

DIGITAL TRANSFORMATION IN SMALL AND MEDIUM SIZE ENTERPRISES A SPECIAL REFERENCE TO SELECTED SMES IN KERALA

**Emil joseph*

***Dr.M.Dhanabhakym*

**PhD scholar Department of Commerce Bharathiar University*

***Professor Department of commerce Bharathiar University*

ABSTRACT

Digital Transformation (DT) considers ongoing process of digitalization of a company, which Uses digital and data-driven innovation to improve existing processes, changing the specific business model (BM) elements, or completely regenerate its BM. Large companies positioned on the DT front line while small and medium enterprises (SMEs) are challenged by resource constraints and lacking guidelines for realizing the benefits of DT. This situation threatens SMEs as big players increasingly use DT enter markets for which they are traditionally reserved SMEs. Research to date on how SMEs can function effectively participate in DT is limited. Against this background, this article is based on preliminary research and a focus group discussion to propose a model of procedure, which enables DT in SMEs including publicly funded support units. These units assist SMEs in understanding and structuring the potentials of digital and data-driven innovation.

Key words: Digital Transformation, Digitalization Business Models

Introduction

Technology has always changed the way companies operate. Nowadays, companies started to look for simple ways to implement digitization projects so that they can keep up with their competitors and satisfy their customers. Between 2012 and 2013, the term digital transformation (DT), which explains this ongoing process, acquired popularity in media (e.g. Google Trends) and academic research in DT, companies are not alone focusing on utilizing technology to improve operational efficiency but also in the exploration of further innovation potentials Exploring the potentials of digital innovation to change the elements of BM or to implement a completely new BM is done enough common in the age of digitalization. Such digital innovations go along with wide generation and different amounts of data. Nowadays, companies simply go beyond data

storage. They understand the potential value and consider explicitly data-driven innovation while SMEs are more flexible, faster or less limited, resource constraints and knowledge gaps often prevent these companies from doing so evaluate and implement digitalization opportunities. This raises the question: How can SMEs utilize their limited resources to promote digital and data collection innovation effectively and limits the risk of failure that may result from the implementation of their business DT? To begin with this complex enterprise, companies often seek outside support consultants. However, SMEs often do not have the opportunity costly third party support. Instead, SMEs can receive support from publicly funded support units. Such a support unit is typically an organizational unit composed of several academics and non-academics government-funded institutions, these help SMEs increase their number awareness of the potentials of digital innovation in the workshop, learn basic skills in training and support implementation of selected innovations in projects

LITERATURE REVIEW

The digital revolution is described as the profound and rapid transformation of business activities, processes, competencies and models to take full advantage of the changes and opportunities of digital technologies and their impact across society in a strategic and priority way (Digital Transformation Guide, 2015). Development of new competencies revolves around the capacity to be more agile, people-oriented, innovative, connected, in line and efficient with the present and future shifts in mind.

According to Bloomberg (2014), companies discovered the startling level of ignorance in Digital's definition Digital Transformation known as the realignment restructuring, or new investment in technology and business models more effectively engage digital customers at every point of touch in the customer experience life cycle. Companies need to think about Digital Transforming as a formal effort to renew the business vision, models and investments for a new digital economy.

King (2013) stated that businesses go through digital revolution when they have failed to evolve. When a business evolves with its market, constantly updating products and proposals, reaching new customer groups and increasing the value of existing ones, no need for transformation. A similar contribution comes from Verdino (2015) which summarizes digital Transformation as a practice which closes the gap between what digital customers already expect and analog businesses actually give.

Objectives of the study

1. To study the attitude of employees about digitalization
2. To understand the level of awareness of employees towards digitalization
3. To find out the problems faced by the employees after digitalization
4. To examine the impact of digitalization

HYPOTHESIS

- H01 There is no significant difference between awareness and the age
- H02 There is no impact on employee acceptance of firm by digitalization.
- H03 there is no significant difference between gender and acceptance of digitalization
- H04 there is no relationship between job satisfactions and inter personal relationship

ANALYSIS

H01 There is no significant difference between awareness and the age

ANOVA					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	181.411	3	60.470	103.347	.000
Within Groups	221.175	147	.585		
Total	402.586	150			

The results depict that the P value is 0.00 which is less than 0.05, hence we can reject the null hypothesis and accept the alternative hypothesis that there is a significant difference between age and the awareness level of the employees.

