

## **Evaluation of Digitalisation methods adopted by emerging businesses in India: A Primary Research.**

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**Abstract:** The purpose of this study was to investigate the extent to which medium and small manufacturing enterprises in India had embraced digitization. The purpose of this study is to determine what variables, such as firm size, adoption motives, and adoption barriers, impact the adoption of digitalization. Descriptive statistics, logistic regression, and t-tests were used for data evaluation. The study found that the size of the firm had a major impact on how often digitalization was used. Sales, profitability, competitiveness, and brand awareness all saw increases that were most closely linked to the adoption of digitalization. Organizations faced several challenges on the road to digitization; the most important of them were users' dissatisfaction with the current system, high prices, a lack of appropriate technology, and support from higher management. According to the survey, there are several benefits to embracing digitization, therefore companies who haven't done so yet should think about it.

**Keywords:** *Digitalisation, India, Manufacturing sector, Marketing, SMEs*

### **Introduction**

There has been a dramatic shift in the kind of technology that humans have ever encountered since the turn of the century. The arrival of commercially viable telephones, mobile phones, and computers in the early 1990s ushered in an era of perpetual technological flux. An ongoing endeavor is being made to develop and advance technology to a point where it may be used to improve the lives of people. We have reached a point where AI and other technical advances are pervasive in our everyday lives and have potential applications that go beyond what is now possible. In the here and now, digitalization is still being investigated with more commercial vigor, but VR's future is not far off. A lot of people get the terms "digitalization," "digital transformation," and "digitalization" mixed up (Brennen & Kreiss, 2016; Schallmo & Williams, 2018). The definition of "Digitization" will help us grasp the concept of "Digitalization" in a little. To "digitize" something is to "transform it into a digital format that a computer can understand and work with." Digitization, therefore, may be defined as the transformation of any kind of information into a digital form. Computers and other devices with computing capabilities may process information in this format because it organizes data into discrete units called bits. Digital hearing aids and cameras are examples of such equipment. Scanning an image (which might be a picture of text) and converting it to an image file is the same process for digitizing text and photos. The information may be readily accessed and shared, as well as preserved, via digitization.[1] Garter defines digitalization as "the process of moving to a digital business," which involves using digital technology to modify a business model and create new prospects for

income and value. Internet access is one of the most fundamental requirements for a company to be considered digitally transformed. Therefore, digitalization encompasses many things, such as cloud-based platforms and enterprise resource planning (ERP) systems, big data, the Internet of Things (IoT), industrial tools and procedures powered by information technology (IT), customer intelligence platforms, and so on. An improved way to put it is that digitalization is just the process of incorporating technology into our everyday lives and making good use of it to make our lives easier, better, and more manageable. The job is done efficiently and effectively using digitalization. Looking around and seeing the magnitude of digitalization's predominance in our lives might help one better grasp the notion of digitalization. Digitalization in hospitals is a typical example. Keeping track of patients' information, scheduling consultations with experts, and determining how much time is needed with each specialist are all part of the job. Also, thanks to digitization, wearable mini-health monitoring systems like "Fitbit" are now within reach. Similar opportunities abound[2].

From the 1990s to the 2000s, the idea of digitizing operations was widely recognized. The millennial generation embraced digitalization to revolutionize their work processes; prior to this, people were aware of the use of various digital platforms, communication tools, services, and goods. However, the digital revolution really took off after the turn of the century. New digital modes and software, together with other technological advancements, made networking and communication more easier and more effective. As a result, consumers shifted their spending habits away from brick-and-mortar establishments and into online marketplaces, where products were literally only a click away. For this reason, companies had to adapt their business models in response to shifting consumer expectations if they wanted to stay competitive. The current situation exemplifies the dramatic shift in the payment system and modes brought about by the widespread use of digital modes such as apps, plastic money, and virtual currency[3].

Customers have benefited from this because businesses have been able to create value for them by catering to their unique tastes and requirements. All of the steps shown up until this point are examples of digital transformation in action. Using digital technology results in digital transformation, which is referred to as digitalization. By rethinking and re-imagining existing models and even new ones to give them an updated shape and fit them to the needs, strategies may be formed via this transformation, which includes the use of technology. The role of the chief digital officer has evolved in modern companies to focus on technology and its many forms in order to reimagine their foundations and adapt to the ever-shifting demands of consumers and competitors (Rogers, 2016)[4] More data-driven processes are part of the digital transformation process. In order to make a well-informed choice, it is helpful to compile relevant information from data generated by customers and company activities. Digital transformation allows management to make informed decisions based on the data created by digitalizing operations or processes, which in turn helps reduce costs and increase efficiency and effectiveness. It also allows them to rethink and reimagine old processes and decisions (Schallmo & Williams, 2018). Based on everything we've covered so far, it's safe to argue that digitalization is essential for any

company looking to survive in today's market. Customers, who gain just as much as companies do from digitalization, have made it imperative that enterprises embrace the digital transformation process[5]. Society as a whole and individuals alike have benefited from digitalization's positive effects on food production[6].

