

ICBT Conference 2022

by Arif Hartono

Submission date: 17-Apr-2023 10:36AM (UTC+0700)

Submission ID: 2066701546

File name: ._2022-11_ICBT_CONFERENCE_2022_-_HARTONO,_ROOSTIKA_DARMAWAN.docx (1.5M)

Word count: 1666

Character count: 10100

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Digital Transformation During the Pandemic Performed by SMEs in ASEAN Countries: A Review of Empirical Studies

Arif Hartono (), Ratna Roostika, and Baziedy Aditya Darmawan

Department of Management, Faculty of Business and Economics, Universitas Islam Indonesia,
Yogyakarta, Indonesia

arif.hartono@uii.ac.id

Abstract. SMEs have been the backbone of numerous economies all over the world. But since Covid-19 pandemic hit many economies, it changed practically every part and component of SMEs. In response to the pandemic, one transition has been accelerated, namely digital transformation. Although previous studies on digital transformation performed by SMEs in ASEAN countries have been conducted, currently, there is no single empirical study that compare digital transformation conducted by SMEs across ASEAN countries. Therefore, we discuss and reflect on the implementation of digital transformation by SMEs in ASEAN countries by reviewing existing empirical studies on SMEs' digital transformation published between 2020-2022 are reviewed.

Keywords: Digital transformation Covid-19 SMEs ASEAN

1 Introduction

The crisis was brought on by Covid-19, which changed practically every part and component of SMEs such as the way they operate, access information, communicate, make choices, purchase or sell items, and retrain personnel, all must be performed digitally. In addition, the Covid-19 crisis's weakest link is the economy's SMEs. How resilient must SMEs to be endure in a pervasive condition of uncertainty under Covid-19 crisis? In response to the COVID-19 epidemic that has affected the world since the end of 2019, one transition has been accelerated: digital transformation.

Technology advancements promote changes in organizations and society as a result of digital transformation. These changes include corporate procedures, modifications to the way the company interacts with its clients, workers, and customers, and alterations to market conditions are all part of this. The business model that is the product of digital transformation Innovations have significantly altered customer expectations and behavior, suppressed established businesses, and disrupted a number of marketplaces [1].

Although previous studies on digital transformation performed by SMEs in ASEAN countries have been conducted, to the best our knowledge, there is no single empirical

study that compare digital transformation conducted by SMEs across ASEAN countries, existing studies currently are dominated by conceptual studies that focus on a single country. Therefore, an empirical study that compare digital transformation across SMEs in ASEAN countries that use primary data, remain unexplored. It is expected that this study as the early-stage prior further study on digital transformation comparison among SMEs in ASEAN countries to be conducted.

1.1 Objective and Structure of the Research

This study aims to analyze digital transformation performed by SMEs in ASEAN countries in time of the pandemic by reviewing published empirical studies during 2020-2022. This study is divided into five sections i.e. (1) Introduction, that consists of objective of the study, theoretical issue and research gap, (2) Literature Review, that covers issues on the reason for performing digital transformation and digital transformation pathways, (3) Findings on digital transformation pathways during the pandemic, and (4) Discussion and Implication for future research.

2 Literature Review

2.1 Summary of the Reviewed Empirical Studies

Table 1 presents summary of empirical studies on digital transformation among SMEs in ASEAN countries. Only studies that used primary data are included, while conceptual studies are excluded. Majority of existing studies tend to focus on conceptual review on digital transformation, therefore only limited number of the studies were reviewed in this study.

2.2 The Urgency for Digital Transformation

The digital transformation has been hastened through Covid-19 for businesses throughout the world where workers are required to work remotely and use a variety of technologies to do their tasks. The challenge is that SMEs should be able to have the necessary organizational skills, culture, and talent to achieve digital transformation. The literature presents proof that the strategic deployment of digital transformation can boost performance, productivity, and competitiveness [13].

