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## THE IMPACT OF IMPLEMENTING E-COMMERCE ON ORGANIZATIONAL PERFORMANCE

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**Keywords:** e-commerce, business, organization, performance, Saudi Arabia

### ABSTRACT

The implementation of e-commerce on the organization may lead to an increase in the performance of the organization and customer satisfaction. This work was therefore carried out to analyze the impact of the implementation of e-commerce in the organizational performance of a company in Saudi Arabia. This study was done based on quantitative research method. The sample population of this work were 32 employees from Global Marketing Company for Sleeping System at Saudi Arabia. In this work, the primary data were collected using survey questionnaire. The collected data were analyzed using SPSS software in terms of reliability analysis, correlation analysis and regression analysis. The key findings of this work have shown that there is no relationship between implementing the e-commerce and organizational performance. Thus, hypothesis H1 of this study is rejected. This suggests that there is an issue with the application of e-commerce to improve corporate efficiency in Saudi Arabia.

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### INTRODUCTION

E-commerce is a new business model across the world that is expected to bring major changes in service and product delivery to different business companies [1]. E-commerce refers to the concept of buying or exchanging goods and services over the Internet using a computer [2]. As far as communication is concerned, it is intended to equip users with information relating to the product and its payment. E-commerce takes various forms, such as B2C (business to consumer), B2B (business to business), C2B (business to business) and C2C (consumer to consumer) which are referred to as e-commerce models [3]. Thus, companies wishing to adopt e-commerce must first choose a model before developing an e-commerce site. This depends mainly on the parties to the transaction [4]

Companies are adopting e-commerce to keep in touch with the global business base that enables them to target more customers around the world [5]. Through e-commerce, businesses or generations can serve their customers, broaden their geographical boundaries, reduce operating costs and respond effectively to competitive pressures [6]. According to Sin et al. [7] the implementation of e-

commerce has had a positive impact on the company's sales growth. In addition, e-commerce adopters have high average sales compared to non-adopters. Furthermore, The most evident effect of e-commerce is always linked to the performance of the business. Moreover, Akter and Wamba [8] stated that the implementation of e-commerce would definitely lead to improved business performance in the various aspects of job performance, business operations and even customer satisfaction.

There are few previous work done in analyzing the importance of e-commerce. Azeem et al. [9] used the banking organization in Pakistan to analyze the impact of e-commerce on business performance and found that there was a positive link between the implementation of e-commerce and the output of the banking organization in terms of performance. Obeidat et al. [10] conducted a study on the impact of e-commerce on the performance of an organization such as insurance companies in Jordan and found that there was a link between insurance companies and e-commerce, and it was necessary for insurance companies to improve their e-commerce database for the proper provision of information. Yu et al. [11] research work also asserts that the adoption of other technologies, such as big data analytics, cloud computing and the Internet of Things, would be crucial to strengthen e-commerce. In addition, the findings have shown that this would improve the system, operation and decision-making level of e-commerce logistics, leading to increased business performance in the future. Sharma and Lijuan [12] carried out an online survey of the Telecom Company in Nepal and analyzed the sustainability of e-commerce. The findings have shown that the organizations that have adopted e-commerce should develop policies and strategies that allow information sharing to improve the competitiveness of the online market.

The previous studies have shown on how e-commerce adoption can affect the organizational performance [13]. It is undeniable that extensive research has been conducted on this topic and across the globe starting from the west to Asian countries. Furthermore, in the western countries, it is observed that there exists a meaningful association between e-commerce and organizational performance [14]. That is, successful adoption of e-commerce leads to better organizational performance. However, in places such as Saudi Arabia, it has been established that people still like face to face transactions [15]. The adoption of online business in particular countries of Saudi Arabia did not seem very successful [15].

Thus, there is a need to investigate on why Saudi citizens still like to face transactions that lead to little implementation of e-commerce in certain areas. This would help to establish measures that would increase people's trust in e-commerce services. Therefore, this work was done to analyze the impact of e-commerce implementation in organizational performance in a company at Saudi Arabia.

## **METHODOLOGY**

In this work, quantitative research method was utilized. For this work, primary research data and secondary research data were used. Primary data was collected using survey method. Secondary data comprised of previous published works, thesis and other relevant reports. The sample population for this work were 32 employees from Global Marketing Company for Sleeping System at Saudi Arabia. The collected data were analyzed using SPSS program. Figure 1 shows the research model. For this work, the following hypothesis was set,

where H1: There is a relationship between implementing the e-commerce and organizational performance.

