N	384	384
Government Funding(GF)	Pearson Correlation	.642**	1
	Sig.(2-tailed)	.000	
	N	384	384
**Correlation is significant at the 0.01 level (2-tailed).			

The table above shows the relationship between financial resources and internal funding for the implementation of digitalization among SMEs. The value of correlations coefficient, r-

value is 0.642, which means a high positive relationship between both of them. Not just only that, the significant value, p-value is .000. This presents a relationship between both of them. Therefore, the hypothesis H9 is accepted.

4.7.10 HYPOTHESIS 10

The relationship between financial resources and SME digitalization implementation is mediated by internal funding.

H10: There is a significant relationship between financial resources and SME digitalization implementation is mediated by internal funding.

Table 4.7.10: Correlation coefficient between financial resources and SME digitalization implementation is mediated by internal funding

Correlations			
		SME Digitalization Implementation (DV)	Internal Funding(IF)
SME Digitalization Implementation (DV)	Pearson Correlation	1	.746**
	Sig.(2-tailed)		.000
	N	384	384
Internal Funding (IF)	Pearson Correlation	.746**	1
	Sig.(2-tailed)	.000	
	N	384	384
**Correlation is significant at the 0.01 level (2-tailed).			

The table above shows the relationship between SME Digitalization Implementation and internal funding. The value of correlations coefficient, r-value is 0.746, which means a high positive relationship between both of them. Not just only that, the significant value, p-value is .000. This presents a relationship between both of them. Therefore, the hypothesis H10 is accepted.

4.7.11 HYPOTHESIS 11

The relationship between financial resources and SME digitalization implementation is mediated by external funding.

H11: There is a significant relationship between financial resources and SME digitalization implementation is mediated by external funding.

Table 4.7.11: Correlation coefficient between financial resources and SME digitalization implementation is mediated by external funding

Correlations			
		SME Digitalization Implementation (DV)	External Funding(EF)
SME Digitalization Implementation (DV)	Pearson Correlation	1	.674**
	Sig.(2-tailed)		.000
	N	384	384
External Funding (EF)	Pearson Correlation	.674**	1
	Sig.(2-tailed)	.000	
	N	384	384
**Correlation is significant at the 0.01 level (2-tailed).			

The table above shows the relationship between SME Digitalization Implementation and external funding for the implementation of digitalization among SMEs. The value of correlations coefficient, r-value is 0.674, which means a high positive relationship between both of them. Not just only that, the significant value, p-value is .000. This presents a relationship between both of them. Therefore, the hypothesis H11 is accepted.

4.7.12 HYPOTHESIS 12

The relationship between financial resources and SME digitalization implementation is mediated by government funding.

H12: There is a significant relationship between financial resources and SME digitalization implementation is mediated by government funding.

Table 4.7.12: Correlation coefficient between financial resources and SME digitalization implementation is mediated by government funding

Correlations			
		SME Digitalization Implementation (DV)	Government Funding (GF)
SME Digitalization Implementation (DV)	Pearson Correlation	1	.788**
	Sig.(2-tailed)		.000
	N	384	384
Government Funding (GF)	Pearson Correlation	.788**	1
	Sig.(2-tailed)	.000	
	N	384	384
**Correlation is significant at the 0.01 level (2-tailed).			

The table above shows the relationship between SME Digitalization Implementation and government funding. The value of correlations coefficient, r-value is 0.788, which means a high positive relationship between both of them. Not just only that, the significant value, p-value is .000. This presents a relationship between both of them. Therefore, the hypothesis H12 is accepted.

4.8 Multiple Linear Regression

Table 4.8: Multiple Linear Regression

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change	Durbin-Watson
1	.841[a]	.707	.703	.67253	.707	151.889	6	377	.000	1.950

a. Predictors: (Constant), MEAN_GF, MEAN_TR, MEAN_IF, MEAN_EF, MEAN_IR, MEAN_FR

b. Dependent Variable: MEAN_DV

R-values show the correlations between dependent variable and independent variable. The R-value also presents good value as it is 0.841 and it is greater than 0.4. R-square shows the total variation for the dependent variable that could be explained by the independent variables. A value greater than 0.5 shows that the model is effective enough to determine the relationship. In this case, the value is 0.707, which is good. Adjusted R-square shows

the generalization of the results such as the variation of the sample results from the population in multiple regression. It is required to have a difference between R-squared and Adjusted R-square minimum. In this case, the value is 0.703, which is not far off from 0.707, so it is good.

Table 4.8: ANOVA Test

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	412.196	6	68.699	151.889	.000[b]
	Residual	170.517	377	.452		
	Total	582.713	383			

a. Dependent Variable: MEAN_DV

b. Predictors: (Constant), MEAN_GF, MEAN_TR, MEAN_IF, MEAN_EF, MEAN_IR, MEAN_FR

Generally, 95% confidence interval or 5% level of the significance level is chosen for the study. Thus the p-value should be less than 0.05. In the above table, it is 0.000. Therefore, the result is significant.

Not just only that, for F-ratio, it represents an improvement in the prediction of the variable by fitting the model after considering the inaccuracy present in the model. A value is greater than 1 for a F-ratio yield efficient model. In the above table, the value is 151.889, which is good. The p-value of this table shows tolerable significant levels and it also rejects the null hypothesis for further analysis.

