A Swoc Analysis of Digital Practices in Micro Enterprises with Special Reference to Jhansi District

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Abstract

SWOC analysis is a useful tool for making decisions.Since, it helps businesses to better understand how they operate, identify areas for improvement, and predict what will happen in the future. It aids businesses in setting priorities that are strong and create opportunities. To identify the major strengths, weakness, opportunities and challenges factor analysis is used. While analyzing the SWOC analysis of digital practices in micro enterprises: Transparent system came out as a major strength, Performance gap is more in digital promotion and it is one of the major weakness, Customer retention and acquisition is easily attainable by digital practices so it is counted as opportunity and major challenge in digital practices is lack of trust. The study is conducted on 200 micro enterprises in Jhansi district to determine perception and experience toward digital practices in micro enterprises.

Keywords: ICT, Digital Transformation, Digitalization,SWOT,SWOC,Microenterprises

Introduction

SWOC analysis is used to address business and organizational issues,challenges, and priorities. When any new thing is introduced in the enterprisesin that case the change can bring positive effect or negative effect on enterprises working.

SWOC Analysis help the enterprises to known that factor which is affecting enterprises is internal element or external element? Sometime the organization is ready to transform their business with digital practices initiatives but they don't know how to prioritize them. In this SWOC analysis play an important role to prioritize the activities with strength and brings opportunities in the enterprises. Whereas they can work on their own weakness and they can learn how to overcome the challenges. Using SWOC analysis inbusiness will help enterprises to improve each activities like marketing, internal operations, customer services etc.

SWOC analysis is one of the most effective tool for the purpose of decision making. It enables organizations to gain a deeper understanding of their operations, pinpoint opportunities for development, and foresee future developments.

Micro enterprises are trying to shift themselves from traditional business activities to digital practices. In that situation SWOC analysis help enterprises in certain ways. :

- Consolidate Advantages (S)
- Minimizing Flaws (W)
- Use Your Opportunities (O)

- Eliminate Challenges (C).
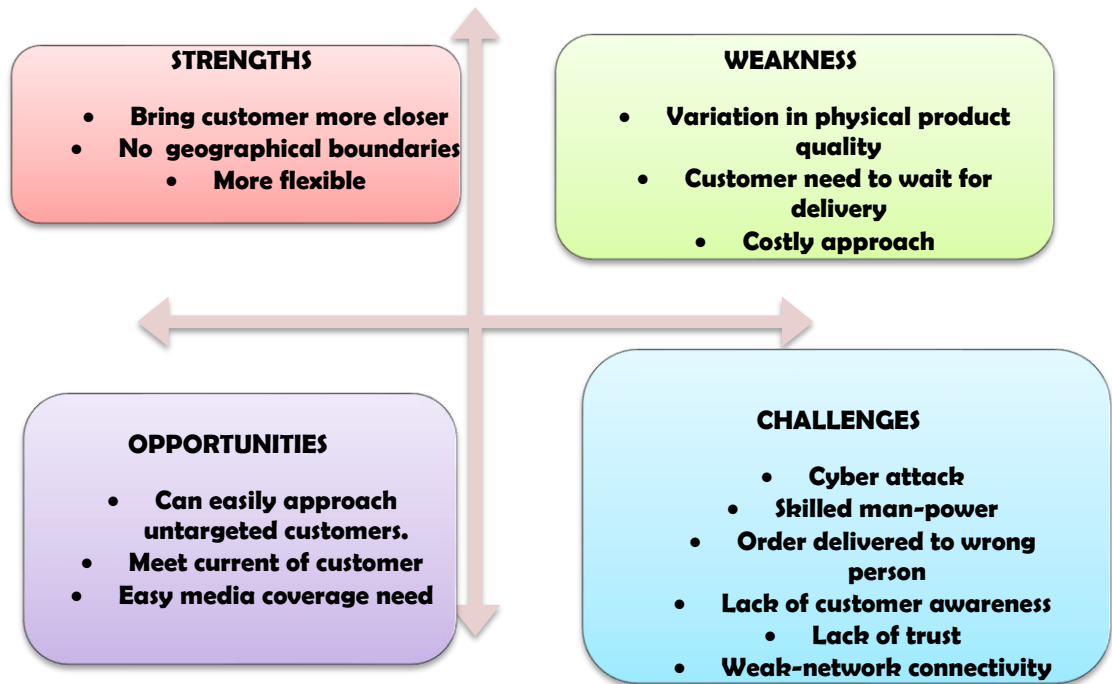
Covid-19 and Digital Transformation