### **Digitalisation and Sustainable Economy**

Society as a whole is finding that digitalization is the ideal medium for its sustainable growth. The quality of work is improved by digitalization since it gives efficient ways. As smart technologies advance, they simplify our job and provide us with data that helps us make better choices. Education, manufacturing, transportation, supply, health and fitness, sports, services, agriculture, business, marketing, etc. are just a few of the many areas that might benefit from digitalization. All parts of society and the economy are impacted by digitalization because it lays the framework for sustainable development and takes a comprehensive approach to development. The use of digital modes has led to the rise of smart factories, which in turn have expanded production scale. Thanks to digitization, better quality management and effective resource use are now within reach. Due to digitalization, the production, supply, and delivery of products and services may be done accurately and on time[7]. This is because the information that is created via these processes aids in making the right decisions and taking the necessary actions. With the elimination of middlemen made possible by digitalization, consumers may now transact directly with manufacturers, leading to higher quality items at more affordable costs and an overall improvement in living standards[8]. An encouragement to sustainable development is digitalization, which makes effective use of resources. The claim that digitalization adoption may lead to sustainable living in the present and future is, however, not completely false.

### **Digital Modes**

Digital modes include using various digital software that equips us with the necessary approaches and ways to interact with digital device hardware. From the most basic, like email and search engines, to the most complex, like credit cards, cloud computing, big data, industrial automation, artificial intelligence, etc., there are a wide variety of ways that people transact online. To better incorporate and absorb digitalization into business models, there is an ongoing push to create better and more user-friendly digital modes and tools. The degree to which a company uses various digital modes determines the digital nature of its business unit. Workers in any given company must be conversant with and at ease with these digital modes if the company is to succeed[9]. This can only be accomplished when people are proficient in using digital tools. Therefore, it is safe to assume that a company's degree of digital literacy correlates positively with the amount of time it spends using digital modes. Companies can no longer achieve long-term success without embracing digital transformation, as we've already established. This highlights the critical need for digital literacy training and equipment for all businesses and their employees. In addition to altering the landscape of international trade, digitalization is having a profound impact on the distribution of jobs throughout the world. People with strong digital

skills have better job opportunities than those without. The ideal candidate for an employer is one who can quickly adapt to the digital culture of their company. Keeping up with the ever-changing nature of technology is a major hurdle for businesses and their employees alike. The type of leverage that results in a long-term, prosperous company is digitalization. The leaders of today and tomorrow will be those who facilitate digitalization while also adapting to rapidly evolving technologies[10].

### **Digitalisation and Business Performance**

Every sector and company in the world is about to undergo a dramatic transformation as a result of the ongoing technological revolution. Digitalization is a megatrend that is altering our business practices. As a whole, technology is undergoing constant evolution due to the relentless drive of digitalization. As digitalization becomes the only way for individual firms to survive and flourish, its incorporation becomes more important. Among the many ways in which digitalization affects a company's overall performance, it helps with things like (i) finding and hiring top talent, (ii) increasing team productivity, (iv) staying ahead of the competition, (v) making customers and partners happier, and (vi) broadening the market's horizons and adding value to existing avenues (IFIP, 2018). New streams of income have been made available to companies via digitalization. Businesses have been able to expand their reach beyond their physical locations and even the world thanks to digitalization. There is an endless and ever-expanding possibility for accessing additional markets. New fields of work, such as data analytics and data mining, have emerged as a direct result of digitalization. These companies' success is directly attributable to the fact that they are digitally based. With the use of digital media, these data analysts are able to collect massive amounts of data from the company's consumers and other stakeholders, organize that data, and then use it to make sound judgments. Enterprise resource planning (ERP) systems and other digital technologies make precise and simple administration of the organization possible. By incorporating digitalization into the business model, better choices may be made using the accessible and appropriate data, leading to increased efficiency. As a result, the company's financial performance becomes growth-oriented and efficient[7].