Table 4.8: Coefficient for both independent variable and mediating variable

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	-.721	.262		-2.757	.006
	MEAN_FR	.559	.088	.409	6.387	.000
	MEAN_TR	-.137	.092	-.092	-1.494	.136
	MEAN_IR	-.054	.094	-.036	-.574	.566
	MEAN_EF	.183	.073	.143	2.500	.013
	MEAN_IF	.096	.068	.071	1.415	.158
	MEAN_GF	.457	.054	.408	8.512	.000

a. Dependent Variable: MEAN_DV

In this coefficient table, the significant value will present whether the null hypothesis is rejected or not. By the way, the null hypothesis will be rejected if p-value is less than 0.05. On the contrary, the null hypothesis will not be rejected if p-value is greater than 0.05. If a null hypothesis is rejected, it means there is an impact. However, if a null hypothesis is not rejected, it means there is no impact.

No significant change in SMEs Digitalization implementation due to the technical resource (TR), Intangible resource (IR), and internal resource (IR). This is because of the Sig. value is more than the acceptable limit of 0.05.

The significant change in SMEs Digitalization Implementation due to the financial resource (FR), external funding (EF), and government funding (GF), because of the Sig. value is less than the acceptable value of 0.05. With a 1% increase in financial resource (FR), external funding (EF), and government funding (GF), the SMEs Digitalization Implementation will increase by 0.559%, 0.183%, and 0.457%, respectively (B value).

Therefore, the analysis suggests that financial resources (FR), external funding (EF), and government funding (GF) have a significant positive relationship with the SMEs Digitalization Implementation.

4.9 SUMMARY

In this chapter, the study findings have been examined. It will detail the methods used to get the data and recommend the best course of action. After the data has been processed and presented in the form of a graph for a more comprehensible display, the findings will be assessed. The study findings have been discussed in this chapter. It will explain how information is gathered and how to do things correctly to obtain the greatest outcome. The impacts of the data will be assessed following analysis and graph presentation for a clearer and easier to view display.

CHAPTER 5: DISCUSSION AND CONCLUSION

5.1 Introduction

The study comes to a conclusion regarding the primary research findings in this chapter. This chapter will also include a discussion of the study's overall implications and variables influencing SMEs' decision about which finance option to choose to implement digitization. There is also a discussion of the study's shortcomings further in this chapter.

5.2 Key Findings

This chapter goes into great detail about the overall survey. This facilitates the collection of additional data and the interpretation of findings by researchers, as opposed to relying solely on knowledge. In addition, researchers can assess whether or not they can meet their objectives. Examining the link between independent and dependent variables is the aim of this study. The application of digitalization by SMEs is a dependent variable, whereas the independent factors include financial resources (both internal and external money), technical resources (IT system / engineering equipment), and intangible resources (human resources / expertise). To gather all the data required for this study, the participants were given an online questionnaire to complete.

Twelve objectives are attempted to be met by this study. First, To determine the relationship between the financial resource and internal funding to implement digitalization among SME. Second, to determine the relationship between the financial resource and external funding to implement digitalization among SME. Third, to analyze the relationship between the financial resource and government funding to implement digitization among SME. Fifth, to analyze the relationship between the technical resources and government funding to implement digitization among SME. Sixth, to examine the relationship between the technical resources and external funding to implement digitalization among SME. Next is to examine the relationship between the technical resources and government funding to implement digitization among SME. Other than that, to ascertain the relationship between the intangible resources and internal funding to implement digitization among SME. Then, to ascertain the relationship between the intangible resources and external funding to implement digitalization among SME. Besides that, to decide the relationship between the intangible resources and government funding to implement digitalization among SME. Next, to decide the relationship between financial resources and SME digitalization implementation mediated by internal funding. Then, to explain the relationship between financial resources and SME digitalization implementation mediated by external funding. Lastly, to explain the relationship between financial resources and SME digitalization implementation, mediated by intangible resources.

The researcher conducts reliability tests on all variables and checks the internal consistency of the measuring instrument. Cronbach's Alpha results for all variables showed 0.7 and above which is a good decision. Internal funding is a very reliable mediating variable which is 0.871 followed by intangible resources which is independent variable 3 (0.778), government funding which is mediating variable 3 (0.775), technical resources which is independent variable 2 (0.773), external funding which is mediating variable 1 (0.762), then financial resources which is independent variable 1 (0.748) and finally the dependent variable which is SMEs digitalization implementation (0.712).

The study utilized Pearson's correlation to assess the magnitude and direction of the linear relationship between variables. The results show that the relationship between financial resources and internal funding for the implementation of digitalization among SMEs have a high positive relationship between both of them which is r-value is 0.797 and the significant value, p-value is .000. Next is the relationship between financial resources and external funding for the implementation of digitalization among SMEs. The value of correlations coefficient, r-value is 0.738, which means a high positive relationship between both of them. Not just only that, the significant value, p-value is .000. Other than that, the relationship between financial resources and government funding for the implementation of digitalization among SMEs. The value of correlations coefficient, r-value is 0.728, which means a high positive relationship between both of them. Not just only that, the significant value, p-value is .000. Then, the relationship between technical resources and internal funding for the implementation of digitalization among SMEs. The value of correlations coefficient, r-value is 0.797, which means a high positive relationship between both of them. Not just only that, the significant value, p-value is .000.

