

How Adoption of Online Resources Can Help Indian SMEs in Improving Performance during COVID-19 Pandemic

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Abstract:

The purpose of this paper is to find out how adoption of online resources can help Indian SMEs during COVID-19 period because SMEs are losing their profits and revenue and many of them are at shutdown stage. This study can be observed as viewpoint of the authors on how adoption of online resources can help the Indian SMEs in improving their performance during pandemic era. The authors will comment on adoption of online resources based on previous literature. Through their viewpoint researchers will try to justify how adoption of technology can help Indian SMEs in getting back to progress path during this pandemic era and also takes them to the path of sustainability.

Keywords: SMEs, Online resources, India, Sustainability, Management, COVID-19, Technology adoption

I. INTRODUCTION

Small and medium enterprises are biggest contributing factor in the growth of overall economy of the nation. But those small and medium enterprises are facing many problems in their growth. They have shortage of funds and other resources and also those organizations are facing tough competition from big multinationals. The usage of technology and other resources can help SMEs in dealing with all types of challenges.

PRIME OBJECTIVE OF THE STUDY

The key objective of this paper is to discuss why the adoption of online resources is important for Indian SMEs and how it can help them in dealing with corona pandemic.

LITERATURE REVIEW

In past ten years many researchers have argued about the adoption of online resources in SMEs. Scupola (2009) argued how adoption of e-commerce channels can help SMEs in Demark and Australia

using TOE model. The key components of TOE model are technology, organization and environment. Small and medium enterprises are important component of economy of every nation and these SMEs are contributing heavily towards GDP of respective countries. ICT adoption is not a choice for SMEs in present era because competition is increasing. ICT adoption is mandatory because it can provide necessary business information, help in maintaining business contacts, access to new markets and help in diversification of the firms. With the effective usage of ICT, the small firms can successfully encounter the competition they are facing from large multinationals. The technological environment in Denmark and Australia is conducive for e-commerce adoption. The technology adoption can provide relevant advantage to SMEs and can take those industries to advanced level. The internal factors such as compatibility and training of employees to use technological tools play an important role in successful adoption of technical

resources in firms. The organizational environment is also an important component in adoption of technology in SMEs. CEOs characteristics such as age, education and technical skills matters. Employees' knowledge and attitude is also an important part of organizational environment. Employees should have enough resources to use technology whenever and wherever required. External environment includes role of government. In both countries, Australia and Denmark government is providing necessary infrastructure to government for technology adoption in SMEs.

Rahayu & Day (2015) have also argued about usage of internet and e-resources in small and medium firms in Indonesia. Indonesian economy is also dependent on the growth of small and medium enterprises. Rahayu & Day (2015) also discussed on parameters of TOE model by adding individual context to that model. Technology is the major game changer in today's scenario. They key advantage of technology is that it helps in business expansion within limited finance. The small firms don't have budget equivalent to large firms still technology adoption can help them in increasing their business outside the domestic borders. Cost of technology adoption can be a concern for the SMEs. Rahayu & Day (2015) have discussed certain more points in environmental context. The external environment refers to the competitors, customers and suppliers. Now-a-days all the stakeholders which include customers, suppliers and competitors are expecting SMEs to adopt technology and online resources because that adoption can also help them in achieving sustainability in business.

Fosso Wamba & Carter (2014) have also argued about technology adoption in SMEs but their research revolves around social media networks i.e. Facebook and Twitter. Facebook, Twitter, You-tube and other social media platforms are key components of normal life at present. With the usage of this tools the SMEs can also achieve their objectives of business expansion, economies of scale and innovation. The researchers have used OME model to discussion the adoption of technology in the form of social media tools. In this paper, the researchers have argued that organizational characteristics which include firm innovativeness and size of firm. The competition is increasing in the market. SMEs need to be creative and innovative to

