

THE ENABLERS AND INHIBITORS OF DIGITAL TRANSFORMATION WITHIN THE MICROBUSINESS SECTOR IN IRELAND

Anuragini Shirish, Université Paris-Saclay, Univ Evry, IMT-BS, LITEM, 91025, Evry-Courcouronnes,
France. anuragini.shirish@imt-bs.eu

John O'Shanahan, Leanbpi, Ireland, johnoshanahan@leanbpi.ie

Anaya Kumar, Université Paris-Saclay, Univ Evry, IMT-BS, LITEM, 91025, Evry-Courcouronnes, France.
anaya.kumar@imt-bs.eu

KEY WORDS: microbusiness, technology mindset, digital transformation, SMEs, owner-manager, mentoring

Executive Summary and Findings

To leverage the emerging potential of new technologies, digital transformation has been a clear priority for most large- and mid-sized organizations for over a decade now (Vial, 2019). However, COVID-19 pandemic has recently pushed several microbusinesses (MBs) to hurriedly initiate digital transformation (DT) efforts and keep their businesses afloat (Mandviwalla & Flanagan, 2021). MBs comprise a class of small and medium enterprise category (SMEs) that typically have fewer than ten employees and lesser resources (OECD, 2021). They represent about 93 percent of all businesses in Europe (European Commission, 2019). Their economic significance is also shown through a survey which predicted that by 2024 small businesses through their DT efforts have the potential to add over 2.3 trillion USD to the global GDP, which would be key for the post pandemic economic recovery (CISCO, 2020). Prior research has shown that DT effectiveness varies significantly with firm size (Mandviwalla & Flanagan, 2021). Following these, the aim of our study is to examine and identify the enablers and inhibitors of digital transformation within the MB sector in Ireland

Leveraging the unique context of MBs for DT initiatives, we draw upon a qualitative research design. We collected data from a series of interviews and focus groups (29 participants) with micro business owner-managers (MBOM)s and other key stakeholders in the Irish MB digital ecosystem. We recorded the focus groups with participant permission and transcribed it for further analysis. Using NVivo we coded the data into various themes using our research question as our guide.

Our results allowed us to categorise four inhibitors and four enablers that influence MBs to initiate and engage with digital transformation efforts. The themes under the inhibitors were: the MBOM's lack of knowledge of the technology industry, the high costs to implement the new technology, the time investment involved in staff training, and the fear of failure.

“Lack of knowledge is a constraint. Time investment is a major factor- how long will this take; how many meetings will be necessary.”- P16 (Female, Manager of a MB in Ireland from the tertiary sector with 6 employees)

“Fear is another factor- fear of investing in a technology and it not working out.”- P23, (Female, Facilitator of MB sector with 21 years of experience)

The four significant enablers that emerged through our data were: the business owner's progressive mindset, the industry consultants/mentors support, the available training programs, and informal business network exchanges.

“Programmes like LEAN. Keeping up with peers, looking at other businesses in the networking groups and seeing what they are doing and how you can incorporate it. It is necessary for owners to have the mindset to take the next step.” – (P19) (Male, Owner of a MB from secondary sector with 3 employees)

Discussion and Action Guidelines

From this study, we note that the MBOMs play a crucial role in the success of the digital transformation efforts. Their technology mindset can influence their engagement levels in digital transformation projects. At the same time, we need the MBOMs to embrace new changes that are necessary to successfully onboard them into the digital economy. We find that both

formal and informal mentoring is highly useful to the MB sector. This allows them to build the necessary capabilities, confidence, and skills to not only navigate a dynamically changing technology landscape but also to survive and thrive in this environment. We urge policymakers to continue to support MB's digital transformation initiatives by providing financial incentives as well as building policies and structures to systematically bridge the digital and knowledge divide between the large and micro-business sectors. This can be achieved by continuing to offer appropriate training programs and mentoring opportunities to both the incumbent MBs and the experienced MBs involved in digital transformation efforts in order to sustain such efforts in the long run. Undertaking further studies to identify the unique profiles of MBOMs can enable policymakers to cater to personalised solutions and motivate even the fearful MBOMs to gradually move to the digital economy.

Conclusion

Digital transformation can enable the survival and revival of microbusinesses especially in the post-pandemic context. Their role in providing local jobs and sustaining the economy is well understood. Nevertheless, policy makers need to pay special attention to the enablers and inhibitors faced by MBs when they involve in digital transformation efforts. Although their small size allows them to act swiftly, they have financial, knowledge, and digital competence related constraints to overcome before embarking on the digital transformation journey. This study is one of first that has focused on the antecedent conditions to digital transformation in the MB sector in Ireland. Some antecedents are linked to the owner-managers' personal attributes, whilst others are environmental conditions that can be altered by the policymakers in order to create a conducive climate for the adoption of digital transformation by all MBs in Ireland so as to ensure their survival and sustenance within the local economy.

The researchers plan to continue their work on this interesting and important research agenda and explore in detail other factors that can enable efficient management and sustenance of digital transformations by MBs in Ireland.

Acknowledgements

The researchers of this report acknowledge other team members including Ms. Prabhjot Singh, a graduate student undertaking business information systems major at Institut Mines Telecom Business School, France and Prof. Niki Panteli from Royal Holloway University of London. We also acknowledge the time, effort and trust of several microbusiness owner-managers and government officials who took part in this research program as participants of the focus groups. We acknowledge the support provided by IS lab, Institut Mines Telecom Business in helping us valorise this applied research project.

References

- CISCO. (2020). *2020 Small Business Digital Transformation*. Retrieved 16/01/2022 from https://www.cisco.com/c/dam/en_us/solutions/small-business/resource-center/small-business-digital-transformation.pdf
- European Commission. (2019). *Annual report on European SMEs 2018–2019: Research & development and innovation in SMEs* (<https://ec.europa.eu/docsroom/documents/43885/attachments/1/translations/en/renditions/native>)
- Mandviwalla, M., & Flanagan, R. (2021). Small business digital transformation in the context of the pandemic. *European Journal of Information Systems*, 1-17. <https://doi.org/https://doi.org/10.1080/0960085X.2021.1891004>

OECD. (2021). *Enterprises by Size*. Retrieved 17/01/2022 from
<https://data.oecd.org/entrepreneur/enterprises-by-business-size.htm>

Vial, G. (2019). Understanding digital transformation: A review and a research agenda. *The Journal of Strategic Information Systems*, 28(2), 118-144.

WTO. (2021). *Call for proposals for digital champions for small business initiative*. Retrieved 18/01/2021 from
https://www.wto.org/english/news_e/news21_e/msmes_25jun21_e.htm

The abstract of this report is available at HAL public archives under working paper collection.

If you wish to cite this work, kindly follow the below format:

Anuragini Shirish, John O'Shanahan, Anaya Kumar. The Enablers and Inhibitors Of Digital Transformation Within The Microbusiness Sector In Ireland. 2022. (hal-03548215)