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EXAMINING MODERATING ROLE OF E-COMMERCE EXPERIENCE ON USAGE-PERFORMANCE RELATIONSHIP

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Abstract

As research on E-commerce usage and firms' performance has captured the interest of many Information System (IS) researchers, little attention had been given to examining the presence of moderating variable and its role in the usage-performance relationship. This was important as prior studies on firms' survivability had found that firms learned about what strategies to adopt in generating profits through a trial and error process. Firms were said to realize what worked better by exploring, experimenting, and examining the reaction of the business environment as well as gaining information from competitors' experience. Realizing this, it was believed that E-commerce experience could play an important role in determining the success of the E-commerce investment. This study was therefore intended to investigate the moderating role of E-commerce experience (measured based on number of years) on the relationship between E-commerce usage and firms' performance in the Malaysian service sector. A questionnaire survey was carried out on 165 Malaysian firms involved in the service sector (e.g. tourism, financial and transportation). The hierarchical regression analysis indicates that E-commerce experience significantly moderates the relationship between E-commerce usage and firms' performance. The results provide insights to the brick and mortar companies in the Malaysian service sector and other organizations of similar structures of how they should react on E-commerce investment, as experience in E-commerce usage (years) plays an important role towards improved firms' performance. The finding could also help firms to predict expected duration required to achieve Return on Investment (ROI) from E-commerce and properly plan their cash flow activities to avoid business disruption.

Keywords: E-commerce Experience, E-commerce Usage, Firms' Performance, Service Sector.