Besides that, the relationship between technical resources and external funding for the implementation of digitalization among SMEs. The value of correlations coefficient, r-value is 0.624, which means a high positive relationship between both of them. Not just only that, the significant value, p-value is .000. Then, the relationship between technical resources and government funding for the implementation of digitalization among SMEs. The value of correlations coefficient, r-value is 0.610, which means a high positive relationship between both of them. Not just only that, the significant value, p-value is .000. Other than that is the relationship between intangible resources and internal funding for the implementation of digitalization among SMEs. The value of correlations coefficient, r-value is 0.769, which means a high positive relationship between both of them. Not just only that, the significant value, p-value is .000. Besides that is the relationship between intangible resources and external funding for the implementation of digitalization among SMEs. The value of correlations coefficient, r-value is 0.770, which means a high positive relationship between both of them. Not just only that, the significant value, p-value is .000. Apart from that is the relationship between financial resources and internal funding for the implementation of digitalization among SMEs. The value of correlations coefficient, r-value is 0.642, which means a high positive relationship between both of them. Not just only that, the significant value, p-value is .000.

Next is the relationship between SME Digitalization Implementation and internal funding. The value of correlations coefficient, r-value is 0.746, which means a high positive relationship between both of them. Not just only that, the significant value, p-value is .000. Second last is the relationship between SME Digitalization Implementation and external funding for the implementation of digitalization among SMEs. The value of correlations coefficient, r-value is 0.674, which means a high positive relationship between both of them. Not just only that, the significant value, p-value is .000. Lastly, the relationship between SME Digitalization Implementation and government funding. The value of correlations coefficient, r-value is 0.788, which means a high positive relationship between both of them. Not just only that, the significant value, p-value is .000. This presents a relationship between both of them.

5.3 Discussion

In this study, the researcher has identified that there is a positive and significant relationship with each variable. Among them is that there is a significant relationship between financial resources and internal financing for the implementation of digitization among SMEs. The correlation coefficient value, r value is 0.797, meaning a high positive relationship between the two. Not only that, the significant value, p-value is .000. This shows the relationship between the two of them. Therefore, hypothesis H1 is accepted. In addition, there is a significant relationship between financial resources and external funding for the implementation of digitalization among SMEs. The value of correlation coefficient, r-value is 0.738, which means a high positive relationship between both of them. Not only that, the significant value, p-value is .000. This presents a relationship between both of them. Therefore, the hypothesis H2 is accepted.

For hypothesis 3, there is a significant relationship between financial resources and government funding for the implementation of digitization among SMEs. The correlation coefficient value, r value is 0.728, meaning a high positive relationship between the two. Not only that, the significant value, p-value is .000. This shows the relationship between the two of them. Therefore, hypothesis H3 is accepted. Then, there is a significant relationship between technical resources and internal funding for the implementation of digitization among SMEs for hypothesis 4. The value of the correlation coefficient, r value is 0.797, meaning a high positive relationship between the two. Not only that, the significant value, p-value is .000. This shows the relationship between the two of them. Therefore, hypothesis H4 is accepted.

The next hypothesis is there is a significant relationship between technical resources and external funding for the implementation of digitalization among SMEs. The value of correlations coefficient, r-value is 0.624, which means a high positive relationship between both of them. Not just only that, the significant value, p-value is .000. This presents a relationship between both of them. Therefore, the hypothesis H5 is accepted. For hypothesis 6, there is a significant relationship between technical resources and government funding for the implementation of digitization among SMEs. The value of correlations coefficient, r-value is 0.610, which means a high positive relationship between both of them. Not just only that, the significant value, p-value is .000. This presents a relationship between both of them. Therefore, the hypothesis H6 is accepted.

Besides that, Hypothesis 7. There is a significant relationship between intangible resources and internal funding for the implementation of digitization among SMEs. The value of correlations coefficient, r-value is 0.769, which means a high positive relationship between both of them. Not just only that, the significant value, p-value is .000. This presents a relationship between both of them. Therefore, the hypothesis H7 is accepted. There is a significant relationship between intangible resources and external funding for the implementation of digitization among SMEs for the next hypothesis. The value of correlations coefficient, r-value is 0.770, which means a high positive relationship between both of them. Not just only that, the significant value, p-value is .000. This presents a relationship between both of them. Therefore, the hypothesis H8 is accepted.

Other than that, there is a significant relationship between intangible resources and government funding for the implementation of digitalization among SMEs. The value of correlations coefficient, r-value is 0.642, which means a high positive relationship between both of them. Not just only that, the significant value, p-value is .000. This presents a

relationship between both of them. Therefore, the hypothesis H9 is accepted. For hypothesis 10, There is a significant relationship between financial resources and SME digitalization implementation is mediated by internal funding. The value of correlations coefficient, r-value is 0.746, which means a high positive relationship between both of them. Not just only that, the significant value, p-value is .000. This presents a relationship between both of them. Therefore, the hypothesis H10 is accepted.

There is a significant relationship between financial resources and SME digitalization implementation is mediated by external funding for hypothesis 11. The value of correlations coefficient, r-value is 0.674, which means a high positive relationship between both of them. Not just only that, the significant value, p-value is .000. This presents a relationship between both of them. Therefore, the hypothesis H11 is accepted. Lastly for hypothesis 12, there is a significant relationship between financial resources and SME digitalization implementation is mediated by government funding.The value of correlations coefficient, r-value is 0.788, which means a high positive relationship between both of them. Not just only that, the significant value, p-value is .000. This presents a relationship between both of them. Therefore, the hypothesis H12 is accepted.

