

# A Study of SSIs - Reasons for Not Implementing Digitalization

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## Abstract:

*The study attempted to determine the reasons for not using digitalisation in SSIs in Ghaziabad. The objective of the study is to know the various factors which are demotivating the organisations for the adoption of digitalisation. Descriptive statistics have been used to analyze and present the data which includes Mean, Standard Deviation, and Maximum and Minimum value. The study is based on the primary data collected from the small and medium manufacturing companies located at Ghaziabad.*

*The study based on the 36 sample SSIs found that High Cost of the adoption of digitalization, Lack of top management support, Lack of Appropriate Technology required for the digitalization, Lack of Training and Lack of Expertise were the most important reason for not adopting digitalization.*

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## Introduction:

Networking is a widely cited marketing activity for SMEs and is important during their establishment, development, and growth (Walsh & Lipinski, 2009). Siu (as cited in Walsh & Lipinski, 2009) found that in marketing their firms, SSIs rely heavily on their personal contact network. Traditionally, economic structures favor larger firms; however, today economy is distinguished by relationships, network, and information, favoring some of the characteristics of SSIs (Walsh & Lipinski, 2009). Rather than relying solely on their personal contact network, small businesses rely on the networks of customers as well. Today, these customers can be reached through electronic word of mouth, or eWOM. Marketing in small businesses relies heavily on word of mouth recommendations for customer acquisition. Word of mouth marketing involves monitoring what is being said for marketing purposes, engaging

in brand related discussions, involving people and their social networks for marketing purposes, and more (WOMMA, 2011).

Area of survey will be Ghaziabad Region. The current government of Uttar Pradesh has proposed an industrial venture and submitted a report to World Bank with a proposal amount costing Rs1720 cr for industrialization of Uttar Pradesh (Dainik Jagran, 3 Feb 2015, front page). For study Ghaziabad region is selected as it is a large suburban district in state of UP in north India. It comes in the NCR; it is the section of Meerut division. And secondly this study is not done in this region. According to survey 2011 Ghaziabad is the third district in UP with highest population. Ghaziabad district falls under the Meerut Division of U.P. It consists of five districts headed by Divisional Commissioner with its Headquarters at Meerut. The Headquarter of the District is at Ghaziabad. For administrative purpose the district has been divided into 4 subdivisions, 4 Tehsils and 5 Panchayat Samities. There are 74 Gram Panchayats, 529 inhabited villages and 38 are uninhabited. 4 sub-divisions are:-

1. Ghaziabad
2. Hapur
3. Modi Nagar; and
4. Garhmukteshwar

There are 8 Development Blocks covering 529 inhabited villages. Lastly Industrial Profile of district in this region is available by MSME Development Institute, Ghaziabad which was prepared under the Government of India, Ministry of MSME.

## **Literature Review**

(Mohamad.R & Ismail.NA 2009) the paper describes the importance of using e-commerce not only in providing this world as boundary less market but an easy way to diversify their business as well. It's a review paper describing various aspects like early steps in adoption of ecommerce, technology related factors, perception of SMEs towards the adoption of ecommerce.

(Venkatesh. J & Kumari.R. L 2015) the study shows that MSME are the fulcrum of Indian economy but facing a stiff competition from multinational companies. They are feeling like a small fish in big ocean where the question comes to the end of their survival. Same way MSME now finding it difficult to survive in this competitive world, to overcome this situation they have to change their policies and the way to market their products and services to the customer.

(YudhitaValen Prasarry, E. S. 2015) the study aims at exploring the factors affecting the adoption of mobile commerce by integrating the variables of Unified Theory of Acceptance and Use of Technology (UTAUT) and Task Technology Fit (TTF). The hypotheses resulting in significant effect are performance expectancy, effort expectancy, and fit toward behavioral intention, as well as task characteristic toward fit and behavioral intention toward adoption.

This is one of the latest reports by FICCI - confederation` of MSMEs talking about benchmark for the technology adoption among MSMEs. It gave numerous numerical data about MSMEs operating in India especially in 6 states in which Uttar Pradesh consisting of highest number of MSMEs. The report is also based on TOE model taking factors such as technology, entrepreneur, Infrastructure and Capital as a challenging factor.

