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STUDY OF THE IMPACT OF E-COMMERCE ON MALAYSIA'S ECONOMIC GROWTH

Abstract: in spite of the high capability of internet shopping in Malaysia, there is as yet an absence of comprehension concerning the topic and its potential impacts on buyer and consumer marketing. This article aims to establish assessment and comprehension of the impact of online shopping (E-commerce) on Malaysia's economic growth. The research demonstrated a huge impact online shopping on Malaysia's economic growth in terms of unemployment rate as well as the gross domestic product (GDP) in 2019. However, taking everything into account, online purchasers in Malaysia still need certainty and trust in using the Internet as a shopping channel. They are fundamentally worried about issues identified with security and trust when managing on the web retailers. These issues, if left unchecked, will detrimentally affect the future development of internet shopping in Malaysia hence affecting Malaysia's economic growth indirectly.

Keywords: e-commerce, online shopping, Malaysia, economic growth

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ИССЛЕДОВАНИЕ ВЛИЯНИЯ ЭЛЕКТРОННОЙ ТОРГОВЛИ НА ЭКОНОМИЧЕСКИЙ РОСТ МАЛАЙЗИИ

Аннотация: несмотря на высокие возможности интернет-шопинга в Малайзии, до сих пор отсутствует достаточное понимание этого направления деятельности и его потенциального влияния на маркетинг покупателей и потребителей. Цель данной статьи - оценить влияние онлайн-покупок (электронной торговли) на экономический рост Малайзии. Исследование продемонстрировало огромное влияние онлайн торговли на экономический рост Малайзии с точки зрения уровня безработицы, а также валового национального продукта (ВВП) в 2019 году. Однако, уровень доверия онлайн-покупателей в Малайзии к сети Интернет как каналу покупок еще недостаточно высок, что может негативно сказаться на будущем развитии интернет-шопинга в Малайзии, а следовательно, косвенно повлиять на экономический рост страны.

Ключевые слова: электронная торговля, интернет-магазины, Малайзия, экономический рост

The electronic commerce or e-commerce has continued to transform the way business and commerce are facilitated today, as the virtual space inexorably shapes both the global and domestic economies. Estimated to generate over US\$700 billion (RM2.92 trillion) in revenue globally, e-commerce is one of the fastest growing industries in the world, affecting a wide range of sectors from food and beverage (F&B) to transport. In Malaysia, income from e-commerce transactions, namely the selling and/or buying of products online, came in at RM447.8 billion in 2017 against RM398.2 billion in 2015, growing 6% annually over the two years. It further predicts the market to grow at a compound annual growth rate of 11.8% from 2019 to 2023, resulting in a market volume of US\$5.75 billion by 2023[1]. This puts the virtual commerce platform on a considerable growth trajectory in the foreseeable future, creating opportunities as well as

challenges for businesses and industries going forward. The Malaysian Reserve (TMR) looks at several industries to be impacted by e-commerce, for better and for worse, as the electronic marketplace gradually, but surely establishes itself as a new economic frontier for Malaysia.

E-commerce in Malaysia also affect the landscape for developers. Local malls, which are already struggling with the oversupply of retail space and stagnating to declining occupancy rates, are now bracing for a paradigm shift in how malls are used and defined in the country. E-commerce has allowed consumers to go on shopping sprees from the comfort of their homes or in-between working hours, typically at a fraction of the cost and with a wider array of choices.

Meanwhile, Malaysia's National Transport Policy 2019 to 2030 has also highlighted the need for the transport sector to accommodate the growing e-commerce market. This is in view of the anticipated rise in commercial traffic fulfilling e-commerce orders and providing last-mile deliveries, as well as the higher demand for infrastructure to facilitate the movement of goods from production centres to consumers. Infrastructure will also be needed to accommodate for last-mile deliveries from distribution centres to consumers, the long term national blueprint highlighted[2].

Malaysia's e-commerce is on a growth trajectory and has already started benefiting the country following the full implementation of 13 key programmes under the National eCommerce Strategic Roadmap's (NeSR) six thrust areas. International Trade and Industry Minister Darrell Leiking said e-commerce value added and contribution to the gross domestic product in Malaysia continuously improved over a period of seven years to RM85.8 billion in 2017 from RM37.7 billion in 2010, with an average annual growth rate of 12.5 per cent[2].

“While the annual percentage change for the period 2015 to 2016 was just 9.9 per cent, 2017 saw a remarkable jump to 14.3 per cent as a result of the nation's efforts in strengthening the e-commerce industry [1,2].

The evolvement of e-commerce sector will put Malaysia on track as a leading ASEAN logistics hub which will place it on the global logistics map”, says the Transport Minister, Datuk Seri Liow Tiong Lai. Yes, it is true. However, this is only one out of the hundreds of benefits e-commerce can bring to Malaysia. E-commerce has been recognized as a critical enabler to accelerate the revenue growth for the Malaysian economy, under the Digital Malaysia Initiative. Malaysia Digital Economy Corporation director of e-commerce enablement Wee Huay Neo mentioned internet penetration in Malaysia stands at 67%, while e-commerce contributes 5.8% to the nation’s gross domestic product, just 0.6% below the target set for 2020 [3].

Adding on to that, according to the Minister Datuk Ahmad Maslan (International Trade & Industry), the-e-commerce sector is contributing to Malaysia’s economic growth. It is very important for them, that it is why the government implemented the National E-Commerce Strategic Plan to make sure that this industry keeps growing. This special program has been running since October 2017 [3,4], and it shows the big interest that the government is paying to this fast-growing sector. In fact, the Malaysian government aims to become a high-income nation by 2020, and that is why they have included the e-commerce industry in their special Economic Transformation Programme. Malaysians are taking e-com seriously, that is why they are pushing these policies that are expected to stimulate the growth and expansion of the sector. They have even hired Jack Ma as their Digital Economy Advisor, with the goal of reaching a 20% growth by 2020. This is a strategic move, because by hiring the most brilliant minds in the field, it is easier to create effective strategies that will make this industry more dynamic and take its growth to the next level.

In conclusion, it can be seen that e-commerce has such a big impact to Malaysia’s economic growth. It’s easy to see why this sector has such tremendous potential. This is how e-commerce is evolving in this country, and the future looks very bright from here, because they have everything in their favor to become a real referent in the global e-commerce industry.

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