

Impact of Digitalisation in the Tertiary Business

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Abstract

The proliferation of digital technologies over the past two decades has been substantial, marking one of history's most rapid rates of adoption of new technologies. The Explosive growth of ICT services caution the policy makers primarily on access, building the network and determining the tools for the mass adoption of digital technologies. Over the past two decades, policymakers established rules to enhance access to communication services, setting policies that introduce competition and promote infrastructure sharing. The study attempts to analyse the impact of digitalization on Business Development in Tamilnadu. It focused on determining the business conditions after implementing digitalisation, Growth of business during pre and post digitalization, factors influencing the growth of the business and challenges faced by business due to digital change. This study has been undertaken to investigate on subsectors in the tertiary sectors, where activities affected by digitization tend to cluster—financial services, manufacturing, retail, and hospitality and impact of digitalisation in these sector in terms of business development. For the very purpose monthly time series data has been arranged from Jan 2018 to Dec 2018.

Keywords - put your keywords here, keywords are separated by comma.

I. INTRODUCTION

Digitalisation is radically reshaping business landscapes and the nature of work, as well as redefining the boundaries of production, distribution and consumption. Technology-driven innovations are transforming both manufacturing and services sectors through the increasing incorporation of artificial intelligence and automated systems Digitalisation has thus major implications for the business development. In particular, digitalisation will change both the quantity and quality of Business. During industrialization, repetitive tasks were automated. The success of every business depends on certain factors. Some of which are accurate analysis, choosing the right technology and the future vision. Research from the last two decades has proved that those organizations that do invest in technology and choose the path of innovation increase their market share, financial figures and overall competitiveness.

Digitalization of Business provides the opportunity to analyses specific data and plan for business journey accordingly. It also provides many tools which can solve complex problems and plan the scalability (future growth) of business. In the modern age, it is proved that digital marketing is a great tool which promote products or services to the global market while sitting in the comfort of remote office or home. Cloud computing and modern communication which enables to form a global organization, manage and monitor its virtual offices all over the world.

A. Population and Sample

This study utilised the descriptive method of research. As widely accepted, the descriptive research is a fact finding study that involves adequate and accurate interpretation of findings. Descriptive research describes a specific present condition. Relatively the method is appropriate to this study since it aims to illustrate the impact of digitalisation on tertiary sector business. The technique that was used under descriptive research is the normative survey approach and evaluation which is commonly used to explore opinions according to respondents that can represent a whole population. The survey is appropriate in this study because it enables the researcher in the formulation of generalisations. Two types of direct data survey are included in this study. Data is collected from the respondents of the business through interview schedule and through questionnaire The universe consists of all the organized retail outlets situated in the Tamil Nadu from which a 400 retailers are selected randomly for the purpose of the study. Tamil Nadu has a diversified manufacturing sector and features among the leaders in several industries like automobiles and auto components, engineering, pharmaceuticals, garments, textile products, leather products, chemicals, plastics, etc. By means of multi-stage and cluster sampling method firms from tertiary sector such as retail, hospitality travel and pharmaceutical business were selected from 32 districts of Tamil Nadu. A total of 400 respondents were randomly selected from total population size. Total 32 Districts has been divided into five divisions such as North, West, East, Central and Southern division.

B. Data and Sources of Data

The data for the study have been collected from primary sources. Secondary sources of data were collected from book, Journals and websites. Primary data have been collected through questionnaire schedule and through interview method where interview took place with the owners of organised retail outlets of the tertiary sectors such as retail, hospitality such as travel and pharmaceutical business in the entire Tamil Nadu have been considered as respondents.

Objective

To study the relationship between the person who manages business and nature of business

To know how the business engages with online mode of business communication

To study the method of digitalization for the promotion of business

C. Theoretical framework

What is Digitization?

Digitization is the automation of existing manual and paper-based processes which is dealing with paper, to digital and automated workflows and processes enabled by the digitization of information from an analog to a digital format.

Over the last years, the digital phenomenon has been intensively discussed in applied managerial literature and in a broad range of business articles: ‘digital’ has been increasingly associated with technology, transformation, strategy and business while digitization and digitalization are, now, frequently used. But surprisingly, an all-encompassing and enough commonly accepted definition of these concepts is still missing (Hanelt et al. 2015, p. 1314). While digitalization is often mistakenly used as a synonym for digitization, executives have very diverse perspectives as what “going digital” really means, ranging from focus on technology, to new way of engaging customer and new entirely way of doing business (Dörner and Edelman (2015). Consequently, it is important to define these concepts within the scope of this assignment and this section provides a solid conceptual basis to understand the concept of digitalization and its impact on business industry.

D. Statistical tools

A structured questionnaire was designed to collect the relevant data from the Business respondents. The first part of questionnaire contained brief information about the respondents regarding their role, age, qualification of the owner of the Business and demographic profile of the business such as nature of business, Number of employees with firm, location of business, type of firm, mode of communication of day to day business. The data collected were analysed using statistical package for social sciences (SPSS) Version 16.0. Descriptive and inferential statistics have been applied to the data.

