

## The Involvement of B40 Entrepreneurs in E-Commerce: Experience from Malaysia

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### Abstract

*The focus of the study was: first; to identify the involvement of B40 entrepreneurs in e-commerce and, second; to analyse the factors influencing their involvement. This quantitative study involved 207 respondents chosen using the snowball sampling technique. All respondents were low-income government sector workers (B40) who were conducting business part-time to increase their income. Information was acquired via questionnaires which had been adapted according to the study's suitability and adopted from several sources. The finding showed that the respondents were well-informed about the existence of e-commerce. A majority of them only utilised e-commerce for shopping purposes and not for selling purposes even though they had products to be marketed. As for the respondents who sold products online, the most critical factors influencing their involvement were the income increase, broadband facility and knowledge about e-commerce. Regarding the respondents who did not market their products online, the critical factors which influenced them were the satisfaction of doing business in a traditional way, online business safety and lack of knowledge in handling online business were critical factors which hindered their involvement in e-commerce. As such, the B40 entrepreneurs were encouraged to make use of e-commerce to expand the market. They should also attend related courses, become mentee for successful e-commerce mentors, and strive to expand their business network. The huge investment made by the government to provide broadband facility for the community members should be fully utilised especially by the B40 entrepreneurs in their effort to increase their income level.*

**Keywords:** B40, e-commerce, entrepreneurs, involvement, Malaysia

### Introduction

In line with Malaysia's vision to achieve the status of a developed nation by 2020, the government strives to enable all Malaysians including 40 percent from the lowest-income group (B40), 40 percent from the middle-income group (M40) and 20 percent from the highest-income group (T20) to gain benefits from Malaysia's prosperity. However, the focus of the economic development should be given to the B40 group for the purpose of increasing their income in order to cope with uncertain economic conditions. Currently, there were 2.7 million households in Malaysia which were grouped under the B40 group with a monthly income of about RM4,360. From that number, it was estimated that 65 percent of the households in the group were salaried workers in the public and also private sectors (Eleventh Malaysia Plan 2016-2020).

Various programmes had been conducted to assist the B40 group to escape from poverty. These would include the Digital Malaysia programme which was launched in 2012 to help in improving the people's income as well as to offer entrepreneurial opportunities for the B40 group. The impact indicated that the Malaysian digital economy had been certified as the main element in driving the economic growth and had also contributed 17 percent or RM188.3 billion towards the nation's GDP. In a study conducted by

the SME Corp Malaysia on 2,176 SME entrepreneurs, the statistics showed that there was a visible change in the use of information technology and communications among the SME entrepreneurs especially in the previous two years starting from 2014 and 2016. For example, the internet usage peaked from 90.1 percent in 2016 compared to only 33.3 percent in 2014. The usage of media social for promoting and marketing products and services also increased to 78.2 percent (in 2016) from only 12.1 percent (in 2014). Additionally, about 89.1 percent of the respondents in 2016 stated that they used the computer for business purposes compared to only 27.0 percent in 2010 based on the 2011 Economic Census by the Malaysian Department of Statistics. The usage of e-commerce and e-payment also increased in 2016 (32.3 percent) compared to 2014 (7.1 percent) (SME Corp. Malaysia, 2017).

Generally, e-commerce can be described as a process whereby the customer would directly buy or sell an item or a service from the producer or the seller via the internet without any mediator service. As such, the buying process could be conducted by the customer instantly and easily compared to the traditional way which requires the buyer to go to the location where the product is being sold. Therefore, e-commerce could be concluded as an alternative shopping option which could fulfill the complex needs of today's generation (Mat, Marzuki, Alias, & Abdullah, 2016). There are many e-commerce sites such as Lazada, Shopee, 11Street and others. While e-commerce is gaining acceptance among Malaysians due to the growth of the digital revolution, the involvement of the B40 group seems to have been overlooked. Are the B40 group also involved in the e-commerce as regards their buying and selling activities? What are the driving factors and the hindering factors for the B40 group regarding e-commerce? As such, there are two objectives for this study. The first one is to identify the involvement of B40 entrepreneurs in e-commerce (as online buyers and sellers), and secondly, to identify the factors influencing the involvement of B40 entrepreneurs as online/offline sellers in e-commerce.

