

Role of Social Media to thrive Indian MSMEs During Pandemic

Paper Submission: 15/01/2021, Date of Acceptance: 26/01/2021, Date of Publication: 27/01/2021

Abstract

The Covid-19 pandemic destroyed all kinds of business all over the world. MSME sector of our country is not the exception. In India, registered and formal microenterprises received different financial supports from Government through different packages like Aatma Nirbhar Bharat package. But informal and unregistered microenterprises of our country not covered to offer Covid-19 relief benefits from the Government directly to that level. Their situation is very critical. But the positive facts are that they are honestly trying to overcome these hurdles. They applied different survival strategies. Use of social media like WhatsApp, Facebook, and YouTube etc. is one of them. In this context, researchers attempted to overview how microenterprises are using social medias in their businesses and how far it becomes effective. Researchers found a positive impact of social media on MSME sector.

Keywords: Aatma Nirbhar Bharat package Covid-19; MSME; Social Media.

Introduction

In every developing country, like India, MSMEs (Micro, Small and Medium Enterprises.) are accepted as a means of economic growth. These industries have played a vital role in India's economic growth and have contributed immensely to the country's socio-economic development. It not only plays a pivotal role in creating a huge employment opportunities but also works hand-in-hand towards the development of the economically backward regions. These MSMEs are trying to provide equitable development to the society. MSMEs provide large employment opportunities at lower capital cost than large industries. India's MSME Sector comprises of 633.88 lakh units as per National Sample Survey 73rd Round (2015-16). Due to Covid-19 pandemic, 'social distancing' or 'physical distancing' came in our social life. This pandemic destroyed all kinds of business all over the world. MSME sector of our country is not the exception. Survival of MSMEs mainly microenterprises including unregistered small enterprises, has come under question as purchasing power of customers has been drastically decreased. In our country, the informal sector is much bigger than registered sector (Source: Annual survey of Industry Unit level data of 2014-15). In India, 84% of the microenterprises are actually own-account enterprises (OAEs), without hired labour, or let us say household enterprises. An estimated 93% of the microenterprises have less than 5 employees (Mehrotra and Giri, 2019). Government is trying to provide direct benefit transfer to microenterprises for helping them to manage immediate expenses. Registered and formal microenterprises received different financial supports from Government through different packages like Aatma Nirbhar Bharat package. But informal and unregistered microenterprises of our country not covered to offer Covid relief benefits from the Government directly to that level. Their situation is very critical. But the positive facts are that they are honestly trying to overcome these hurdles. They applied different survival strategies. Use of social media like WhatsApp, Facebook, YouTube etc. is one of them. In this context, researchers attempted to overview how microenterprises are using social medias in their businesses and how far it becomes effective.

Statement of the Problem

Use of social media and digitalization are interlinked. Technology is the new backbone of MSMEs who want to succeed in the post-pandemic world. Now, digitization is no longer optional, it has become a critical need in a scenario where physical interactions will continue to be extremely limited and remote access to everything will be the order of the day. Only



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Direct cash transfer or financial support by any means to MSMEs could not be relief mechanism from this pandemic situation. Because during this period human resource cannot be employed in business activities. In spite of having sufficient capital, Covid-19 has forced to every enterprises to conduct their business activities by using social media because physical interaction was not allowed during pandemic. Promotion of business, giving advertisements of products and services, placing orders, receiving orders, making online transactions, receiving payments via online payment gateway etc. business activities may be done by using social media. Through this study, the researchers attempted to explore the fact that how far MSME sector of India, mainly micro and some of small enterprises is being influenced by social medias. Due to having some limitation, this study covered two districts namely Kolkata and South 24 pargaanas of West Bengal. As per new definition, a large number of micro and small enterprises have

been included in MSME sector in our country (Annexure -1).

Review of Literature

Some studies related to the MSMEs in our country have been reviewed. After a minute review of those research studies, the researchers identified few homogeneous scope of work like Growth, Prospect and Role of MSMEs in Indian Economy [Gaikwad, A & Dhokare.S (2020), Gade.S (2018), Srinivas K T.(2013), Sen.K & Salim.S (2013)], Generation of Employment by MSMEs [Anjesh H L &Veershetty G Rathod (2020), Kumar vinoy (2017), Kumar Vinoy (2017)], Issues and challenges of MSMEs [Upendar.E & Ramulu.K (2016), Garg Neeru(2014), Mehta Mukund Chandra (2013)].But considering the research topic researchers try to review the following available literatures on the broad research area of MSMEs. Some available literatures on impact of digitalization on Indian MSMEs during and post pandemic situation are being reviewed and summary of findings are given below:

