Digital economy: Awareness and readiness of micro-businesses in Laoag City

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Abstract

The study aimed to assess the level of awareness and level of readiness of micro businesses in Laoag City, Ilocos Norte, Philippines to digital transformation. It sought to determine the relationship between the level of awareness and level of readiness to digital transformation of micro businesses. The level of awareness in digitalization was measured through understanding their digital strategy, customer experience and engagement, innovation and efficiency in automation. Moreover, the level of readiness in digitalization was measured through understanding their competitive strategy, targeted digital education and training with technology budget and development. It also reviewed the potential of digital technologies to transform businesses based on the owner's reaction to digital trends and emerging technologies. The participants were the micro business owners in Laoag City. In selecting the participants, researchers used convenience-sampling technique. The study is descriptive quantitative research. Survey questionnaire via google form was the main instrument used. The reliability was measured using Cronbach's Alpha as given by Glien and Gliem (2003). The quantitative data used Pearson Correlation in analyzing. From the findings, the study reveals that the micro business owners in Laoag City are aware and ready for digital transformation, they pose knowledge and understanding on the digital trend and strategies.

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Introduction

Pervasive digital technologies (e.g., internet of things, cloud computing, artificial intelligence, and big data analytics) are bringing about profound social and industrial changes. The raging COVID-19 pandemic further accelerates the in-depth application of digital technologies. To stay competitive in the digital context, companies are stepping up their digital transformation worldwide. These days, digital marketing has become part of people's daily lives around the world. As of January 2021, there were 4.66 billion internet users worldwide—59.5% of the global population (Statista, 2021). In addition, people are spending more and more time on the internet, not only to search for information about products and services but also to communicate with other customers about their experiences and interactions with businesses. Digital marketing has been proven to change shopper behavior (Khwaja et al., 2020). Many businesses have responded that social media and digital marketing have become integral components of their business marketing plan (Cait Lamberton & Stephen, 2016).

Methodology

This research focused on the awareness and readiness to digitalization of micro businesses in Laoag City, Ilocos Norte. More importantly, it aims to discover how these businesses managed to face various challenges in embracing new technologies and understanding the complexities of it. Assessing how digital tools and services contributed to enhancing Small Medium Enterprises (SME) resilience, and how the digital marketing trends and effectiveness of digital platforms from the business' perspective are essential, as it determines if these businesses would be able to thrive for the coming years.

This study used a quantitative method, a methodology that is based on the philosophy of positivism. According to Sugiyono (2018), it was used to examine specific populations or samples, collection techniques are generally carried out randomly, and data collection uses research instruments.

The participants of the study were the owners of the micro business in Laoag City, Ilocos Norte. The participants are selected through convenience sampling techniques.

The researchers used Google Forms to distribute questionnaires in order to avoid direct contact and implement social distancing, as per compliance to COVID-19 protocol.

Reliability test was done to determine the validity of the questions used in the conduct of this study.

Findings

The level of awareness by the respondents is 3.14 with a descriptive rating "agree." This is an indication that the micro businesses agree that they are aware of the digital transformation as evidenced by the level of awareness in different criteria set. The table reveals that all items in the criteria have a descriptive rating of "agree." It can be observed in the table that the microbusiness is aware about improving business decision making to attain the best digital transformation of their business. Whereas, micro businesses responded that they are confident with their business' readiness to respond to digital trends. This means that the businesses' owners/staff were aware of the changes of the economy settings through the digital transformation.

The level of readiness by the respondents is 2.96 with a descriptive rating of "agree." This is an indication that the micro businesses' owners/staff are ready to digital technologies. Although, there is a descriptive rating of "disagree" on the part of hiring computer experts to help in growing the business digitally, it is perceived that the owner and/or the existing staff are capable in adopting digital technologies, thus, there is no need to hire computer experts.

It is very evident that the Pearson correlation coefficient level of awareness and level of readiness to digital transformation of Micro businesses ($r = .436$, $p < .01$) has a statistically significant linear relationship. The direction of the relationship is positively correlated that these variables are move in the same directions. The magnitude, or strength of the association have moderate correlation ($.40 < |r| < .69$). Hence, the level of awareness influences their level of readiness to digital transformation of micro businesses in Laoag City, Ilocos Norte.

Conclusion

The correlation coefficient of the two variables, level of awareness and level of readiness to digital transformation of micro businesses has a significant linear relationship. The direction of the relationship is positively correlated that these variables are move in the same directions. The magnitude, or strength of the association have moderate correlation. Hence, the level of awareness influences their level of readiness to digital transformation of micro businesses in Laoag City, Ilocos Norte. It is evident that the moderator as to sex, civil status, highest educational level attained, total employee headcount, number of years in the industry and type of business have direct effect on the relationship between level of awareness and level of readiness of micro businesses to digital transformation, since the interaction has a p-value less than 0.05. This means that the demographic and organizational profile of the respondents influenced the level of awareness and the level of readiness to digital transformation of micro businesses in Laoag City.

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