5.4 Implications of the Study

The results of the study also have significant implications in terms of knowing how far reaching and what potential uses there will be for the research findings. Regarding the implications of this research, one could discuss various factors that form SMEs' decision when choosing their funding options while planning the implementation of digitization. Thus, the results of this study shed light on some key aspects related to financial resources; both internal and external sources are crucial for SMEs' digitalisation initiatives. Gauging the worth of such resources entails that all stakeholders, be they policymakers and financial institutions as well business owners themselves should gather to make funds more accessible. This could range from the development of bespoke financial products and support structures that can suitably meet SMEs' unique needs as they strive to undergo digital transformation. In addition, the study highlights the importance of technical and intangible resources to digitalization. Thus, SMEs need to not only invest in the best technologies but also foster a culture of continuous learning and skill development. This dual approach is imperative for surviving in the fast-paced digital environment.

Policymakers and regulatory bodies should revisit current frameworks for reducing red tape ensuring greater ease in accessing state funding to digitize SMEs. Another implication is that these factors are interconnected. The study shows that the connection between financial, technical and intangible resources is intricate and tangled. This means that a comprehensive and pluralistic view of resource management is crucial for SMEs. Business owners and decision - makers should not see these resources in isolation but as mutually dependent parts of a full-scale digitalization plan.

Furthermore, the overall descriptive analysis shows that all respondents agreed about the significance of different variables. This generalised recognition accentuates the fact that these issues are common to all SMEs thus further underlining their importance with respect of business as a whole.

5.5 Limitation of the Study

Though the insights offered in this study are valuable, it has its own limitations that cannot be overlooked due to their inherent nature. One major limitation concerns the generalizability of results. One must be careful while applying these findings to SMEs operating in different parts of the world with varied economic, cultural or regulatory landscapes particularly since this study is focused on only Small and Medium Enterprises within a specific geographic locale that happens to be Malaysia. The specificity of the study makes it necessary to apply due caution in treating its findings on a global scale.

Additionally, the use of survey-based data collection inherits a bias potential due to responses provided." The challenge with self-reported research is intrinsic. Respondents could feel the pressure to answer in a way that corresponds with perceived expectations and as such influencing the legitimacy of their replies or accounts. Acknowledging this limitation, it is also crucial for subsequent research activities to use several methods including interviews or case studies so that the results can be triangulated and more depth in understanding arises.

The cross-sectional design of the study while providing an insight into such factors that shape SMEs' finance decisions related to digitization is limited due to its inability to fully capture how it develops over time. The digital transformation process is fluid and ever-changing, which calls for a better understanding of how these factors develop over time affecting SMEs. A longitudinal study might reveal temporal dynamics that could shed light on how digitalization evolves and continues to impact SMEs. The study, by recognizing its limitations at the same time creates paths for further research. Adopting diverse methodologies and the longitudinal perspective, future research projects would surpass this study's boundaries allowing to gain a more refined and generally applicable knowledge on how finance decisions meet digitalization for SME.

5.6 Recommendations / Suggestions for Future Research

Based on the limitations of this study, several recommendations for future studies can be made. First of all, the geographical dimension of the research could be widened to focus on SMEs in different regions since it would provide a more general understanding about factors that affect such decisions.

Further studies could also investigate the details of business-specific challenges, and opportunities in various sectors. Different sectors may encounter different threats in the implementation of digital technologies, and studies on individual industries could offer specific recommendations.

In order for subsequent researchers to mitigate the issue of survey bias it is recommended that mixed-methods approaches can be adopted by merging surveys with qualitative techniques including interviews or focus groups. This would provide a more comprehensive insight into the forces involved.

Also, longitudinal research that follows SMEs' digitalization paths over a long time would capture the evolving nature of such processes. Understanding how these factors develop and relate to each other throughout time might help SMEs create more effective strategies.

Future research might take another path by investigating the influence of emerging technologies, regulatory frameworks and global economic trends on SME's decisions to digitalize their operations.

5.7 Overall Conclusion of the Study

In summary, this study adds important knowledge about the reasons for SMEs' choices of financing sources to finance digitization. Implications emphasize the need for approaching an issue in a comprehensive manner considering financial, technical and other intangible resources holistically. The study does have its limitations such as geographical focus and dependence on survey data but these provide a direction for future research. The results of the study help to enrich emerging knowledge about SME digitalization, stating that there are various interconnected factors at play. Moving forward, stakeholders such as SME owners, policymakers and financial institutions can build on these insights to create a fertile environment for digital transformation. As digital environment further changes, studying the multiple dynamics of forces affecting SMEs becomes more and more significant. This study offers a foundation upon which subsequent research projects can be built to allow for further enhancements of focus areas, methodologies and prescriptions that apply directly to SMEs during the digital age. Overall, the study can be considered a solid addition to current debates surrounding digitization among SMEs and becomes an ideal starting point for further insight in this direction.