Covid-19 disrupted the functioning of many enterprises and significantly affected the global economy, business operations, and population but digitalization is assisting businesses in adapting and overcoming the situation. Each area is anticipated to be affected by digitalization, which will also promote the development of digital goods and services. In addition, regardless of where people are physically located, new ways of working will increase the demand for new talent.(Almeida, Santos, & Monteiro, 2020)

Source: *The Channel Co and IDC (International Data Corporation) Report*

According to the report "COVID-19: An inflection point for Industry 4.0,"To ensure business continuity, It enable teams to safely workin a hybrid environment and increase business resilience through better and safer IT infrastructures, scalability, and automation of operations and later of processes, investments in the digital agenda should be prioritized.

Swoc Analysis of Digital Practices

STRENGTHS	WEAKNESS
• Bring customer more closer • No geographical boundaries • More flexible	• Variation in physical product quality • Customer need to wait for delivery • Costly approach
OPPORTUNITIES	CHALLENGES
• Can easily approach untargeted customers. • Meet current of customer • Easy media coverage need	• Cyber attack • Skilled man-power • Order delivered to wrong person • Lack of customer awareness • Lack of trust • Weak-network connectivity

Strengths

When enterprises use digital practices in their business, It's the strength of using digital practices in business as it help enterprises in bring customer closer(VRdirect, 2023)there is no geographical boundaries between the seller and buyer and this system is found to be the most flexible system as it can run from any place (Rey, 2022)

Weaknesses

Sometime, Enterprises are willing to adopt digital practices in businesses but due to the weaknesses of the digitalization they are unable to adopt it. According to several author, it was found that digital practices when adopted for selling the product in that case product may not be same as real product as shown to you while advertising it (Andriani, Nur Aini, Anwar, & Adnandy).Digital selling and ordering may take time and customer need to wait for it(Awasthi, 2021). As this system require so many things like infrastructure, training etc. So it is found to be costly approach (Veneck, 2023).

Opportunities

Opportunities attach with the technology help enterprises in increasing the sale and profit of the businesses. They can earn competitive advantage in the market.When enterprises adopt digital practices, they found several opportunities attach with it. Digitalization help enterprises to easily communicate with any customer so as to convince them to buy their product and service (Løberg, 2021).Digitalization make the work of enterprises easy in measuring the current need of the customer (kittipanya-Ngam, 2020). With the help of technology, It hardly take seconds or a minute to advertise the product/services in the market with the help of digital tool and technique.

Challenges

Every technology has its Pros and Cons while implementation it in any enterprises. There were many enterprises who found that while planning for adoption or implementation of technology there are several challenges they need to work on like-Entrepreneurs of Micro enterprises are having fear of cyber attack.Only those enterprises can implement such practices who are well skilled (Almeida, Santos, & Monteiro, 2020). In Digital ordering and selling the product, it may be sent to wrong person. The biggest challenge is that many of them are not adopting it because they are less aware (Telukdarie, Dube, Matjuta, & Philbin, 2023).

Review of Literature

(Ifra, 2022) To survive in this digital world the businesses have to face several challenges. One of the biggest challenge is cyber attack. Cybercriminal are working 24x7 to harm the public and companies by trapping them in their web. According to the research conducted by a cyber security company- "Sophos",that 7 out of 10 Indian businesses experienced such assault in last year. So to keep safe themselves from such cybercriminal. According to PwC's India Digital Trust Insights Survey, By 2023 82% of Indian companies are going to keep a budget for cyber security as well.As India record over 23 billion dollar digital payment worth ₹ 38.3 lakh crore in third quarter of 2023(The EconomicsTimes, 2022). so it is necessity for companies to think for cyber security. If cyber security has been given more emphasized, then more and more business and public is going to adopt digitalization on greater pace.