survive in the market. In addition to firm's innovativeness, its size also determines the organizational characteristics for adoption of social media tools. The second component which influences the social media adoption is managerial context. Manager's age, gender and education level play an important role in adoption of social media tools. For instance, young managers with better technical education are more versed towards the usage of technology in comparison to old managers. Old age managers are not very much influenced towards the usage of technology because they are more comfortable with their daily routines. Gender is not playing any specific role in social media adoption in the SMEs. In the environmental context, the researchers have discussed about firm's geographical location. If the firm is located in metropolitan area than the managers will be under more pressure to adopt social media tools in comparison to the firms which are located in rural areas. In the same prospect, other researchers have also discussed how technology adoption can be useful for small and medium firms not only as an innovative tool but also to achieve sustainability goals (Kumar & Ayedee, Social media tools for business growth of SMEs, 2018; Kumar & Aggarwal, Sustainable development through social media tools, 2018; Kumar & Pandey, Usage of social media as an integrated marketing tool in business, 2018). In this decade, technology adoption is not a choice for small firms it is mandatory requirement (Kurnia, Alzougool, Ali, & Alhashmi, 2009). Overall, the adoption of online resources can be studied from the perspective of different users.

End users

The above points are clearly stating that adoption of online resources depends upon the usability of online resources and technologies by end users (Dahnil, Marzuki, Langgat, & Fabeil, 2014). The researchers have also argued that usefulness and credibility of online resources depends upon the technical knowledge and skills of the end users. Those end users include lower level employees and top-level executives of the organizations.

Organizational

The organizational perspective is also important for the adoption of online resources. Creativity and innovation are the need of present-day organizations. The competition in the market is increasing. The

usage of online resources and technology can provide necessary innovation required to get competitive advantage over big multinational enterprises.

Technology

Technology is also a perspective for adoption of online resources in SMEs. In modern days, the adoption of technology can reduce the cost of firms and provide maximum visibility to their products and services. The adoption of technology not serves the purpose until the users are trained to use that technology.

Adoption of technology leads to sustainable growth

The influence of technology adoption can lead small and medium enterprises towards sustainable growth in the following manner.

Marketing- Marketing is a key concern for both small and big enterprises. Initially, the organizations were dependent on print media and other traditional marketing channels. The main concern for small and medium enterprises is finance. The traditional marketing channels like print media, television are very costly and SMEs find it hard to recover that cost. The usage of online resources like social media channels and e-commerce channels can help the SMEs in sustainable growth. By using online resources, SMEs can reach to broader level of audience within limited finance. The e-marketing resources can help in the globalization of products and services since the time of their inception.

Corporate social responsibility- SMEs are facing different types of challenges. The small firms need to become profitable and also fulfil their social responsibility towards the society. The usage of technology and online resources can the firms to fulfil their CSR goals by minimizing the environmental concerns. In the limited finance those organizations can plan certain CSR activities. From the operational point-of-view, the usage of technology is economical and it can reduce the unnecessary usage of paper in marketing and other domains.

Sustainable approach- The usage of online and internet resources also helps the firms in improving their sustainable efforts because technology is

minimizing the usage of physical resources and other expenses. With the help of technology people can connect through virtual platforms and SME owners can promote their products and services on online platforms. Even many big multinationals are moving towards online promotion and distribution channels because these channels providing worth for their investment and help in achieving sustainability goals.

Competitive advantage- The main problem SMEs are facing is about tough competition from big multinationals. The usage of online resources and e-commerce channels can provide competitive advantage to small and medium enterprises. It can help those SMEs in profit maximization within limited resources. The usage of online resources has reduced the chances of traditional brick-and-mortar operation. With the help of internet and technology, it is possible to enter in the new market with low entry barriers.

New access to information- Small and medium enterprises have time and resources as the major constraint. The small and medium enterprises can access new information which is not available otherwise. The usage of technology and online resources can provide access to useful information. The internet can help SMEs to discover new markets and business possibilities. It is not easy to access new market without proper usage of online resources and technology.

Effective advertising and communication- The usage of internet and technology can also help small and medium enterprises in effective advertising and proper communication. Advertising is costly affair for small firms. The usage of internet and technology can help those firms in taking their communication to global level and it can improve the relationship with customers as well.