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APPENDIX A - QUESTIONNAIRE

Borang Kaji Selidik / ***Questionnaire***

KAJIAN MENGENAI FAKTOR-FAKTOR YANG MEMPENGARUHI PEMILIHAN PILIHAN PEMBIAYAAN UNTUK MELAKSANAKAN DIGITALISASI DALAM KALANGAN PKS

A STUDY ON FACTORS THAT AFFECT THE SELECTION OF FUNDING OPTION TO IMPLEMENT DIGITALIZATION AMONG SMEs

Responden yang dihormati,

Kami merupakan pelajar Ijazah Sarjana Muda Keusahawanan (Perdagangan) dengan Kepujian dari Universiti Malaysia Kelantan (UMK). Kami sedang menjalankan tinjauan penyelidikan sebagai sebahagian daripada Projek Tahun Akhir kami. Tujuan soal selidik ini adalah untuk mengumpul maklumat tentang perspektif, pengalaman dan aspirasi anda berkenaan " Kajian Mengenai Faktor-Faktor Yang Mempengaruhi Pemilihan Pilihan Pembiayaan Untuk Melaksanakan Digitalisasi Dalam Kalangan PKS ". Dengan meneroka bidang ini, untuk menentukan hubungan IV 1 hingga IV 3 dan pengantara dengan melaksanakan pendigitalan dalam kalangan PKS, kami menyasarkan untuk mengenal pasti ciri-ciri kaedah pembiayaan dalam membentuk pelaksanaan pendigitalan dalam kalangan PKS. Kami memohon agar Tuan/Puan dapat memberikan jawapan atau respon yang jujur dan bernas kepada semua soalan berikut kerana input anda akan menyumbang kepada peningkatan pengetahuan kami dan menyokong bakal usahawan seperti anda di dalam proses pembuatan keputusan yang melibatkan hasil kajian ini. Soal kaji selidik ini akan mengambil masa kira-kira 10-15 minit. Untuk memberi respon, kami amat berbesar hati sekiranya Tuan/Puan dapat menjawab soal selidik ini yang dibuat secara atas talian. Penyelidikan ini adalah untuk tujuan akademik sahaja dan maklumat anda akan dirahsiakan dan dijaga dengan baik. Borang kaji selidik ini mengandungi Empat

(4) bahagian, Tuan/Puan dimohon untuk memberi respon kepada semua bahagian. Terima kasih di atas masa dan sumbangan berharga anda.

Dear Respective Respondent,

We are Bachelor of Entrepreneurship (Commerce) students with Honour from University Malaysia Kelantan (UMK). We are conducting a research survey as part of our Final Year Project. The purpose of this questionnaire is to gather information about your perspectives, experiences, and aspirations regarding "A Study on Factors That Affect The Selection Of Funding Option To Implement Digitalization Among SMEs". By exploring this topic, to determine the relationship IV 1 until IV 3 and mediating with the implemention digitalization among SMEs we aim to identify the characteristics of funding methods in the forming digitalization implementation among SMEs. We hope you may provide honest and thoughtful answers or response to the following questions, as your input will be greatly contributed to advance our knowledge and supporting aspiring entrepreneurs like yourself in their decision making. This survey will take approximately 10-15 minutes. To complete the response, we would be most grateful if you could answer the online questionnaire. This research is for academic purposes only and your information will be kept confidential and care. This survey contains Four (4) sections. Thank you for your time and valuable contribution.

Prepared by:

Khoo Ming Heng,

Shamundeswary A/P Shanmugam,

Jescy Phuamei Li,

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Norhani Syafina Binti Abdul Razi

Participant Consent/ ***Persetujuan Peserta***

This is to certify that the researcher of this above-mentioned study or project, from Universiti Malaysia Kelantan, Malaysia have informed me, and I confirm on the following:

1. **I voluntarily agree to participate in the research study.**
2. **I know the purpose of the study.**
3. **I am aware of the nature of my involvement, and it has been fully explained to me.**
4. **I understand I have the right to withdraw at any time.**
5. **I understand that all information that I provided, will be treated confidentially.**
6. **I FULLY UNDERSTAND THE ABOVE TERMS.**

Ini adalah untuk mengesahakan bahawa penyelidik kajian atau projek yang dinyatakan d atas, dari Universiti Malaysia Kelantan, Malaysia telah memaklumkan kepada saya dan saya mengesahkan perkara berikut:

1. ***Saya secara sukarela bersetuju untuk mengambil bahagian dalam kajian penyelidikan.***
2. ***Saya tahu tujuan kajian.***
3. ***Saya sedar tentang sifat penglibatan saya dan ia telah diterangkan sepenuhnya kepada saya.***
4. ***Saya faham saya mempunyai hak untuk menarik diri pada bila-bila masa.***
5. ***Saya faham bahawa semua maklumat yang saya berikan, akan dirahsiakan.***
6. ***SAYA MEMAHAMI TERMA-TERMA YANG DINYATAKAN DI ATAS.***

Choose only one option.

Agree/*Setuju* **( )**

Disagree/*Tidak setuju* **( )**

SECTION A: DEMOGRAPHIC INFO

You are required to choose the appropriate answer. / ***Anda dikehendaki memilih jawapan yang sesuai.***

1. **Age /** ***Umur***

A. 20 to 25 years old / ***20 hingga 25 tahun.***

B. 26 to 30 years old / ***26 hingga 30 tahun.***

C. 31 to 35 years old / 31 hingga 35 tahun.

D. 36 to 40 years old / 36 hingga 40 tahun

E. 41 years old and above / 41 dan keatas

2. **Gender /** ***Jantina***

A. Male / lelaki

B. Female / Perempuan

3. **Race /** ***Bangsa***

A. Malay / Melayu

B. Chinese / Cina

C. Indian / India

D. Others / ***Lain-lain*** **: .....**

4. **Education Level:**

A. Malaysia Certificate of Education / *Sijil Pelajaran Malaysia*

B. Malaysian Higher School Certificate / *Sijil Tinggi Pelajaran Maysia / Diploma*

C. Degree / Ijazah Sarjana Muda

D. Masters / *Sarjana Muda*

E. Doctorate Degree (PhD) / Doktor Falsafah

F. Others / *Lain-lain*: .....

5. Work Status:

A. Student / *Pelajar*

B. Employed / *Pekerja*

C. Unemployed / *Tidak Bekerja*

D. Business Owner / *Pemilik Perniagaan*

E. Retiree / *Pesara*

6. Does your business fully adopt digital tools/techniques? (products or services) / *Adakah perniagaan anda menggunakan sepenuhnya alatan/teknik digital? (produk atau servis)*