(Digitally-Powered Human Resource Management: Skills and Roles in the Digital Era, 2019) Nowadays, enterprises are forced to adopt digitalization in every activities either its workplace or HR based practices. Digitalization provide several benefits to enterprises like better quality with less human error, it increases the transparency of data, business growth etc. whereas there are several risks involved in it like employees are less resist to changes, cyberattack, lack of investment in digital training. To successful implement the digitalization in any organization there is need of professional, new and talented employee to easily adopt and implement digitalization in every. Digitalization in human resource management helps enterprises to modernize HR Functions and provide them with a competitive advantage. If the employee are more skill they can easily overcome the challenges and risk involved in digital practices.

(Kilimis, Zou, Lehmann, & Berger, 2019)As digitalization taking place in each and every enterprises. According to the study conducted in Germany SMEs, to known the transformational changes due to digitalization in SMEs. the study conducted on 50 SMEs. It is inferred from the study that many of the enterprises faced a problem in ERP,Automation, Logistic & Supply chain Management and CAD/CAM.It was studied that manufacturing sector faced the major problem in adoption of digitalization.A construction based companies are using ERP systempartially just for recording transaction and accounting.It's not been used by them effectively. Metal processing SMSs were surveyed and it was inferred from the study that they too are not using ERP/CAM/CAD software in their enterprises effectively. The files are updated manually so it is a time consuming process and less accurate. It is concluded from the study that Majority of SMEs are based on manual process which need to be digitalized with the help of ERP/CAD/CAM software's. It is possible with help of skilled training provided to them.

(Almeida, Santos, & Monteiro, 2020) Organizational digital transformation processes have accelerated due to occurrence of COVID-19, necessitating manager involvement,

promotion of an innovative culture, digital channels, online working and the use of technological products will become more significant as businesses become more digital. In this study, the effects of digitization on employment, social interactions, marketing and technological aspects were investigated. The involvement of a company's employees, vendors, stakeholders, and customers will be crucial to the success of its digital transformation processes. The adoption of Remote working models, e-commerce, Internet of Things (IoT)-supported systems, big data, artificial intelligence, and roboticsas well as the use of new technological solutions are all topics covered in this study.

(Rey, 2022)Indicated in this article that SWOT analysis is helpful for determining strategic planning, it determine improvement areas, viability of new initiatives, and comprehension how to apply emerging technologies. It can assist the task of improving and creating new e-Learning opportunities and programs, as well as in examining the positive and negative aspects of distance learning.

(Almeida, Santos, & Monteiro, 2020)Through risk analysis, this study sought to improve the digital platform created as SME business media. Before choosing the most suitable mitigation strategy firstly identify and analyze risks subjected to SWOT and failure mode and effect analysis (FMEA). In order to improve national economic stability, the study anticipated that SMEs would meet the challenges and opportunities presented by Industry 4.0.

(Veneck, 2023) According to author, it was analyzed that Paper forms and handwriting signatures are being phased out in favor of E-Forms, E-Signatures, and other new digital technologies. It is customer-focused and requires revisiting every element in each prospective in order to create the best possible digital experience for everyone. When a business undergoes a digital transformation, it is important to consider the culture, leadership, risk, and investment possibilities that come with it. A successful transformation relies on five factors: having the right digitally savvy leaders in place, building workforce capabilities, empowering people to work in novel ways, communicating frequently using both traditional and digital methods and providing a positive customer experience. To support the digital transformation, $2.3 trillion will be spent globally on the required technologies and services. Time, money, and effort must be committed to the digital transition process.

(Telukdarie, Dube, Matjuta, & Philbin, 2023)This paper aims to develop an integrated system to address the challenges of digital transformation for SME's. Through workshops, the research and development team identified business functions, determinants and current systems that can enhance the process of digital transformation. The results provide solutions for small business (i.e., the development of integrated system) to ease access to digital technologies.

Research Question

What is the need of SWOT analysis of digital marketing practices in Micro Enterprises?

Objective of the Study

1.   To understand the major internal factors of digital practices in micro enterprises
2.   To identify the major external factors of digital practices in micro enterprises.