(Langgat, J. 2014) the paper concluded that what are the major hurdles faced by SMEs while adopting technology; Based on TOE model author studied the factors that are related to adoption of the emerging social media marketing as one on the emerging technique and its implications in future.

(Martins, 2011) it's a review paper by an author on the topic "Information Technology Adoption Models at Firm Level" talks of Diffusion Of Innovations, Technology. Various models are used to study the organizational and environmental context framework to understand the technology imbibed culture.

(Rosli Mohamad, 2009) it's again a conceptual paper on the extensive review of prior studies pertaining to the e-commerce usage among small firms. This paper has discussed the difficulties and constraints faced by SMEs during the implementation of technology as a part

of business. Some important information like challenges faced, constraints, and policies by government are mentioned.

(Achieng .Bilha2016) from the study it has been concluded that the company's online platform takes into account the unique environment surrounding of the company and it facilitates the company's ability to constantly engage its customers as well as matched their needs to their packages. The online marketing platform required the company staff to have an in-depth knowledge of their customers' needs and this facilitated the company's ability to create and market its personal brand that could not be replicated.

( Carlsson.B 2004) Researcher says that impact of diggitalisation can be seen to some extent on productivity & efficiency but not an easy to measure the long term benefit. But still digitalisation can increase the scope and scale of production by changing paradigm of supply chain management & integrated marketing communication. A thorough study of literature is done to gain the insight about general-purpose technologies and has not considered any constraint on the location of SMEs and allow them to locate wherever the market conditions were favorable. The basic idea behind this study was to see is there any relation existing between growth and technology. And whether all the changes seen as a result of New Technology are quantifiable or qualitative in nature.

(Gengatharen E.D and Standing.C 2005) Success and failure is not only dependent on one firm but all the stake holders should be ready to initiate and implement this change.

### **Research Methodology:**

The study is based on the primary data which was collected from the SSIs located at Ghaziabad. The units targeted are those SSIs which are not using digitalization. The data is collected through emails and direct interview method. Out of 80 firms targeted on the basis of convenience sampling method only 39 responses received (approx 49 %). Out of 39 responses only 36 have been considered in the study as 3 responses was not appropriate. The data is analyzed through SPSS version 22. To know the reasons for not adoption of

digitalization descriptive statistics is used which comprises: average, standard deviation and minimum and maximum value.

## Objectives of the Study

The objective of the study is to know the answers of the following research question:

What are the reasons for not adopting the digitalization in SSIs in selected units?

## Data Analysis and Findings of the Study:

The following is the analysis part of the data collected and findings:

**Table-1-Reasons for not adopting/implementing Digitalization – Descriptive Statistics**

Response Options:	N		Mean	Std. Deviation	Minimum	Maximum
	Valid	Missing				
High Cost	36	0	4.64	.58	3	5
Lack of Top Management Support	36	0	4.41	.55	2	5
Resistance to Change	36	0	3.72	.82	1	5
Lack of Knowledge	36	0	3.07	.65	1	5
Lack of Expertise	36	0	4.37	.57	2	5
Lack of Appropriate Technology	36	0	4.39	.53	2	5
Lack of training	36	0	4.38	.60	2	5
Privacy of Data	36	0	3.25	.57	1	5
Uncertainty of benefits	36	0	3.38	.70	1	5
Satisfied with the current system	36	0	3.49	.76	1	5

There can be several reasons for not using the digitalization by SSIs. The study identified the following ten reasons: High Cost, Lack of Top Management Support, Resistance to Change,

Lack of Knowledge, Lack of Expertise, Lack of training, Lack of Appropriate Technology, Privacy of Data, Uncertainty of benefits, Satisfied with the current system. Out of the above ten factor the study found High Cost of the adoption of digitalization, Lack of top management support, Lack of Appropriate Technology required for the digitalization, Lack of Training and Lack of Expertise were the most important reason for not adopting digitalization.

### **Limitations of the Study:**

The study is also having some limitations like other studies. The outcome of the present study may not be applicable for the other companies. The results are confined to sample units only. The study is confined to manufacturing sector exclusively. The interpretations are based on the basis of information received so the study may be affected due to the respondent biasness. further study can be conducted to know the adoption of digitalisation by service sector and whether in the service sector there is any difference in the perceived and actual benefits or not. The present study considered only SSIs. Hence, there is a scope for further study for micro, Medium and large level firms.

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