A. Yes / *Ya*

B. No / *Tidak*

7. **Does your business only start to adopt digital tools/techniques? (products or services) /** ***Adakah perniagaan anda telah mula menggunakan alat/teknik digital? (produk atau perkhidmatan)***

A. Yes / ***Ya***

B. No / ***Tidak***

8. **Annual Sales Turnover of my business: /** ***Jualan Tahunan perniagaan saya:***

   A. Less than RM200,000 / Kurang daripada RM200,000

   B. Less than RM250,000 / Kurang daripada RM250,000

   C. Between RM250,000 - less than RM1 million / Antara RM250,000 – Kurang daripada RM1 juta

   D. Between RM1 juta - less than RM5 million / Antara RM1 juta – Kurang daripada RM5 juta

   E. Between RM5 million – RM10 million / Antara RM5 juta – RM10 juta

   F. Between RM10 million - RM25 million / Antara RM10 juta – RM25 juta

9. **Number of employees /** ***jumlah pekerja :***

   A. Between 10 - 19 employees / ***Antara 10 – 19 pekerja***

   B. Between 20 - 50 employees / ***Antara 20 – 50 pekerja***

   C. Between 51 - 150 employees / ***Antara 51 – 150 pekerja***

10. **Sector of Business Operated/** ***Sektor Perniagaan Saya*****:**

    A. Primary Agriculture / ***Pertanian Utama***

B. Manufacturing (including AgroBased) & Manufacturing-Related Services (MRS) / *Pembuatan (termasuk Asas Tani) dan Perkhidmatan Berkaitan Pembuatan (MRS)*

C. Services Sector (including ICT) / *sektor perkhidmatan (termasuk ICT)*

11. My company already has using technology for our business operation. / *Syarikat saya sudah menggunakan teknologi untuk operasi perniagaan kami.*

A. Yes / *Ya*

B. No / *Tidak*

12. If you answer Yes to Question No. 11 above, please rate the level of your technology adoption within the business / *Jika anda menjawab Ya kepada Soalan No. 11 di atas, sila nilaikan tahap penggunaan teknologi anda dalam perniagaan* :

A. Limited Adoption */ *Penggunaan Terhad*

B. Moderate Adoption / *penggunaan Sederhana*

C. Substantial Adoption / *Penggunaan Kukuh*

D. Advanced Adoption / *penggunaan maju*

E. Leading-edge Adoption / penggunaan terunggul

13. My company have been using funding to develop my business digitally in terms of digital payments, infrastructure development, online database and others from : (tick more than one) / *Syarikat saya telah menggunakan pembiayaan untuk membangunkan perniagaan saya secara digital dari segi pembayaran digital, pembangunan infrastruktur, pangkalan data dalam talian dan lain-lain daripada : (tandakan lebih daripada satu)*

A. Business internal source / sumber dalaman perniagaan

B. Funds from family, friends and relatives/*Dana daripada keluarga, kawan dan saudara mara*

C. Crowdfunding/ *Pembiayaan ramai*

F. Loan from Bank and other agencies / *Pinjaman daripada Bank dan agensi lain*

E. Other/ *lain-lain*: _____

SECTION B: DEPENDENT VARIABLES

This section will measure technical adoption for SMEs digitalization implementation. Please mark your answer based on the scale from 1 to 7. / *Bahagian ini akan mengukur penggunaan teknikal untuk pelaksanaan pendigitalan PKS. Sila tandakan jawapan anda berdasarkan skala dari 1 hingga 7.*

Strongly Disagree (SD) / *Sangat Tidak Setuju*	**Disagree (D) / *Tidak Setuju***	**Somewhat Disagree / *Agak Tidak Setuju* (SWD)**	**Neutral (N) / *Sederhana***	**Agree (A) / *Setuju***	**SomewhAgree (SWA) / *Agak Setuju***	**Strongly Agree (SA) / *Sangat Setuju***
1	**2**	**3**	**4**	**5**	**6**	**7**

SMEs Digitalization Implementation / *Pelaksanaan Pendigitalan PKS*		**SD**	**D**	**SWD**	**N**	**SWA**	**A**	**SA**
1.	**My business already fully adopts digital tools/techniques. / *Perniagaan saya sudah***							

	menggunakan sepenuhnya alatan/teknik digital.							
2.	**My business already fully adopts digital products and/or services. /** ***Perniagaan saya sudah menggunakan sepenuhnya produk dan/atau perkhidmatan digital.***							
3.	**My business fully adopts digitalization of the supply chain channel. /** ***Perniagaan saya menggunakan sepenuhnya pendigitalan saluran rantaian bekalan.***							
4.	**My business already fully adopts digital business models. /** ***Perniagaan saya sudah menggunakan sepenuhnya model perniagaan digital.***							
5.	**My business already fully adopts digital management models. /** ***Perniagaan saya sudah menggunakan sepenuhnya model pengurusan digital***							