Research Methodology

| Targeted Population	Micro enterprises
Research Design	Descriptive and exploratory study was conducted.
Area of study	Study was conducted in Jhansi District
Sample Size	Sample of 200 Micro enterprises was taken for the study.
Type of Sampling used	Convenience sampling technique
Data Collection Method	Data collected for the study used both method Primary as well as Secondary method of data collection.
Data collection Tool	Schedule is chosen as the data collection tool for the study.
Data Analysis Technique	With the help of SPSS, factor analysis(Budiman, Tarigan, Mardhatillah, Sembiring, & Teddy, 2018) was applied

Data Analysis& Interpretation
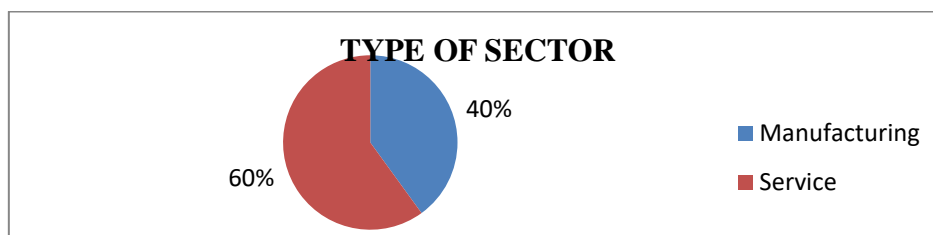
Figure 1: *Proportion of manufacturing and service sector among the Enterprises*
Source: *Author's own source*

Interpretation:As per the Figure 1, Micro businesses are divided into manufacturing and service sectors, with 60% in the service sector and 40% in the manufacturing sector.
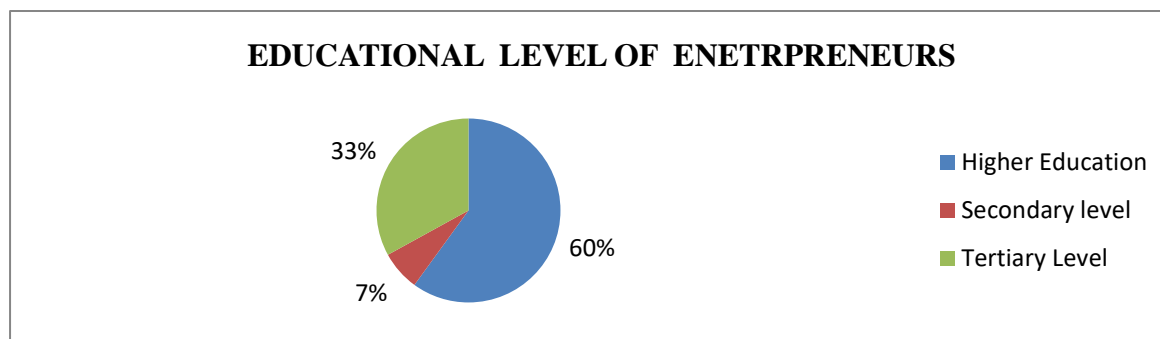

Figure 2: Education status of respondents
Source: Author's own source

Interpretation: As shown in Figure 2, Entrepreneurs and managers have different educational qualifications, with the majority of respondents being graduates or postgraduates. Entrepreneurs of registered enterprises were qualified. In which 60% belongs to higher education, 33% of them having a tertiary education and 7% of them having a secondary education, and 0% belong from uneducated level and Primary level.
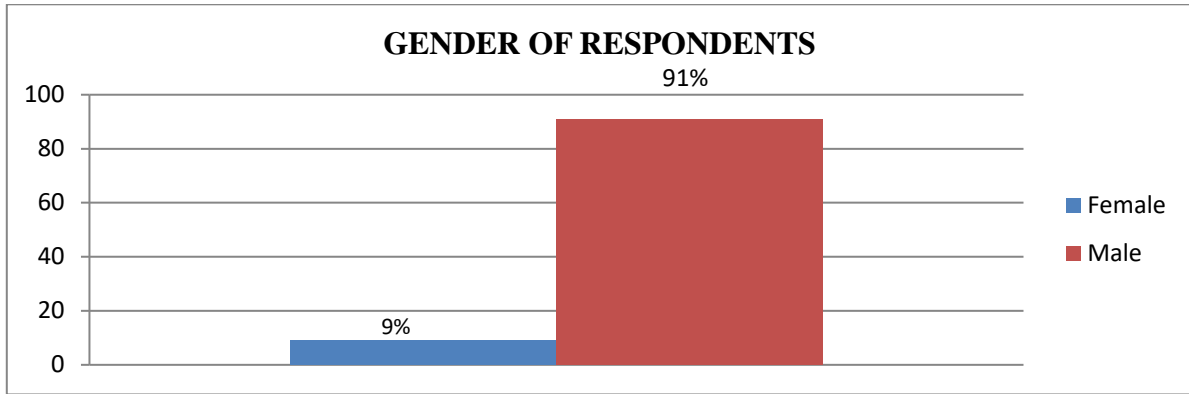
GENDER OF RESPONDENTS