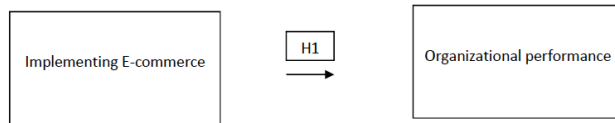
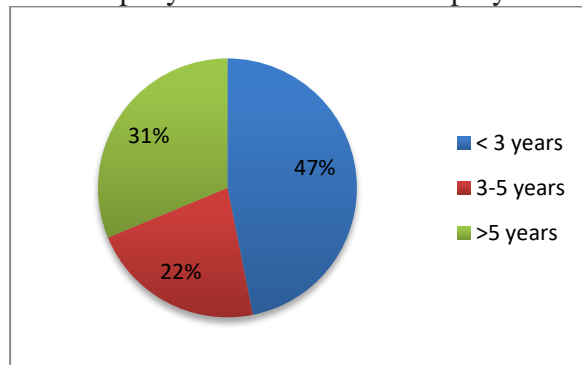


Figure 1. Research model

**RESULT AND DISCUSSION**

*Descriptive analysis*

Based on Figure 2, 47% of the employees have worked for less than 3 years, 22 % of the employees have worked for to 5 years and 31% of the employees have worked for more than 5 years. Furthermore, the number of employees in this company is more than 500 employees.



**Figure 2. Year of working at the company**

Reliability analysis

Table 1 shows the reliability test for implementing e-commerce and organizational performances. Based on Table 1, the result have shown that for e-commerce implementation, the Cronbach’s Alpha value is 0.416. Since the value is lower than 0.65, it indicates low reliability. Furthermore, based on Table 1, for organizational performances , the Cronbach’s Alpha value is 0.830. Since the value is above 0.65, the results indicates good reliability.

**Table 1. Reliability analysis**

Variable	Cronbach's Alpha
Implementing e-commerce	0.416
Organizational performance	0.830

*Correlation analysis*

Table 2 shows the correlation analysis results for implementing e-commerce and organizational performance. Based on Table 2, the results have shown that the value of correlation is 0.211 and it indicates that there is no correlation between implementing e-commerce and organizational performance.

**Table 2. Correlational analysis**

Variable	Analysis	E-commerce	Organizational performance
E-commerce	Pearson Correlation	1	0.211
	Sig. (2-tailed)		0.245
	N	32	32
Organizational performance	Pearson Correlation	0.211	1
	Sig. (2-tailed)	0.245	
	N	32	32

### **Regression Analysis**

The results of regression analysis for hypothesis H1 is shown in Table 3. Based on the results and values in Table 3, it is observed that R square is equal 13% that mean there is no relationship between the two variables. Thus, hypothesis H1 is rejected.

**Table 3. Regression analysis for H1**

Model	R	R Square	Adjusted R Square	Std Error
E-commerce	0.211	0.045	0.013	0.456348350147
Dependent variable: organizational performance				

### **Overall Discussion**

In this work, the results of reliability analysis, correlation analysis and regression analysis have collectively indicated that there is no relationship between implementing the e-commerce and organizational performance. Thus, hypothesis H1 of this study is rejected. However, the findings of this work is not inline with the work of Azeem et al. [9] where it was found that there is a positive relation between e-commerce implementation and organization performance. Furthermore, the work of Gregory et al. [16] has also confirmed that the application of e-commerce has enhanced the output and performance of a business. In addition, the work of Cao and Yang [17] have demonstrated that the introduction of e-commerce has boosted the performance of the tourism industry in China. Thus, based on these work, it is deduced that there is a relationship between the e-commerce and organizational performance. However, in the context of Saudi Arabia, the results are in the opposite direction and further analysis has to be carried out in the near future to evaluate this scenario.

### **CONCLUSION**

This work was done to analyze the relationship between to implementing e-commerce and organizational performance in a company at Saudi Arabia. Key results have shown that there is no link between the implementation of e-

commerce and organizational performance. The hypothesis of this study is therefore rejected. Thus, this indicates that there is a problem in implementing e-commerce to enhance the organizational performance in Saudi Arabia. Therefore, for future work, the authors will carry out a more in-depth analysis and increase the sample population and include more companies for the study.

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