Area 1: Impact, Challenges and Opportunities of Digitalization

Author(s)	Year of Publication	Title of the research	Findings
P. Mishra	2019	Study on Impact of Digital Transformation on MSME Growth Prospects	Attempted to establish the importance of digital platform in the growth of Indian MSME sector.
Arora and Rathi	2019	An Analysis of Implementation of Digitalization in SMEs in India	Mentioned several benefits associated with the adoption of digitalization.
S. R. Sahoo	2014	An Empirical Investigation of Social Media as a Marketing Tool in Micro, Small and Medium Enterprises in India	Highlighted on adoption of social media as a medium of marketing and strengthening of e-skills of entrepreneur/manager

Area 2: Impact of Covid-19 pandemic to Indian MSMEs

P. Sahoo & Ashwani	2020	Covid-19 and Indian Economy: Impact on Growth, Manufacturing, Trade and MSME sector	Mentioned the impact of pandemic on trade, manufacturing and the MSME sector regarding employment and growth.
Roy et.al	2020	Impact of Covid-19 crisis on Indian MSME sector: A study on remedial measure	Number of MSMEs have shut down their business temporarily during this pandemic situation and relief package was not sufficient for covering the loss faced by the MSMEs.
Dubey & Sahu	2020	MSMEs in Covid-19 Crisis and India's Economic Relief Package: A Critical Review	After Covid-19, economic relieve packages are not adequate for this economic catastrophe.
E. Sipahi	2020	MSMEs: A Revival Framework	Benefit of tax reduction will help only medium and large enterprises but initiative should be taken for informal workers and tiny microenterprises.

From the above literature review, it can be said that no comprehensive study on impact of social media on MSME sector by using primary survey in West Bengal has been done after outbreak of Covid-19 pandemic.

Research Methodology

Period of the Study

The Covid-19 pandemic started in our country from the month of March, 2020. This study undertaken during June, 2020 to September, 2020. All the interview processes completed mainly in the month of August and September of this year.

Sample Size & Location of the Study

Ten categories of MSME having top priorities (in terms of number) in Kolkata and South 24 parganas (two districts of West Bengal) are selected (Ref. to Table - 1). After that, two units from each category are considered for the study on the basis of availability and accessibility.

Justification of selecting the Study Area

These two districts (Kolkata and South 24 Parganas) are selected because these two districts are the home districts of the researchers. Another reason is that Kolkata concentrates the businesses.

Data Source

Survey method of primary data collection is used with the help of Mail survey, Telephone survey and Personal interview. Desk review is conducted to collected data from various secondary sources. This includes MSMEs Annual Report 2019-20 of Government of India, other government reports, private company's reports, reputable journal, books, different articles, periodicals, newspapers and different websites.

Research Methods

This study employed a mixed type of methods. A series of unstructured questionnaire is used and informal interviews are conducted with the key stakeholders of the selected MSME units. The interview method is used to know how they feel about use of social media in day to day business activities.

Research Tools

Tables and charts are used to analyse the survey results.

Table 1: Selected Categories of MSMEs

Category of MSME	Denoted by
Paper & Paper products	PP
Leather based	LB
Woolen, Silk & Artificial Thread based clothes	WS & AT
Ready-made Garments & Embroidery	G & E
Agarbatti making	AG
Beekeeping	BK
Pottery activities	PT
Jute Diversified products	JU
Plastic products	PL
Service Industry*	SI

Potentials Areas for Service Industry

i) Spray painting; ii) Fabrication & engineering job work; iii) Beauty Parlour; iv) Xerox center; v) Setting up of Cyber Cafes/Internet Browsing; vi) Fast food center; vii) PCO/STD/ISD Booth Centres.

Source: Brief Industrial Profile of Kolkata & South 24 Parganas Districts, West Bengal / Ministry of MSME, Gol.

Analysis and Findings

First part of the questionnaire consists of questions to measure the impact of Covid - 19 on MSME sector in West Bengal (Ref. to Table - 2) and survival strategies adopted by the MSMEs during Covid - 19 pandemic (Ref. to Table - 3).

Table 2: Impact of Covid-19 on Selected MSMEs

Questions/Statements	PP	LB	WS & AT	G & E	AG	BK	PT	JU	PL	SI
The income reduced due to a fall in demand.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Disrupted supply chains have further affected income.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Financial assistance received from Government.	No	No	No	No	No	No	No	No	No	No
A decline in the availability of supplier credit alongside pending receivables.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Negative cash-flows along with increased household expenses have forced enterprises to dig into their savings.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Source: Primary Survey

From the above table, all the respondent units (100%) agreed with the adverse effect of Covid - 19 (as expected response).