Multiple

Comparisons TukeyHSD

(I)age	(J)age	Mean Difference (I-J)	Standard Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound

		ro				
		r				
	35-45	.54526	.26187	.164	- .1352	1.2257
20-35	45-55	- .24768	.28725	.824	- .9941	.4987
	above55	- .42807	.29718	.476	- 1.2003	.3441
	20-35	- .54526	.26187	.164	- 1.2257	.1352
35-45	45-55	- .79294*	.27048	.020	- 1.4958	-.0901
	above55	- .97333*	.28101	.004	- 1.7035	-.2431
	20-35	.24768	.28725	.824	- .4987	.9941
45-55	35-45	.79294*	.27048	.020	.0901	1.4958
	above55	- .18039	.30480	.934	- .9724	.6116
	20-35	.42807	.29718	.476	- .3441	1.2003
above55	35-45	.97333*	.28101	.004	.2431	1.7035
	45-55	.18039	.30480	.934	- .6116	.9724

The result of the post hoc gives that there is a significant difference between awareness between the agegroups 35-45 and 45-55 (0.020) level of siglevel, there is also significant difference between the age category above 55 and 35-45 at (0.04) sig value. The study also says that the younger age employees and the senior most employees have a good awareness towards the digital process of the organization than the middle aged employees.

H02 There is no impact on employee acceptance of firm by digitalization.

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	305.874	1	305.874	5624	.000 ^b
	Residual	.000	149	.000		
	Total	305.874	150			

a. Dependent Variable: acceptance of firm

b. Predictors: (Constant), digitalization

The anova table shows that the f ratio for the regression model specifies the significance of the overall regression model. The variable of the independent variable that is associated with the dependent variable (satisfaction level) is referred to as explained variance. The remainder of the total variance (independent variable) is not associated with unexplained variance (dependent variable).

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin Watson
					R Square Change	F Change	df1	df2	Sig. Change	
1	.863 ^a	.738	.731	.72569	.779	13.245	380	382	.000	2.279

The larger F ratio shows that the dependent variables are more associated with independent variables. The F value is 5624 and the significant value is 0.00, which is less than 0.05. so the null hypothesis is rejected. So there is a significant influence of digitalization on acceptance of firm.

Dependent : acceptance of the firm

Independent : digitalization

The table shows that the model summary of organisational culture R is the correlational value. Its value is .863 which shows higher correlation Rsquare is degree of determination, its value is .738 which shows that digitalization influence satisfaction level. The significant value of F is less than 0.00 which shows a significant relationship between digitalization and acceptance of the firm.

H03 there is no significant difference between gender and acceptance of digitalization

		Group Statistics			
gender		N	Mean	Std. Deviation	Std. Error Mean
Acceptance of digitalization	male	94	4.2358	.91323	.05823
	female	56	4.2794	.86659	.07431

		Levene's Test for Equality of Variances		t	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
		F	Sig.					Lower	Upper
performance	Equal variances assumed	.355	.552	-.455	.649	-.04364	.09584	-.23209	.14481

Equal variances not assumed	- .462	.644	-.04364	.09440	- .22944	.14216
--------------------------------------	-----------	------	---------	--------	-------------	--------

Out of 150 samples 94 respondents are male and 56 are females. To test the hypothesis independent T-test is used. Result of the test shows that the significant value of the test is .522 which is above 0.05 as per the rule if the value is greater than 0.05 we can accept the null hypothesis, here the value is much greater than 0.05 so, there is no significant difference between gender and acceptance of digitalization. So that we can say that both male and female employees are able to accept the digitalised environments of their firm.

