

Empirical Insights on Small Business Owners in a Digital Economy: The Mediating Role of Facilitating Conditions

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ABSTRACT

The global shift towards a digitized economy is transforming payment systems, with cashless transactions becoming increasingly prominent. This evolution is particularly crucial for Small and Medium Enterprises (SMEs), which are the backbone of many economies. In Malaysia, the government has actively promoted a cashless agenda, recognizing its potential to enhance transparency, efficiency, and financial inclusion (Urus & Mohamed, 2021). Klang Valley, a region leading Malaysia's digital transformation, provides an ideal context to examine the factors influencing cashless payment adoption among SMEs (Rahman et al., 2022). This study investigates the role of government support, organizational support, technological support, and trust as key drivers of cashless payment adoption within Klang Valley's SME landscape (Puspitasari & Salehudin, 2022; Balakrishnan & Shuib, 2021; Balakrishnan & Shuib, 2021). We contend that while these factors are essential, their impact is significantly mediated by facilitating conditions. These conditions include a variety of external factors such as government policies promoting cashless transactions, industry collaborations that foster interoperability and knowledge sharing, and accessible training programs that equip SMEs with the necessary skills and knowledge.

Keywords: Cashless Payment Adoption, Business Performance.