COVID-19 and its effect on SMEs

As argued by Rawat & Bhati (2020) India is dreaming of \$5 trillion economy by 2025. It is impossible to achieve that dream without sustainable growth of small-medium enterprises. Even in normal conditions, the survival of SMEs is not easy. Most of them have limited finance and other resources. Small and medium enterprises have their own capability and they will find it difficult to sustain in COVID-19 arena. More than 360 lakh workers are working in manufacturing of wearing apparel, tobacco products,

textiles, food products, furniture, metals and machinery, equipment etc (Rawat & Bhati, 2020). Due to lockdown the workers were not able to manufacture the products in various SMEs. The lockdown was to protect them from spread of corona-virus. All India lockdown has severely affected the employment of people in SMEs. Both the productivity and employment has badly affected in small-medium enterprises due to COVID-19. Due to this COVID-19 lockdown, the bilateral tension between India and China has also increased. Indian SMEs are not completely dependent on themselves. The MSME sector in India is dependent on China for raw material. For example, drug makers in India are exporting 70% of their ingredients from China (Mishra, 2020). Due to lockdown, various issues are happening such as shrinkage of exports, cessation of production, non-availability of manpower and uncertainty of consumption.

Indian MSME sector was already facing severe hit because of demonetization and GST implementation and the current scenario of lockdown and bad relations with China will affect the normal operations and working of SMEs in longer term. Indian SMEs are facing cash crunch among this corona virus lockdown. Indian SME sector is completely paralyzed during this crisis. LocalCircles conducted a survey over Indian SMEs from all around India. Approximately 13,970 responses collected from SMEs owners and entrepreneurs (Retail4Growth, 2020). The cash situation is extremely bad in SMEs. 27% of SMEs are already out of funds, 20% of SMEs have cash only for a month, 24% of SMEs have cash only for 1-3 months, 23% of SMEs have cash for 3-6 months (Retail4Growth, 2020). Only 6% SMEs have cash for more than 6 months. The situation is very concerning as 61% of SMEs are looking to scale down their operations in next 6 months, 7% of SMEs are looking to sell their business and 13% are looking to completely shut down their operations. Approximately 80% of SMEs are not looking towards growth. Only 13% SMEs are positively looking for growth.

Cash situation of Indian SMEs during this corona crisis

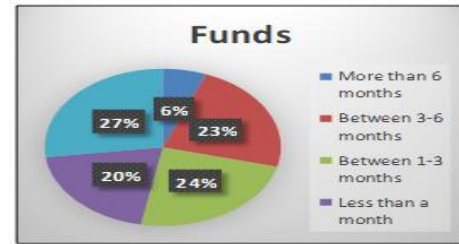


Figure 1

Future perspective of Indian SMEs in this situation (Refer Figure 2 in last)

The SMEs sector in India will suffer a huge decline in exports because India is dependent on foreign countries for exports its products but currently all the countries are busy in saving themselves from this pandemic. WTO has already stated that global trade in goods will decline between 13% to 32 % during this pandemic situation (PTI, 2020). SMEs will suffer a huge loss of revenue in this current situation. The production and selling of produced material can help them in increasing their revenue but it is not possible to start production during lockdown or even after lockdown because most of the workers are left for their home town.

Another concern is that Indian SMEs are still hesitant to adopt internet resources and technology in their operation. The lack of technical skills is also a reason behind it. In current situation many of SMEs are looking towards government for help but government can't provide help to most of micro enterprises because those micro enterprises haven't registered themselves to avoid GST. Government is ready to provide wage subsidy and extra credit to small firms but for that data of those firms required. The government is not able to trap data as firms haven't registered themselves. This is also true that most of the small and medium enterprises are dependent on informal funding and in this scenario informal funding is not possible so those SMEs are not able to improve their situation. The formal banks are only able to help those organizations which are listed or registered (Misra, 2020). Many SME owners are registering themselves online now but it is too late. They should have registered themselves earlier.

Will economic bailout suffice the purpose of Indian SMEs? Indian government has announced \$ 266 billion (BBC, 2020) as economic package in mid of May to help small and medium enterprises. Indian

finance minister and prime minister want to help SMEs in best possible manner, the economic package announced for small and medium enterprises is 10% of Indian GDP. The government is trying to provide much needed liquidity to small and medium enterprises. The finance minister is stating the government want to help SMEs in best possible manner for their growth. The government has also announced a bailout of more than 2,00,000 for small and medium enterprises and also prohibit global tenders for government procurement up-to \$ 26.5 m to help small businesses (BBC, 2020). There is a possibility that government bailout will lowers NPL risk from SME loans.