Cross tab analysis was made to test the extent the digitalization in the business

1. Descriptive Statistics

Role of the respondent and the nature of business is presented in the Table 1 which highlights that 51% of the partners are doing travel business, 10% are in hotel business, 12% are in retail, 27% are in health care. Similarly, 41% of the sole proprietor are in travel business, 9% in hotel, 20% in retail, 30% in health care. 18% of Managing director are in Hotel, 9% are in retail, 73% in health care. In case of Managing partner 5% are in travel, 38% in Hotel, 14% in retail, 43% in Health care. 5% of employees are in travel business, 38% are in Hotel, 14% are in retail, 43% in Health care.

		Nature of business							Total	
		Travel	%	Hotel	%	Retail	%	Health care		%
Role of respondent	Partner	48	51%	10	10%	11	12%	25	27%	94
	Sole proprietor	100	41%	21	9%	47	20%	73	30%	241
	Managing director	0	0	2	18%	1	9%	8	73%	11
	Managing partner	3	25%	3	25%	4	33%	2	17%	12
	Employees	2	5%	16	38%	6	14%	18	43%	42
Total		153		52		69		126		400

Most of the partners (51%) and sole proprietor (41%) are doing travel business as most of the Travel business is sole proprietor or partnership type of organization. Most of the managing director (73%) and employees (43%) are in Health care business as the health care industry is partnership and company form of organisation. Majority of the managing partner are doing retail business as retail business is partnership type of organization.

Role of the respondent in the Business and their Age

Role of the respondent and the nature of business is presented in the Table 2 which highlights the role of the respondent and age of the respondent that 11% of the partners are in the age of 20-30 years, 57% are in the age of 30-39, 31% are in age of 40-49, 1% are above the age of 50. In case of sole proprietor 7% of the partners are in the age of 20-30 years, 61% are in the age of 30-39, 31% are in age of 40-49, 1% are above the age of 50. Regarding managing director position 64% are in the age of 30-39, 36% are in age of 40-49. No managing director are in the age group of 20-30 and above 50 years 8% of managing partner are in the age group of 20-30, 50% are in the age group of 30-39, 33% are in age of 40-49 and 8% of the respondent are in age above 50 years. Similarly,

in case of employees 5% of the partners are in the age of 20-30 years, 83% are in the age of 30-39, 12% are in age of 40-49 and no employees are above 50 years

		Age of respondent					Total
		20-29	30-39	40-49	above 50	5.00	
Role of Partner Respondent	Count	10	54	29	1	0	94
	% within role of respondent	10.6%	57.4%	30.9%	1.1%	0.0%	100.0%
Sole Proprietor	Count	16	148	74	3	0	241
	% within role of respondent	6.6%	61.4%	30.7%	1.2%	0.0%	100.0%
Managing Director	Count	0	7	4	0	0	11
	% within role of respondent	0.0%	63.6%	36.4%	0.0%	0.0%	100.0%
Managing Partner	Count	1	6	4	1	0	12
	% within role of respondent	8.3%	50.0%	33.3%	8.3%	0.0%	100.0%
Employees	Count	2	35	5	0	1	42
	% within role of respondent	5%	83.3%	11.9%	0.0%		100.0%
Total	Count	28	250	116	6	1	400
	% within role of respondent	7.0%	62.5%	29.0%	1.5%		100.0%

Majority of the Partner, Sole proprietor, managing director, managing partner and employees are in age group of 30-39 years. Thus it is inferred from the Table 2 that Partner, Sole proprietor and employees are in age group of 20-30. Most of the managing director and managing partner are in age of 30-49 Role of respondent in the Business and their Qualification

Role of the respondent and Qualification is presented in Table 3. It is inferred that 24.5% of the partner's qualification is Higher secondary, 67% respondent qualification is UG, 8.5% qualified as PG. In case of sole proprietor 2.5% of the respondent's qualification is SSLC, 27.5% of partner's qualification is Higher secondary, 62.9% respondent qualification is UG, 6.7% qualified as PG and 4% is Diploma. 63.6% of the managing director qualification is UG, 36.4% qualification is PG this show that qualification at higher level is with UG and PG qualification. Similarly, for Managing partner 33.3% is with Higher secondary, 58.3% is UG and 8.3% is PG. 19% of employees have secondary level of education, 28.1%

is Higher secondary, 60.7% is UG qualification and 7.5% is PG and .3% is Diploma which implies that basis qualification of an employees is UG degree.