H04 there is no relationship between job satisfactions and inter personal relationship

		Correlations	
		Job satisfaction	Inter personal relationship
Job satisfaction	Pearson Correlation	1	.830**
	Sig. (2-tailed)		.000
	N	150	150
Inter personal relationship	Pearson Correlation	.830**	1
	Sig. (2-tailed)	.000	
	N	150	150

** . Correlation is significant at the 0.01 level (2-tailed).

Relationship of job satisfaction and inter personal relationship is checked by using the tool Correlation. The results shows that significant value of test is less than 0.05 (0.00) thus the null hypothesis there is no relationship between satisfaction and inter personal relationship is rejected and thus proves there is a good and high relationship between job satisfaction and inter personal relationship.

CONCLUSION

Digitalization is a key factor that influence the future growth and sustainability of the Small and Medium sized industries. The results showing that the in digitalised firm the employees are more satisfied, they can accept and understand the job very easily, they also can maintain good inter personal relationship with their higher officials and with their subordinates. In the future all the SMEs should digitalized because it can bring a drastic and dynamic change on the way they are operated and certainly bring more profit, brings harmony into the firm. Being digital is not meant to change the entire structure of the organization but it is a process which maintain all activities but in a digitalized way.

REFERENCES

1. Becker, J., P. Delfmann, R. Knackstedt, and D. Kuroпка, “*Konfigurative Referenzmodellierung*”, In J. Becker and R. Knackstedt, eds., *Wissensmanagement mit Referenzmodellen*. Physica-Verlag HD, Heidelberg, 2002, 25–144.
2. Berghaus, S., and A. Back, “*Stages in Digital Business Transformation: Results of an Empirical Maturity Study*”, *MCIS 2016 Proceedings*, (2016).
3. Berman, S.J., “*Digital transformation: opportunities to create new business models*”, *Strategy & Leadership* 40(2), 2012, pp. 16–24.
4. Bleicher, J., and H. Stanley, “*Digitization as a Catalyst for Business Model Innovation a Three-step Approach to Facilitating Economic Success*”, *Journal of Business Management*(12), 2016, pp. 62–71.
5. Bonnet, D., and G. Westermann, “*The Best Digital Business Models Put Evolution Before Revolution*”, *Harvard Business Review*(20), 2015.
6. vom Brocke, J., M. Fay, M. Böhm, and V. Haltenhof, “*Creating a Market Analytics Tool that Marketers LOVE to Use: A Case of Digital Transformation at Beiersdorf*”, In G. Oswald and M. Kleinemeier, eds., *Shaping the Digital Enterprise: Trends and Use Cases in Digital Innovation and Transformation*. Springer International Publishing, Cham, 2017, 197–217.
7. Haffke, I., B. Kalgovas, and A. Benlian, “*The Role of the CIO and the CDO in an Organization’s Digital Transformation*”, *ICIS 2016 Proceedings*, (2016), 1–20.
8. Hartmann, P., M. Zaki, ... N.F.-A.T. of D.-D., and U. 2014, *Big data for big business? A taxonomy of data-driven business models used by start-up firms*, 2014.
9. Heberle, A., W. Löwe, A. Gustafsson, and V. Vorrei, “*Digitalization Canvas – Towards identifying digitalization use cases and projects*”, *Journal of Universal Computer Science* 23(11), 2017, pp. 1070–1097.
10. Heikkilä, M., H. Bouwman, and J. Heikkilä, “*From strategic goals to business model innovation paths: an exploratory study*”, *Journal of Small Business and Enterprise Development* 25(1), 2018, pp. 107–128.
11. Heikkilä, M., H. Bouwman, J. Heikkilä, T. Haaker, C.L. Nicolas, and A. Riedl, “*Business Model Innovation Paths and Tools*”, 29th Bled eConference Digital Economy, (2016).
12. Henriette, E., M. Feki, and I. Boughzala, “*The Shape of Digital Transformation: A Systematic Literature Review*”, *Mediterranean Conference on Information Systems (MCIS) Proceedings*(October), 2015, pp. 1–13.