Figure 3: *Segmentation of Respondent on the basis of gender.*
Source: *Author's own source*

Interpretation: As per the Figure 3 shown above it is found that, the majority of micro enterprise entrepreneurs are male, with 9% female and 0% transgender.
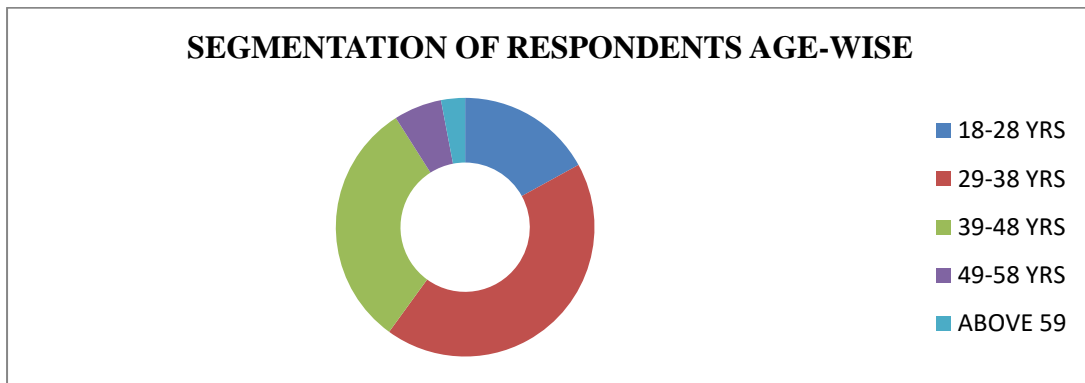

Figure 4 : *Age Wise Segmentation Of Respondents*
Source: *Author's own source*

Interpretation**:** As shown in Figure 4, the majority of micro enterprises owner are between the ages of 18 and 28, with those over the age of 59 being the fewest.
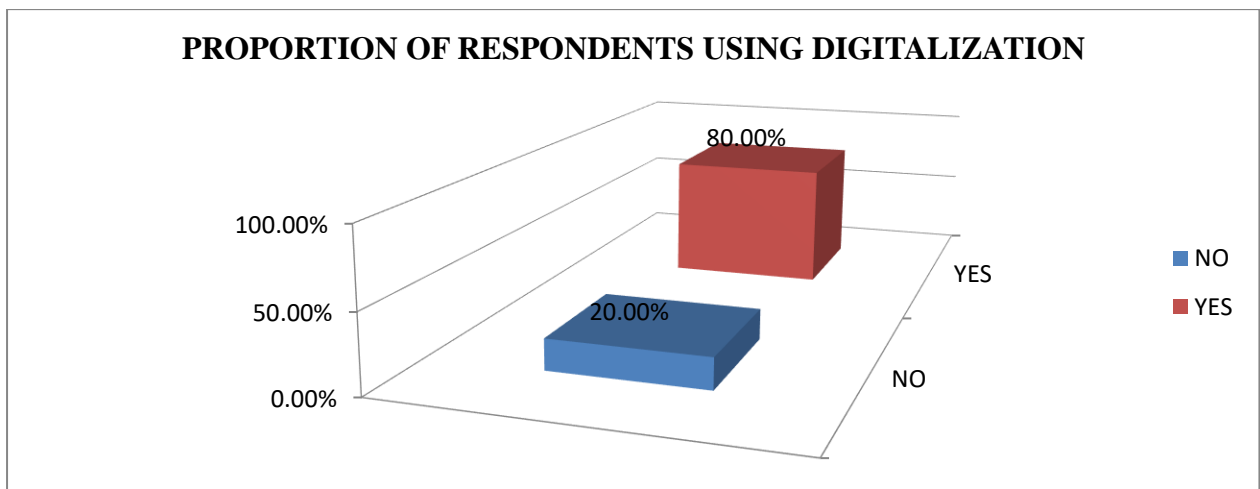