### Literature Review

In line with the growth of the digital revolution, Cheng and Yee (2014) stated that the society's involvement in online shopping seemed to increase from time to time. A few factors had been identified as the driving factor for this particular trend. Riki (2017) informed that demographic factors such as gender and age played positive and significant roles while education, salary and marital status had no significant influence on online shopping. The study involved 215 respondents which utilised *Facebook* as a business medium. Additionally, Cheng and Yee (2014) discovered that trust and usability were important factors which influenced online purchase activities among 250 undergraduates who had experience in making online purchases.

Accordingly, Arisah, Badari and Hashim (2016) have concluded that the product safety aspects, risks, reliability and customer experience were important factors which influenced online purchase for 132 respondents. This was different from views of Lim, Osman, Nizam and Rahim (2016) who stated that the purchasing intent was an important factor in influencing purchases. Additionally, Mamat and Othman (2015) informed that reliability and individual experience were important factors in influencing purchases. Meanwhile, Aris and Halim (2013) stated that customer involvement in online purchases was influenced by many factors. This included service, product quality, price, facility, time saving and guaranteed safety features. Regarding the aspects of information safety and privacy while doing online purchases, Ilham and Salleh (2016) stressed the importance of those aspects to encourage more people to be involved in e-commerce. In reality, very few people refused to be involved in online shopping due to these issues. Additionally, Shanthi and Desti (2015) discovered that the internet coverage was a big factor in influencing the number of people involved in e-commerce. On the other hand, Lee, Mustaffa and Salman (2014) stated that the social factor or the surrounding community also influenced consumers' involvement in e-commerce.

In line with the above literature, a previous study has suggested that younger generations in the B40 community are well exposed to the internet, where they can maximize their income through social media (Jumin, Ijab, & Zaman, 2017). Furthermore, a previous study has found that B40 group do have good knowledge and skills on information technologies, and they are ready to accept new entrepreneurial concepts in the digital economy (Janom, et. al., 2014). Meanwhile, the government of Malaysia has introduced programmes focusing on the entrepreneurial activities among B40 group to boost their income by adopting ICT (Rozmi, Nordin, & Bakar, 2018). Despite of that, previous studies

have found various challenges to do e-commerce among B40, such as lacking of training especially among the women entrepreneurs (Razak & Jah, 2017), and the internet speed and coverage that need to be improve especially in the rural area (Mokhtar, 2017). Due to various factors influencing B40 involvement in e-commerce, a study need to be done as to understand this issue further.

### Methodology

This quantitative study involved a total of 207 respondents chosen using the snowball sampling technique. The study respondents were low-income government sector workers (B40) who were conducting a part-time business to increase their income. The data were acquired via questionnaires which had been adapted according to the study’s suitability, and adopted from sources such as Aris and Halim (2013), Shanthi and Desti (2015) and Mamat and Othman (2015). The respondents were asked to state their agreement level based on the 5-point likert scale (from strongly disagree [1] to strongly agree [5]) regarding the factors influencing their involvement in e-commerce. The findings were analyzed descriptively.

### Findings

There are three sections which would be discussed in the findings. The first section will look into the respondents’ information, while the second section will look into the respondents’ involvement in e-commerce. The third section covers the factors influencing the involvement of B40 entrepreneurs as online sellers, and factors influencing them as offline sellers.

#### *Profile of Respondents*

Table 1 shows the information regarding the respondents who were involved in the study. The respondents were all low-income workers in the government sector (B40) and conducted business on a part-time basis to increase their income. 56 percent of the respondents are males and 44 percent are females. The majority of respondents (90.82 percent) had an SPM education and 3 percent had a diploma. In terms of age, more than 40 percent of the respondents were between 21 to 25 years old, more than 30 percent were from 26 to 30 years old, and only a small percentage (less than 1 percent) were 41 years and above. Additionally, 42.03 percent of the respondents had an income between RM1,501 to RM2,000 per month and 37.20 percent had a monthly income between RM2,001 to RM2,500.