A part from Covid-19, other factors that also drive digital transformation are mainly from external [1]. First, A growing number of supporting technologies have emerged since the invention of the World Wide Web and its widespread adoption, which has bolstered the growth of e-commerce. Second, the competition is drastically shifting as a result of these new digital technologies. Technologies have changed the competitive landscape in retail, pushing revenues to relatively new internet companies. Third, the digital revolution is causing changes in consumer behavior. Consumers are moving their purchases to online retailers, according to market research, and digital touchpoints are crucial in the customer journey, which impacts both online and offline sales.

Table 1. Empirical studies on digital transformation studies among SMEs in ASEAN countries

Authors	Countries	Methods	Digital transformation pathways
[2]	Indonesia	<i>Qualitative</i>	Adjusting the business model transformation with the support of digital technologies
[3]	Indonesia	Quantitative	Implementing digital marketing (e.g., mobile application and social media)
[4]	Indonesia	Quantitative	Implementing digital technology i.e., financial technology
[5]	Indonesia	Quantitative	Implementing digital marketing (e.g., mobile application and social media)
[6]	Indonesia	Quantitative	Implementing digital marketing (e.g., mobile application and social media)
[7]	Indonesia	Quantitative	Implementing digital marketing (e.g., mobile application and social media)
[8]	Malaysia	<i>Qualitative</i>	Implementing digital marketing (e.g., mobile application and social media)
[9]	Philippines	<i>Qualitative</i>	Digital entrepreneurship
[10]	Thailand	Quantitative	Implementing digital marketing (e.g., mobile application and social media)
[11]	Thailand	<i>Qualitative</i>	Implementing digital technology i.e., cloud computing
[12]	Vietnam	Quantitative	E-commerce adoption

3 Findings on Digital Transformation Pathways During the Pandemic

3.1 Adjusting the Business Model

According to [14] different digital transformation pathways depend on SMEs' contextual factors and they divided into three paths. First, SMEs with a high level of digital maturity that respond to the pandemic by quickening the shift toward digitalized enterprises are the first to come to mind. Second, SMEs with low levels of digital maturity and financial concerns who choose to digitize solely the sales function. The third category of SMEs has very little digital literacy but is well-supported by social capital and they tend to partnering with other SMEs that have outstanding digital skills.

3.2 Jump into Digital Marketing

Previous studies such as [2, 4-6, 9] reveal that many SMEs implement digital marketing as the easiest way to cope with crisis during the pandemic. It turns out that digital marketing has positive impact on financial performance as well as substantial impact on the long-term viability of businesses.

3.3 Implementing Digital Technology

The third pathway in relation with SMEs' digital transformation is the implementation of digital technology such as financial technology [4] and cloud accounting [11] in time of the pandemic. The usage of fintech is related to digital transformation on financial behavior. The findings demonstrate that the Covid-19 epidemic has an impact on SMEs' (old behavioral intention) use of fintech, and thus strengthens the influence on new behavior in utilizing fintech (new behavioral intention) [4]. While cloud accounting help SMEs to increase their efficiency, financial organization, and flexibility by implementing cloud-based accounting [11].

3.4 E-Commerce Implementation

The last emerged digital transformation from the previous studies is the adoption of e-commerce [12]. The study shows that technological perceived compatibility, followed by management support and outside pressure, has the biggest impact on the adoption of e-commerce. In contrast, external support has no effect on the uptake of e-commerce during the pandemic.

4 Discussion and Implication for the Future Research

This study aims to review previous studies on digital transformation conducted by SMEs across ASEAN countries during Covid-19 that hit many economies severely. This study is important to be conducted because it can be used as the initial effort to support further study on digital transformation comparison among SMEs in ASEAN countries that currently has not been studied. This study also provides practical contribution for SMEs' owner and/or managers to support digital transformation decision making.

Lastly limitation of the study needs to be acknowledged. First, only limited number of previous empirical studies are reviewed, as a result, insights on digital pathways is also limited. Second, most of the reviewed studies are not published in the top rank academic journals, hence, its affect the quality of the reviewed journals. Therefore, future studies must address such issues.

Acknowledgement. This work was supported by Indonesian Ministry of Education, Culture, Research, and Technology (Proposal ID: 6l20ff2f-e964-42c0-bef7-l04c24a33ae3).

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