Table 3 Role of respondent and Qualification

		Qualification	Qualification					Total
			SSLC	HSC	UG	PG	Diploma	
Role of Partner Respondent	Count	0	23	63	8	0	94	
	% within role of respondent	0.0%	24.5%	67.0%	8.5%	0.0%	100.0%	
Sole proprietor	Count	6	66	151	16	1	240	
	% within role of respondent	2.5%	27.5%	62.9%	6.7%	0.4%	100.0%	
Managing director	Count	0	0	7	4	0	11	
	% within role of respondent	0.0%	0.0%	63.6%	36.4%	0.0%	100.0%	
Managing partner	Count	0	4	7	1	0	12	
	% within role of respondent	0.0%	33.3%	58.3%	8.3%	0.0%	100.0%	
Employees	Count	8	19	14	1	0	42	
	% within role of respondent	19.0%	45.2%	33.3%	2.4%	0.0%	100.0%	
Total	Count	14	112	242	30	1	399	
	% within role of respondent	3.5%	28.1%	60.7%	7.5%	0.3%	100.0%	

Majority of Partner, sole proprietor, managing partner, and Managing Director is having UG degree which is the basic education qualification and employee have higher secondary as qualification

Extent of usage of digitalization in Day to Day Business

Table 4 shows the Role of the respondent and Online mode of Business communication. 43% of the Partner's online mode of Business communication is E-mail, 10% through Social network, 48% through Whats app. In case of sole proprietor 35% of the respondent's mode of business communication is through E-mail, 8% of respondents through Social network and 56% through WhatsApp up, 0.8% through Skype, 55% of the managing director communicate through E mail, 9% through social network and 36% through Whatsapp. In case of Managing partner 42% through e mail, 33% through

Social network and 25% through Whatsapp. Similarly, 57% of employees communicate through email, 12% through social network, 5% through skype and 26% through Whatsapp business

Most of the Partner, Sole proprietor and employees use WhatsApp for business communication which is user friendly for them. Managing director, managing partner use e mail as business communication as it is formal communication for them. Thus the business started using digital mode for business communication

Extent of Digitalisation in the Promotion of Business Table 5 shows the Role of the respondent and media used for Promotion of business through online. 31% of the Partner's use Social media as a media for the promotion of business, 4% through advertisement in Website, 47% through SMS, 16% through Digital marketing and 2% through Google Ads. In case of sole proprietor 30% of the respondents use Social media, 9% of respondents through Advertisement in website and 53% through SMS, 3% through Digital marketing, 5% through Google Ads. 46% of the managing director communicate through Social media, 27% through Advertisement in website and

Table 4 Role of respondent in Business and online mode of Business Communication

Role of respondent	Partner	Count	Online mode of Business Communication				Total
			E-mail	Social Network	Skype	Whats app Business	
		Count	40	9	0	45	94
		% within role of respondent	42.6%	9.6%	0.0%	47.9%	100.0%
	Sole proprietor	Count	85	18	2	136	241
		% within role of respondent	35.3%	7.5%	0.8%	56.4%	100.0%
	Managing director	Count	6	1	0	4	11
		% within role of respondent	54.5%	9.1%	0.0%	36.4%	100.0%
	Managing partner	Count	5	4	0	3	12
		% within role of respondent	41.7%	33.3%	0.0%	25.0%	100.0%
	Employees	Count	24	5	2	11	42
		% within role of respondent	57.1%	11.9%	4.8%	26.2%	100.0%
Total		Count	160	37	4	199	400
		% within role of respondent	40.0%	9.3%	1.0%	49.8%	100.0%

27% through SMS. In case of Managing partner 58% through Social media, 25% through SMS and 8% through digital marketing and 8% through Google ads. Similarly, 31% of employees communicate through Social media, 14% through Advertisement in website, 33% through SMS, 10% through Digital marketing and 12% through Google ads,

Table 5 Role of respondent and Promotion of Business

Role of respondent	Partner	Count	Promotion of Business					Total
			Social media	Advertise ment In web site	SMS	Digital marketin g	Google ads	
		Count	29	4	44	15	2	94
		% within role of respondent	30.9%	4.3%	46.8%	16.0%	2.1%	100.0%
	Sole proprietor	Count	72	21	128	8	12	241
		% within role of respondent	29.9%	8.7%	53.1%	3.3%	5.0%	100.0%
	Managing director	Count	5	3	3	0	0	11
		% within role of respondent	45.5%	27.3%	27.3%	0.0%	0.0%	100.0%
	Managing partner	Count	7	0	3	1	1	12
		% within role of respondent	58.3%	0.0%	25.0%	8.3%	8.3%	100.0%
	Employees	Count	13	6	14	4	5	42
		% within role of respondent	31.0%	14.3%	33.3%	9.5%	11.9%	100.0%
Total		Count	126	34	192	28	20	400
		% within role of respondent	31.5%	8.5%	48.0%	7.0%	5.0%	100.0%

Sole proprietor and employees use SMS as media for the promotion of business can reach maximum number of customers with low cost. Managing director, managing partner use Social media as promotion of business them which is utilized by higher level persons

Conclusion

To succeed in the digital world requires embracing innovation and identifying new engagement models and new business models. It requires grasping new opportunities that exist outside traditional markets and looking for the tools that will differentiate between the mere suppliers and the 'lifestyle partners' of the digital age. It is being believed that the digital revolution, and its consequences, offer a great opportunity to transform. However, capturing the rewards of a digital world requires considerable commitment and a proactive approach. It is not enough to have a social media strategy. Companies need to develop a comprehensive 'digital strategy' that reaches far beyond the marketing department to tackle issues like ubiquitous cross-channel connectivity, social commerce, and the threat of commoditisation. Creating and adopting a strategy of this kind requires strong senior leadership, a focus on the customer experience management, and innovation within the operating model.

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