Table 1: Respondents’ Profile

Respondent Profiles	Description	Frequency (n=207)	Percentage (%)	Cumulative Percentage (%)
Gender	Male	116	56.00	56.00
	Female	91	44.00	100.00
Highest education level	PMR	14	6.76	6.76
	SPM	188	90.82	97.58
	Diploma	5	2.42	100.00
Age	21 – 25 years	95	45.89	45.89
	26 – 30 years	67	32.36	78.25
	31 – 35 years	42	20.29	98.54
	36 – 40 years old	2	0.96	99.5
	41 years and above	1	0.50	100.00

Total Income (monthly)	RM1,000 – RM1,500	17	8.21	8.21
	RM1,501 – RM2,000	87	42.03	50.24
	RM2,001 – RM2,500	77	37.20	87.44
	RM2,501 – RM3,000	23	11.11	98.55
	≥ RM3,001	3	1.45	100.00
Number of members in household	2	16	7.73	7.73
	3	45	21.74	29.47
	4	67	32.37	61.84
	5	76	36.71	98.55
	≥ 6	3	1.45	100.00

Only a small percentage (1.45 percent) had a monthly income of RM3,001 and above. Besides that, 36.71 percent of the respondents had a household consisting of 5 people, 32.37 percent had 4 people per household, 21.74 percent had 3 people per household, while 1.45 percent had at least 6 people in the household.

Based on the respondents' profile above, it can be concluded that 98.54 percent of the total respondents are young adults with no more than 35 years old. Accordingly, 98.55 percent of the respondents are receiving income of less than RM3000 per month. Meanwhile, more than two-third (70.53 percent) of the respondents are having at least 4 members in the household. Therefore, it is not unusual for the young family with big household to find an extra job to support their daily expenses. Hence, it is important for the B40 group to participate as part-time entrepreneurs to combat urban poverty and improve their living condition.

#### ***Involvement of B40 Entrepreneurs in E-Commerce***

The findings in Table 2 showed that most of the respondents have some experienced (either as buyers and/or sellers) in e-commerce. This indicates that the respondents were generally informed about the existence of e-commerce. There are two main activities in e-commerce namely online purchase and online sale. The result shows that more than 95 percent of the respondents were involved in e-commerce to purchase online products. The purchasing medium utilised were Shopee, Lazada, Zalora, 11Street, Mudah.my, Lelong.my, EZbuy, Amazon, et cetera. This shows that, as the buyers, most of the respondents are familiar with online shopping. Unfortunately, their familiarity with online shopping is not translated into selling of the products online. As the results show, only 10.14 percent of the respondents have applied e-commerce to market and sell their products online. Some of the products marketed and sold online included belacan, fish crackers, massage oil, virgin coconut oil, clothing items, accessories, handicrafts such as baskets, perfume, ready-made food items such as tomyam paste, ikan bilis paste, pecal paste, fried onions and others.

Table 2: The Involvement of B40 Entrepreneurs in E-Commerce

Activities	Description	Frequency (n=207)	Percentage (%)
Online Purchase	Yes	197	95.17
	No	10	4.83
Online Sale	Yes	21	10.14
	No	186	89.86

The reason behind discrepancy between the respondents' higher involvement of e-commerce as online buyers (95.17 percent) than online sellers (10.14 percent) should be investigated further. For this reason, the factors influencing B40 entrepreneurs to sell products online and the reasons for them to sell products offline are analysed in the next section.