Figure 5: *Proportion of Respondents using digitalization*
Source: *Author's own source*

Interpretation**:** As shown in Figure 5, 80% of micro enterprises use digitalization in business practices, while 20% do not.Most people are aware of digital practices employed by businesses and the one who don't adopt they are also aware of the digitalization.
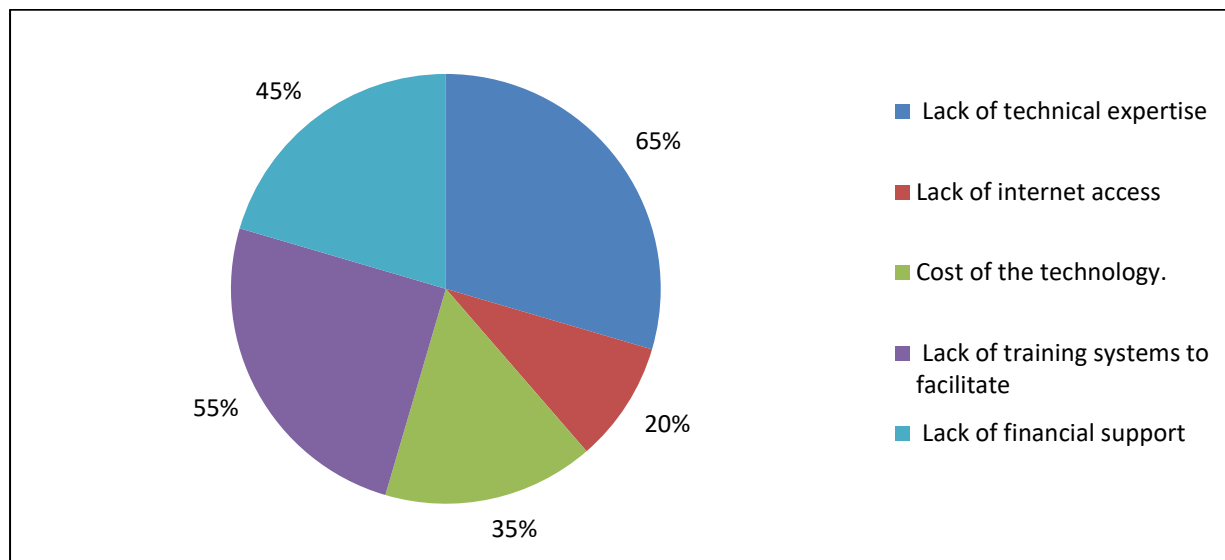

Figure 6: *Reason behind not adoption*
Source: *Author's own source*

Interpretation: As shown in Figure 6, According to 65% of non adopters, the most significant barrier in adoption of digital practices among micro enterprises is a lack of technical expertise, because one can only adopt the thing if they are technically skilled to operate the activities. Sometimes people are aware, but they are not technically sound, so they keep them away from adoption. According to 55% of non adopters, if entrepreneurs receive periodic training, no one will refuse to accept the technology, but there is a lack of training systems for entrepreneurs. Financial assistance is a barrier for 45% of non adopters. According to them, when funds are needed, they are unable to obtain them because they became entangled in the documentation process and some of the funding conditions were so stringent that they did not receive financial assistance.35% of non adopters believe that the cost of technology is not the most important reason because if they can easily obtain funding, the cost of technology is not the most difficult issue to deal with, and only 20% believe that internet access is a minor reason for not adopting technology. They believe that internet access in their area is generally good but occasionally poor.