### **Value Creation for Customers**

Businesses and their consumers may benefit greatly from digitalization, which has emerged as a key driver of increased income and, more crucially, value. "Value creation means the performance of actions that increase the worth of goods, services or even a business," says Thakor (2000), echoing the idea that "value" refers to something's significance, worth, or use. Creating value is crucial for the success and expansion of any firm, and it should be prioritized throughout. By providing more value to consumers, businesses are able to hold on to them and grow their client base, which in turn increases their income. To meet the demands of a specific market while making a profit is the current definition of marketing, which is: "the science and art of exploring, creating, and delivering value." Here, Dr. Philip Kotler's concept encapsulates

marketing in its essence: it seeks for, develops, and distributes value in order to satisfy a target market, and more specifically, consumers. The company's products and services have been enhanced via the use of digitalization, which has proven to be an ideal method of production. Thanks to digitalization, consumers now have more ways than ever to interact with brands and get what they want. Among the many benefits that digitalization brings to consumers, ease of use stands out. Credit and debit cards, as well as other forms of digital currency, allow users to make purchases, track their spending, and even place meal and travel orders using mobile applications. On top of that, there are perks for consumers who use digital means, such as discounts, cash back, and credit for credit card purchases[8]. Customers benefit even more from these incentives since they lower the rates they pay. Beyond the aforementioned, businesses also get insight into consumers' likes and dislikes via the data generated by their online presence (e.g., through purchase and transaction history, social technologies, online activities, etc.). The term used to describe this influx of data is "big data," and by analyzing it, businesses can find trends and patterns that inform the development of new products and services, the improvement of existing ones, the ability to tailor offerings to individual customers, and the ease and accessibility of those offerings. Companies that have incorporated digitalization into their business models have been very profitable because they have been able to provide exceptional value to their customers. Increases in revenue are a direct result of happy and pleased consumers. Businesses have found that digitalization is the key to their survival and growth, both now and in the future. Businesses are left with an endless scope as it serves as a stepping stone to increase the income quotient and overall performance[9]. Not only can companies benefit their consumers, but governments throughout the world are also embracing digitalization as a means to improve people's lives. Through the integration of digital modes, which are both aspects of digitalization, this may be achieved, allowing for more openness in the delivery of government services to the people. The NDA government's 2015 initiative, "Digital India," is a prime example; it seeks to make government services accessible to all citizens, including those in the most remote parts of the nation, using the power of the internet, while also guaranteeing their privacy. According to Digital India: Power to Empower (2015), digitalization is therefore serving as a stepping stone for both the commercial sector and the government[10].

### **A Connecting Bridge between Business Performance and Customer Value Creation**

The benefits of digitalization have been embraced by several firms, both large and small. Gaining a competitive advantage via digitalization-driven value creation for consumers is one of the main benefits to a company. The company's long-term viability and performance are enhanced by the competitive edge it builds via creating and delivering customer value. One great example is mom-and-pop restaurants that have built their own apps and websites to facilitate the ordering of their mouthwatering, freshly prepared cuisine.

Because these companies provide invaluable services to people with hectic schedules and long periods of separation from their families, the idea is growing in popularity. A large part of the success of these companies may be attributed to digitalization. Such companies are able to serve

a large portion of the population at little cost by implementing and making use of basic digital means. Another way digitalization has boosted national economies is by facilitating the rise of large corporations. Alibaba was founded in 1999 as a business-to-business (B2B) internet marketplace to connect Chinese manufacturers with buyers from across the world. Tmall, a business-to-consumer (B2C) e-commerce platform that focuses on brands and online shopping, and Taobao, a consumer-to-business (C2C) e-commerce platform, were both integrated into the administration in 2008. In 2010, the e-commerce platform Jujuasuan was launched to facilitate the adjustment of advanced donations, group purchasing, and sales. In 2016, Alibaba Group generated a fragment income of thirteen billion US dollars, with the vast majority of that revenue coming from Chinese internet businesses, according to company data. Distributed computing and web framework administrations brought in 1.2 billion USD in annual revenues, only behind global commerce. Revenue for the company came from online retail sales in China during the year, accounting for 79% of the total.

Alibaba is able to generate such massive amounts of money because it digitalizes its items and then sells them to consumers at a premium. Both the company and its clients stood to gain the most in the aforementioned instances. Customers could get their hands on the products they wanted at rock-bottom costs, delivered right to their doorstep. When sold via this platform, great attention was taken with both pricing and quality. There is an incredibly wide variety of items available, satisfying the needs of almost every kind of consumer (from businesses to individuals). This company's success may be attributed to the digital business model and the value it creates and delivers to clients. Many such thriving businesses with digital-only strategies have called India home as well. Online marketplaces like Amazon India and Flipkart are prime examples.

