Social Influences' Effects on Malaysia's SMEs' Public Electronic Procurement Usage

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ABSTRACT

The objective of this paper is to investigate the acceptance of public electronic procurement (PEP) in the post introduction phase. The PEP introduced in the year 2000 and served to link up stakeholder of public procurement from various government agencies with Malaysia's private company. The research set out to examine factors including performance expectancy, effort expectancy, facilitating conditions, social influences, and hesitation with direct relationship of perception in using public e-procurement. Unified technology acceptance and use of technology (UTAUT) variables were used. This study tends to have a direct relationship from the four factors in using PEP as modified original UTAUT set-up. To advance contribution in theory and future research, this study trying to refine the original UTAUT model from behavioural intention to actual usage of information system (IS) into a direct measure of the small and medium enterprises (SMEs) perception in using PEP. This study formalised an alternative theoretical model for explaining UTAUT framework using Smartpls 3. Hence, the studies of technology acceptance are a major stream of research in the information system. This paper found that social influences together with performance expectancy and effort expectancy are influencing usage of PEP among Malaysian's SMEs. The findings suggest that social influences play the highest influences in the Malaysia's SMEs perception in using PEP.

KEYWORDS

IoT, Public Electronic Procurement, SMEs, Social Influences, UTAUT

1. INTRODUCTION

The public e-procurement generates a buyer and seller relationship between government agencies (public entities) and private company (Ribeiro et al, 2018). This PEP improves the interactions between government sectors with the private company that brings private and public sectors closeness (Adjei-Bamfo et al, 2019). This is despite the fact the e-procurement links government and supplier in an online environment. For more than two decades, organisation and government agencies have been using Information and Communications Technology (ICT) with the purpose to improve their businesses. PEP is a simple yet innovative information technology that automates all obtain and

selling activities within various organisations (Vaidya & Campbell, 2016). The organisation used the innovative online procurement to check inventories more effectively, reduced buying overhead and improved process cycle time. Furthermore, the e-procurement is critical for a company growth such as local Small and Medium Enterprises (SMEs). Moreover, Malaysia's SMEs have higher propensity to set a strong local market and reduce foreign import for the public entities. In Malaysia, the government has been proactively introducing the online procurement with local stakeholder. There are evident showed that PEP can gain saving up to 42 percent in buying transaction cost in Malaysia (Kaliannan, Awang, & Raman, 2009). The vision of the Malaysia e-government is to allow the three gatherings, government, corporate, and citizen.

The objective of this paper is to examine the effects of PEP usage among the supplier side of the public procurement that is the SMEs perception to use PEP rather than the customer side (government employee that consist of public buyers) in Malaysia as an emerging economy. This study contributes to the literature in three areas. First the e-procurement is like other online products, it is not merely involved in technical issues, and it had evolved social, political, culture and economic environment (Abdel-Fatttah & Galal-Edeen, 2009). Nonetheless, solely using internet technology does not create value, but the combination of procurement with internet service and human interaction will yield greater benefit (Popa et al, 2016). This study will help businesses confidently deployed their resources into investing e-procurement technologies.

Secondly, the earlier studies of PEP in Malaysia were concentrating the customer side (public buyers) such as George (2007), Aman & Kasimin (2011), Hung et al. (2012), and Kassim & Hussin (2013). Moreover, these studies have ignored the supply side of the public-private supply chain. They are study carried out in the public spending and Jones (2013) reported the Malaysia government spending more than 150 billion ringgits yearly for good and services and this is equivalent to 20 percent of the nation nominal GDP. Moreover, this percentage is higher than most OECD countries that spend 12 percent of their nominal GDP (OECD, 2012). When there are more SMEs take part in e-procurement, it will bring the acquisition price down. The PEP will help to create wealth as well as employment for local industry (SMEs). Subsequently, the e-procurement will also create the economic well-being for local SMEs and helps the government to bring down input price for public acquisition with more participating company in the public-private supply chain. PEP had automated the traditional paper-based to a repository of electronic catalogues. This will ease the public buyer to view and compare prices.

Thirdly, majority of the previous studies were concentrating on the introduction phase of PEP in the early year 2000 until 2010 such as, Hashim (2007), Kaliannan & Awang (2008), Maniam, Awang & Raman (2009), Kassim & Hussin (2010), Kaliannan & Awang (2010), Aman & Kasimin (2011), Jones (2013), Sharabati, Sulaiman, Salleh, & Akma (2015), and Nawi, Roslan, Salleh, & Harun (2016) that reported low usage rate of e-procurement acceptance. Moreover, in a recent study from Malaysia Razak et al. (2017) revealed that public e-procurement is not so widely use among Malaysian SMEs. The issue facing with the Malaysia's SMEs as there were quite new and have limited knowledge in the e-procurement during the public e-procurement introduction phase in the year 2000. This study extends the finding for PEP in the post-introduction phase as it is introducing for more than two decades in Malaysia. The purpose of this study is to contribute to filling the gap in the literature and support efforts in Malaysia to improve local SMEs participating PEP, as well as exploring the role of ICT utilization in the organizational social culture and business context.

2. LITERATURE REVIEW

Today all businesses are transacting electronically, and even the public service shifted from traditional procurement method to online procurement. Thus, this will lead to some issues with the increasing use of the web and electronic trade innovation for the SMEs. Electronic procurement is moving from the customary paper-based process into automating e-innovation. In the Malaysia context, the company

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