SECTION C: INDEPENDENT VARIABLE

This section will measure financial resource, technical resource, and intangible resource on SMEs digitalization implementation. Please choose your answer based on the scale from 1 to 7. / ***Bahagian ini akan mengukur sumber kewangan, sumber teknikal dan sumber tidak ketara pada pelaksanaan pendigitalan PKS. Sila pilih jawapan anda berdasarkan skala dari 1 hingga 7.***

Strongly Disagree (SD) / ***Sangat Tidak Setuju***	**Disagree (D) /** ***Tidak Setuju***	**Somewhat Disagree (SWD) /** ***Agak Tidak Setuju***	**Neutral (N) /** ***Sederhana***	**SomewhatAgree (SWA) /** ***Agak Setuju***	**Agree (A) /** ***Setuju***	**Strongly Agree (SA) /** ***Sangat Setuju***
1	**2**	**3**	**4**	**5**	**6**	**7**

FINANCIAL RESOURCE (EXTERNAL/INTERNAL FUNDS) / ***SUMBER KEWANGAN (DANA LUARAN/DALAM)***		**SD**	**D**	**SWD**	**N**	**SWA**	**A**	**SA**
1.	**My business no difficulty gaining access to credit and loans for implementing digitalization in future days /** ***Perniagaan saya tiada kesukaran mendapatkan akses kepada kredit dan pinjaman untuk melaksanakan pendigitalan pada hari-hari akan datang***							

2.	**My business always has positive cash flows. / *Perniagaan saya sentiasa mempunyai aliran tunai yang positif***							
3.	**My business actively seeks financial support to bolster expansion strategy centered around the implementation of digitalization initiatives. / *Perniagaan saya secara aktif mencari sokongan kewangan untuk mengukuhkan strategi pengembangan yang tertumpu pada pelaksanaan inisiatif pendigitalan***							
4.	**My business actively seeks external and/or internal financial support to buy new machinery / *Perniagaan saya secara aktif mencari sokongan kewangan luaran dan/atau dalaman untuk membeli jentera baharu***							
5.	**My business actively seeks external and/or internal financial support to train employee for digitalization / *Perniagaan saya secara aktif mencari sokongan kewangan luaran dan/atau dalaman untuk melatih pekerja bagi pendigitalan***							
TECHNICAL RESOURCE (IT SYSTEM/ ENGINEERING RESOURCE) / *Sumber Teknikal (Sistem It/ Sumber Kejuruteraan)*		**SD**	**D**	**SWD**	**N**	**SWA**	**A**	**SA**

1.	**My business uses artificial intelligence in daily life. /** ***Perniagaan saya menggunakan kecerdasan buatan dalam kehidupan seharian.***							
2.	**My business uses blockchain technology in daily life. /** ***Perniagaan saya menggunakan teknologi blockchain dalam kehidupan seharian.***							
3.	**My business uses cloud technologies in daily life (cloud computing, edge algorithms, cloud-edge collaboration) /** ***Perniagaan saya menggunakan teknologi awan dalam kehidupan harian (pengkomputeran awan, algoritma tepi, kerjasama tepi awan)***							
4.	**My business is using mobile technology 5G in daily life. /** ***Perniagaan saya menggunakan teknologi mudah alih 5G dalam kehidupan seharian.***							
5.	**My business uses social media in daily life.(collaboration technology). /** ***Perniagaan saya menggunakan media sosial dalam kehidupan seharian.(teknologi kerjasama)***							
INTANGIBLE RESOURCE (HUMAN / KNOWLEDGE) / ***SUMBER TAK***		**SD**	**D**	**SWD**	**N**	**SWA**	**A**	**SA**

KETARA (MANUSIA / PENGETAHUAN)								
1.	**Employees are compound talents who understand both business and digitalization / *Pekerja adalah bakat gabungan yang memahami kedua-dua perniagaan dan pendigitalan***							
2.	**My business actively promote lifelong learning in digital technology / *Perniagaan saya secara aktif mempromosikan pembelajaran sepanjang hayat dalam teknologi digital.***							
3.	**A balance between general digital skills and specialized digital roles is adequate / *Keseimbangan antara kemahiran digital am dan peranan digital khusus adalah memadai.***							
4.	**My business assemble teams with the right mix of skills for each digital project / *Perniagaan saya mengumpulkan pasukan dengan gabungan kemahiran yang betul untuk setiap projek digital.***							

5.	**My business provides employees with resources or opportunities to acquire the right digital skills for digital transformation / *Perniagaan saya menyediakan pekerja sumber atau peluang untuk memperoleh kemahiran digital yang betul untuk transformasi digital***							

SECTION D: MEDIATING VARIABLE

This section will measure external funding, internal funding, and government funding on SMEs digitalization implementation. Please choose your answer based on the scale from 1 to 7. / ***Bahagian ini akan mengukur pembiayaan luaran, pembiayaan dalaman dan pembiayaan kerajaan mengenai pelaksanaan pendigitalan PKS. Sila pilih jawapan anda berdasarkan skala dari 1 hingga 7.***

Strongly Disagree (SD) / ***Sangat Tidak Setuju***	**Disagree (D)/** ***Tidak Setuju***	**Somewhat Disagree (SWD)/** ***Agak Tidak Setuju***	**Neutral (N)/** ***Sederhana***	**Somewhatagree (SWA)/** ***Agak Setuju***	**Agree (A)/** ***Setuju***	**Strongly Agree (SA)/** ***Sangat Setuju***
1	**2**	**3**	**4**	**5**	**6**	**7**