**Factors Influencing the Involvement of B40 Entrepreneurs in E-Commerce**

Based on the findings in the previous section, there were only 10.14 percent of respondents involved in selling products online, which is extremely low compared to their involvement as online buyers. Referring to Table 3, the respondents from that group indicated that an increase in income was the most critical factor (mean=4.76) that encouraged them to market and sell their products online. This was followed by the broadband facility factor (mean=4.43) and knowledge about e-commerce (mean=4.41). Meanwhile, the surrounding society factor (mean=3.32) and government encouragement (mean=3.11) were the most uncritical factors. This was in line with findings of Aris and Halim (2013), Ilham and Salleh (2016) and Shanthi and Desti (2015).

Table 3: Factors Influencing B40 Entrepreneurs as Sellers in E-Commerce

Factors	Mean
Increase in income	4.76
Broadband facility	4.43
Knowledge about e-commerce	4.41
Surrounding society	3.32
Government encouragement	3.11

Based on the findings above, it is obvious that the main motivation for the B40 entrepreneurs to sell products online is to increase their income. However, the reason for why the government encouragement is the lowest should be investigated. As we know, all respondents are working at the government sector, and at the same time they are doing a part-time job to get a side income. Is there any conflict of interest that makes them think that the government encouragement is not important to sell products online? A question like this should be investigated further in a future study.

Meanwhile, a huge percentage (more than 90 percent) did not get them involved in the online product sales and chose to sell their products using the traditional way (offline). A few factors as shown in Table 4 had been identified as influencing the decision made. The satisfaction of doing business in a traditional way (mean=4.45) was identified as the most critical factor and this was followed by the online business safety aspect (mean=4.37).

Table 4: The Reasons to Sell the Products Offline

Reasons	Mean
The satisfaction of doing business in a traditional way	4.45
The online business safety aspect	4.37
The knowledge of conducting online business factor	4.10
The support of the surrounding society	4.02
The internet access	3.32

This was followed by the knowledge of conducting online business factor (mean=4.10) and the support of the surrounding society (mean=4.02). The internet access factor (mean=3.32) was the most uncritical factor in influencing the decision of B40 entrepreneurs to be involved in e-commerce. This was in line with findings of Cheng and Yee (2014), and Arisah, Badari and Hashim (2016).

In summary, the finding is quite interesting because even though 95.17 percent of the respondents are familiar with online purchasing, only 10.14 percent of them involved in online selling. What make it more interesting is that the respondents are more comfortable doing business in a traditional way (mean=4.45), and their decision to do business offline is less influenced by the internet access (mean=3.32). What could be the reason for this? Does this mean that the respondents are marketing and selling the products among their friends in the local area? Since younger generations in the B40 community are well exposed to the internet (Jumin, Ijab, & Zaman, 2017), why do they not selling online as they can reach wider customers? Does their time confined by the other responsibilities? These kinds of questions are not mean to be answered in this study. Hence, these questions should be addressed

in future study as to understand the reasons why B40 entrepreneurs are not utilizing e-commerce platform to sell their products.

### Conclusion and Recommendation

Although e-commerce could be considered an important platform in current selling and buying activities, the involvement of B40 entrepreneurs in marketing and selling their products was still low. Nevertheless, the involvement of this group in online buying activities was quite high and this involved e-commerce sites such as Lazada, Shopee, Zalora, 11Street and others. Based on the study findings, the entrepreneurs could be considered as having good knowledge of the existence of e-commerce. A majority of them only utilised e-commerce for buying purposes and not for selling purposes even though they had products to be marketed. Today's entrepreneurs should be wiser in utilising the e-commerce platforms to produce income and they should also have the confidence that the products sold could penetrate the market. In addition, to being wise to utilise the opportunities given by the government, the B40 entrepreneurs should also prepare themselves with a multitude of skills related to online sales management. The entrepreneurs could start by upgrading their knowledge in this area by enrolling in relevant courses, becoming mentees to mentors who have succeeded in e-commerce, striving to expand the business network and others. The government has invested so much to ensure that the broadband facility should be fully utilised by the B40 entrepreneurs in their effort to improve their existing income level. However, the government encouragement is not the main factor influencing B40 entrepreneurs to sell their products online, which should be investigated in future study.

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