

A STUDY ON THE DEVELOPMENT OF E-COMMERCE AND ITS FINANCIAL IMPLICATIONS ON FIRMS IN MALAYSIA

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ABSTRACT

The findings from the research indicate that the development of e-commerce in Malaysia is in fact slow moving with only a small number of implementing firms. Among the firms that has implemented e-commerce; most are large firms with full or part foreign ownership. The main reason for firms to implement e-commerce is to promote awareness of the firms and their products and services. Poor economic climate due to the recent Asian financial crisis and lack of market demand had been the 2 main barriers that had deterred development and growth of e-commerce. Lack of market demand is in fact the result of security concern and the lack of confidence among consumers. To persuade online trading and purchasing among business and consumers, this problem of security must first be solved. Since e-commerce is in its introductory stage in Malaysia, its financial implications on firms in Malaysia are still not clearly seen.

Although firms are faced with barriers during implementation, they had foreseen a bright prospect for e-commerce in the near future with the impact and benefits brought by e-commerce becoming more significant. As a result, many had intended to improve on their web [presence and e-commerce capabilities to include the features that allow tracking of status or orders online by customers and conducting of online surveys.

Seeing the prospects of e-commerce, efforts by the relevant parties including the government and companies are greatly to develop e-commerce and to solve the current problems faced in developing e-commerce. Recommendations had been drawn to solve the problems faced and suggestions are given on how to boost up e-commerce development in Malaysia. The provisions of financial aid to needing Malaysian companies, increase transactions and educate the consumers are among the recommendations made. It is advised that the relevant parties adopt the recommendations drawn by from the research and analysis in order to boost up the development of e-commerce in Malaysia.