EXTERNAL FUNDING / ***Dana Luaran***		**SD**	**D**	**SWD**	**N**	**SWA**	**A**	**SA**
1.	**External funding such as loans are a reflection of the firm's financial standing /** ***Pembiayaan luar seperti pinjaman adalah cerminan kedudukan kewangan firma***							
2.	**The financial and entrepreneurial characteristics greatly influence the external funding resource of SMEs /** ***Ciri-ciri kewangan dan keusahawanan sangat mempengaruhi sumber pembiayaan luaran PKS***							

3.	**Lack of information or unwillingness to provide information about other funding sources deters organizations from acquiring funding from external sources / *Kekurangan maklumat atau keengganan untuk memberikan maklumat tentang sumber pembiayaan lain menghalang organisasi daripada memperoleh pembiayaan daripada sumber luar***							
4.	**Lack of and inadequate data on SMEs digitization need affect the potential of external funding / *Kekurangan dan data yang tidak mencukupi mengenai keperluan pendigitalan PKS menjejaskan potensi pembiayaan luar***							
5.	**The difficulty in accessing funds is a major challenge affecting digitization of SMEs / *Kesukaran untuk mengakses dana merupakan cabaran utama yang menjejaskan pendigitalan PKS***							
INTERNAL FUNDING / *DANA DALAMAN*		**SD**	**D**	**SWD**	**N**	**SWA**	**A**	**SA**
1.	**Internal funding is the main source of funds for SMEs / *Pembiayaan dalaman adalah sumber dana utama bagi PKS***							

2.	**Profits and the financial stability of the SME owner affect the internal funding option / *Keuntungan dan kestabilan kewangan pemilik PKS menjejaskan pilihan pembiayaan dalaman***							
3.	**SMEs that have operated for many years have the capability of self-financing because of their ability to generate profits / *PKS yang telah beroperasi selama bertahun-tahun mempunyai keupayaan untuk membiayai sendiri kerana keupayaan mereka untuk menjana keuntungan.***							
4.	**Perceived cost of digitization of SMEs affect financing of such initiatives / *Tanggapan kos pendigitalan PKS menjejaskan pembiayaan inisiatif tersebut***							
5.	**Favorable internal funding policies have influence over success of SMEs / *Dasar pendanaan dalaman yang menggalakkan mempunyai pengaruh ke atas kejayaan PKS***							
GOVERNMENT FUNDING / *DANA KERAJAAN*		**SD**	**D**	**SWD**	**N**	**SWA**	**A**	**SA**

1.	**Government funding relies on the firm's financial performance as a yard stick to measure the success of SMEs / *Pembiayaan kerajaan bergantung kepada prestasi kewangan firma sebagai kayu pengukur untuk mengukur kejayaan PKS***							
2.	**Government funding is hampered by various bureaucratic processes such as licensing, taxation, among others, this affects funding of SMEs / *Pembiayaan kerajaan dihalang oleh pelbagai proses birokrasi seperti pelesenan, percukaian, antara lain, ini menjejaskan pembiayaan PKS***							
3.	**SMEs are affected by high turn-over hence funding by government is limited / *PKS terjejas oleh pusing ganti yang tinggi justeru pembiayaan oleh kerajaan adalah terhad***							
4.	**Competitive pressure and government support have significant determinant for SMEs adoption of digitization / *Tekanan persaingan dan sokongan kerajaan mempunyai penentu penting bagi PKS menerima pakai pendigitalan***							

5.	**The disconnect between e-government and e-administration in most cases hinders government financing of SMEs and ultimate digitization. /** ***Putus hubungan antara e-kerajaan dan e-pentadbiran dalam kebanyakan kes menghalang pembiayaan kerajaan PKS dan pendigitalan muktamad.***							

Thank you for your participation on supporting our research project.

Terima kasih atas penyertaan anda untuk menyokong projek penyelidikan kami.

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APPENDIX B - GANTT CHART

DESCRIPTION	WEEK 1	WEEK 2	WEEK 3	WEEK 4	WEEK 5	WEEK 6	WEEK 7	WEEK 8
CHAPTER 1: INTRODUCTION								
Background of the Study								
Problem Statement								
Research Questions								
Research Objectives								
Scope of the Study								
Significance of the Study								
Definitions of Terms								
Organization of the Proposal								
CHAPTER 2: LITERATURE REVIEW								
Introduction								
Underpinning Theory								
Previous Studies								
Hypothesis								

Statement								
Conceptual Framework								
Summary /Conclusion								
CHAPTER 3: RESEARCH METHODOLOGY								
Introduction								
Research Design								
Data Collection Methods								
Study Population								
Sample Size								
Sampling Techniques								
Research Instrument Development								
Measurement of the Variables								
Procedure for Data Analysis								
Chapter Summary								

DESCRIPTION	WEEK 9	WEEK 10	WEEK 11	WEEK 12	WEEK 13	WEEK 14
CHAPTER 4: DATA ANALYSIS AND FINDINGS						
Introduction						
Preliminary Analysis						
Demographic Profile of Respondents						
Descriptive Analysis						
Validity and Reliability Test						
Normality Test						
Hypotheses Testing						
Multiple Linear Regression						
Summary / Conclusion						
CHAPTER 5: DISCUSSION AND CONCLUSION						
Introduction						
Key Findings						
Discussion						
Implications of the Study						
Limitations of the Study						

Recommendations/ Suggestion for Future Research						
Overall Conclusion of the Study						