ANALYSIS AND DISCUSSION

Based on above discussion on the previous literature available, it can be said that adoption of online resources and technology is beneficial from the perspective of organization, technology and external environment. The organization and individuals have their own capability but those limitations need to be overcome for better usage of technology for growth of small-scale industries. Both big multinationals and SMEs are looking for sustainable growth because the whole world is facing problem of global warming and pollution. Sustainable growth can also help in achieving economies of scale. The sustainable growth of SMEs will also help in achieving sustainable development goals set by United Nations.

From above literature review, it can be concluded that organizations should move towards online resources and technology because it will help in achieving aims of sustainable growth in different forms. Adoption of online resources will reduce the cost of marketing and move organizations towards sustainable and green marketing. It will help the SMEs in expanding their global reach to the audience around the world. The organizations get desired information required for business expansion with the help of electronic resources. It will help in establishing two-way communication with the customers. Previously, the organizations were using print media for marketing and advertising. Through print media only companies were able to put their points in front of customers but social media tools have provided a platform on which customers can also put their points and arguments. On the basis of customers' feedback, the organizations can

customize their products and services accordingly.

The whole world is shocked by COVID-19. In this scenario, the usage of technology and internet resources is not an option for Indian SMEs. In-fact it is mandatory for SMEs to use internet resources because the usage of internet resources can help in the recovery phase of Indian SMEs towards growth. Usage of digital technology and internet resources will help the industry not only in surviving but also in thriving. Usage of digital technology can't be avoided; it is the new normal in present scenario. The existing operation of many SMEs is obsolete in nature, the usage of digital technology can help those SMEs in updating themselves. In this COVID-19 scenario technology can add to the efficiency, innovation and accuracy to the existing operations of SMEs. It can reduce the turnaround time for small and medium enterprises. Unfortunately, in India 68% of SMEs have no digital presence as they are running in offline mode (Chhettri, 2020). In COVID-19 scenario it is difficult for SMEs to go offline as they need to deal with skilled labour problem, financial assistance and other resources. The usage of internet resources and digital technology can help the SMEs in achieving new heights. Technology can provide the necessary linkage for the SMEs with their customers because usage of technology can help those organizations in selling their products and services in foreign market.

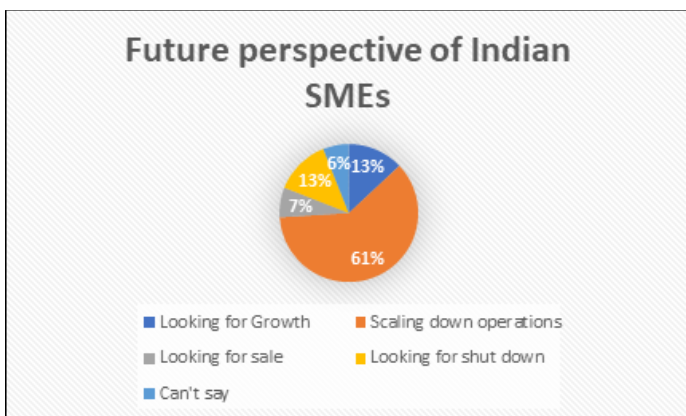
CONCLUSION AND RECOMMENDATIONS FOR MANAGERS

On the basis of above discussion, it can be said that online resources and technology are useful tools for small and medium enterprises and it will take them towards sustainable growth as well. It is highly recommended for organizational managers to start using online resources and technology because usage of those technical resources will keep them updated and also helps organizations to match with global level competition. There are certain hardships in usage of technology and online resources, the organizational managers should train their employees to avoid the hardships and try to take maximum advantage of online resources and technology.

- The SMEs owners and workers should not avoid the usage of technology either it should be mandatory for all the SMEs to operate in one or another form on technology and internet

resources. It can help those organizations in overcoming the effect of COVID-19.

- All the SMEs owners should register their organizations online so that they can take the advantage of government policies and relief package. Technology can be a bridge in linking those organizations with government. If government don't have the data of SMEs than how they will provide help to those SMEs.
- SMEs owners should train their workers on the usage of technology so that they can work even from remote location Currently the major setback is lack of technical skills. That lag should have been avoided.
- SMEs managers and owners should not take adoption of internet resources as luxury instead it should be a permanent measure in all the organizations.



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