Factor Analysis

To understand the major internal factors of digital practices in micro enterprises.

Table 1: *Total Variance Explained*

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.737	45.614	45.614	2.737	45.614	45.614	2.361	39.355	39.355
2	1.459	24.321	69.935	1.459	24.321	69.935	1.835	30.580	69.935
3	.765	12.743	82.678						

4	.550	9.174	91.851
5	.332	5.539	97.390
6	.157	2.610	100.000

Extraction Method: Principal Component Analysis.

Table 2: *Rotated Component Matrix^a*

	Component	
	1	**2**
Digitalization bring customer more closer.	.917	
Digitalization has no geographical boundaries for customer.	.918	
Digitalization is flexible then offline.		
In digitalization physical product quality may varies from advertisement of product		.869
In digitalization, Customer have to wait for delivery.		.893
In Digital business is costly approach with respect to infrastructure and distribution network development.		

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
a. Rotation converged in 3 iterations.

Interpretation: As shown in the above Table 1, among six factors itis found that only two factor come out as major strength and weakness of digital practices in micro enterprises. Two componentsare extracted as a major strength and weakness and these two are also internal factors related to micro enterprises. These two factors explain about 69.935% of variables. Component 1: Transparent system, it comprises of digitalization bring customer closer,it has no geographical boundaries it is found to be the major strength of this system. =Component 2: Performance gap, it comprises of variation in physical product as promise in advertisement and Customer has to wait for delivery.

To identify the major external factors of digital practices in micro enterprises.

Table 3: *Total Variance Explained*

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.657	29.523	29.523	2.657	29.523	29.523	2.078	23.094	23.094
2	1.632	18.131	47.653	1.632	18.131	47.653	1.846	20.507	43.601
3	1.141	12.681	60.334	1.141	12.681	60.334	1.506	16.733	60.334
4	.970	10.775	71.109						
5	.754	8.377	79.486						
6	.643	7.144	86.630						
7	.515	5.726	92.356						
8	.411	4.565	96.921						
9	.277	3.079	100.000						

Extraction Method: Principal Component Analysis.

Table 4: *Rotated Component Matrix[a]*

	Component	
	1	**2**
In digitalization, Enterprise can approach those customer also which are left untargeted.		.830
Digitalization can meet the current need of customer easily.		.812
Easy media coverage		
Cyber attack		
Skilled man-power		
In digital order, order may be delivered to wrong person.		
Lack of customer awareness on digitalization		
Lack of trust	.806	
Weak Network connectivity in remote area		

Interpretation: According to the data in the table above, only two of the above given factors stand out as being major opportunity and challenge for digital practices in micro enterprises. There are two external components linked to micro enterprises that were identified as the main opportunity and challenge of the two components. 60.334% of the variables are explained by these two factors. Component 1: Customer Retention and Acquisition, it comprises of factors like Digitalization help to reach untargeted customers and it help in meeting the current need of customer. This component is found to be the major Opportunity of implementing digitalization in micro enterprises. Component 2: Lack of trust, this component came out as biggest challenge for implementing digitalization in micro enterprises.

Conclusion

SWOC analysis is used to address business and organizational issues, challenges, and priorities. It enables organizations to gain a deeper understanding of their operations, pinpoint opportunities for development, and foresee future developments. It helps enterprises consolidate advantages, minimize flaws, use opportunities, and eliminate threats. Digital transformation is assisting businesses in adapting and overcoming the situation. To ensure business continuity, enable teams to safely work remotely or in a hybrid environment, and increase business resilience, investments in the digital agenda should be prioritized.

Enterprises use digital practices in their business to bring customer closer, increase sales and profit, and earn competitive advantage. However, there are weaknesses due to the weakness of the digitalization, such as not being the same as real product, taking time, and being costly. However, opportunities attach with the technology, such as the ability to easily communicate with customers, measure the current need of the customer, and advertise the product/services in the market with the help of digital tool and technique. Additionally, there are challenges such as the fear of cyber attack and the need for skilled professionals to implement digital practices.

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