The success and growth of these businesses exemplify the state of online shopping in India now and tomorrow. Flipkart India's revenue for the fiscal year ending March 2017 was Rs 15,264 crore, up 19% from Rs 12,818 crore the previous year. The rapid adoption of digital technologies by both Indian businesses and consumers has contributed to this unprecedented rate of expansion. The aforementioned organizations are only a few examples of the many that have seen the benefits that digitalization can bring to their operations. In addition to giving the company a sustainable nature from a long-term viewpoint, the development opportunities are unlimited. With digitalization, we can have all of this and more, which improves the economy and society throughout the world, while also satisfying customers at affordable rates. As a result, digitalization helps companies increase their income streams while simultaneously increasing customer happiness and value creation. Therefore, it is critical to investigate not only how digitalization affects company performance but also how prepared consumers are to incorporate digital technologies into their everyday lives. When leaders and senior management embrace digitalization and consumers' digital modes at the same time, it becomes easier to incorporate digitalization into business models.

**Increase in business turnover and income**

New opportunities for the company to enhance its revenue and turnover are presented by digitalization (Rachinger et al., 2018; Gareiss, 2017). Previously uni-channel sales channels became multi-channel ones with the advent of e-commerce and m-commerce. Micro and small enterprises alike are increasingly dependent on digital platforms and technology to increase their revenue and customer base. Businesses rely on computers and cellphones to contact consumers and ship them products. In addition to boosting the likelihood of growing sales, turnover, and revenue, a supplier's availability throughout the clock ensures that customers have an uninterrupted experience. Automating almost every part of your company is possible with the help of some services, which may greatly increase your firm's availability and the number of customers it can serve. Companies of all sizes, from mom-and-pop shops to enormous companies, have reaped the benefits of digitalization. Because digitalization allows them to showcase themselves on a worldwide stage at little expenses, rural communities and businesses have been able to maintain themselves. The launch of their online businesses has had a significant effect on their sales and income sources. There is a domestic and worldwide market for locally developed specialized agricultural goods and indigenous items. Businesses in rural areas now have a viable model, and the brain drain has stopped.

**A better understanding of customer needs and preferences (market analysis)**

Customers are the lifeblood of any company. If a corporation or enterprise can meet the demands and requirements of its clients while keeping prices low, it will have succeeded. Professionals are increasingly devoting a significant portion of their resources (time, energy, and money) to studying customer behavior and demands, which is evidence enough that consumers are crucial to a company's success. To fully grasp what consumers want and need, digitalization is crucial. Big data analytics and customer databases help companies understand their customers' wants and requirements. Analyzing big data, or very huge datasets, is the goal of big data analytics. Many other types of data, such as social media, movies, digital photos, and records of financial transactions, are combined to form this big data. By sifting through this mountain of data, we hope to find insights about the people behind the data as well as patterns and correlations that would have been undetected without our analysis. Companies are already spending a lot of money on data management tools and experts who can filter and analyze data in order to learn more about their consumers' wants and requirements. With this knowledge, companies may be able to out-plan their competitors and make better judgments.

**Ease in the arrangement of finance for micro and small businesses**

Even a little company may go worldwide with the help of digital ways of conducting business. Digitalization has made it easier for new and small companies to get their own funding. Businesses may increase their chances of attracting the necessary capital from possible investors by showcasing their goods and services online. With digitalization, companies can easily submit

their taxes and keep track of their records digitally, meeting all the necessary standards and making it simpler for them to arrange credit. Crowdfunding is one of the most common ways to raise money online. It comprises publicizing a startup's business plan online and soliciting financial backing from the general public. Aside from securing brand ambassadors, it's a fantastic method of generating public attention. Startups and young entrepreneurs with strong digital literacy and fundraising skills are flocking to this strategy. Once again, digitalization makes this feasible, and it turns out to be a fantastic way to raise money without having to cope with the arduous paperwork and regulations imposed by banking institutions.

## Conclusion

Economic growth, greater job opportunities, simpler work, and more innovation are all outcomes of digitization. If the flow of funds in the economy is more transparent, problems like tax avoidance and the shadow economy will be less likely to thrive. Since this is the case, we may deduce that making appropriate use of new technology requires not only its availability but also the knowledge and skill to do so. India aspires to become a fully technologically capable civilization and knowledge economy. Building India is an admirable endeavor. Despite certain setbacks, the digital India plan is having a profound impact on the country and guaranteeing a prosperous future for all of its inhabitants. The success of the knowledge economy is due to the combined efforts of everyone, including us Indians. With the help of the Digital India program, India is preparing itself to thrive in the modern digital era. A digitally empowered economy accelerates, enhances, and optimizes growth because its capital and human resources are better used. With its vast pool of talented individuals, India has the potential to become an economic superpower on par with the most industrialized nations in the world.

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