Table 3: Survival Strategies Adopted by the MSMEs during Covid - 19 Pandemic

Questions/Statements	PP	LB	WS & AT	G & E	AG	BK	PT	JU	PL	SI
Adopted immediate measures to boost the income and reduce the burden of expenses	A	A	A	A	A	A	NA	A	A	A
Promoted the adoption of relevant digital tools	P	P	P	P	P	P	NP	P	P	P
Use of Social Media as survival strategy	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes

A = Adopted; NA = Not Adopted; P = Promoted the adoption social Media; NP = Not Promoted the adoption social Media

Source: Primary survey.

The following table indicated the percentage of MSMEs is using different social medias. This analysis made to compare the result with the report of MSC (private report based on all over India).

Table 3 shows 90% of the respondent units accepted that they used social medias to conduct their business activities during and post pandemic situation.

Table 4: Percentage of MSMEs' Digitalization during Pandemic and Post-Pandemic Situation

Level of Digitalization	Digital Tools/Process	% of Digitalization during Pandemic	% of Digitalization during Post-Pandemic
		MSC Report	Primary Survey
Use of basic digital tools	E-mail, WhatsApp, YouTube, Facebook	56%	68%
Online presence	Website, Social Media, e-commerce	34%	24%
Use of advanced digital tools, or digitalization	Enterprise resource planning (ERP), Customer Relationship Management(CRM), Pure online business	10%	8%

Source: Report of MSC, June 2020 and Primary survey (September, 2020).

From above result (Table 4), it is clear that most of the microenterprises and small enterprises surrounded by Kolkata are using social media in their business.

Table 5: Using Different Social Medias To Conduct Day To Day Business Activities

Questions/Statements	PP	LB	WS & AT	G & E	AG	BK	PT	JU	PL	SI
Use of WhatsApp via Mobile Phone/Tablet	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Use of Facebook via Mobile Phone/Tablet	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Use of Email via mobile Phone/Tablet	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Do you use WhatsApp for your business?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Do you use Facebook for your business?	Yes	No	Yes	No	Yes	Yes	No	Yes	Yes	No
Do you use e-mail for your business?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Do you use any other social media like YouTube, Instagram etc. for your business?	Yes	No	Yes	No	Yes	Yes	Yes	No	Yes	Yes

Source: Primary Survey.

Table 5 clearly shows that social media has been becoming more popular among micro and small enterprises during this pandemic. All the respondent

units of this study are using social media tools for their businesses.

Table 6: Benefits of using of Social Media as Perceived by Selected Enterprises

Benefits	PP	LB	WS & AT	G & E	AG	BK	PT	JU	PL	SI
Larger customer reach and better marketing	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Better promotion opportunity	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Ease of business operations	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Cost reduction	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Helps to maintain Covid safety measure	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Better decision making	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Better service	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes

Source: Primary Survey.

More or less 100% respondent units agreed that social media is having a lot of benefits. Businessmen on pottery activities agreed with all

benefits except one but they are unable to use this platform properly for their businesses.

Table 7: Probable Problems faced by Enterprises in using Social Media

Problems	PP	LB	WS & AT	G & E	AG	BK	PT	JU	PL	SI
Lack of infrastructure	A	A	A	DA	A	A	DA	A	A	A
Resistance to change and the rigid mindset	DA	DA	DA	DA	A	A	DA	A	DA	A
Lack of stable and fast internet connections	A	A	A	A	A	A	A	A	A	A
Lack of IT support	A	A	A	A	A	A	A	A	A	A
Lack of skilled employee	A	A	A	A	A	A	A	A	A	A
Internet too expensive	DA	A	A	DA	A	A	DA	DA	A	A

A = Agree; DA = Disagree. Source: Primary survey.

From Table 7, the respondents agreed that there are so many hurdles which resist using social media for their businesses in rural areas.

Conclusion and Recommendation

A large number of micro and small enterprises of Kolkata and South 24 Parganas affected by the Covid-19 pandemic. The pandemic have led to increased adoption of social media in business across the study area. WhatsApp is the most preferred social media platform among

microenterprises to run their business during pandemic situation. They are using social media widely to advertise their products, to take orders from customers and to communicate with all stakeholders. The use of WhatsApp is higher in urban areas. Most of the small enterprises aware about the use of social media but some of them are still facing few problems. The limitation of the study is the sample size is not so large to get a generalized picture.

Annexure - 1: New Inclusions of Enterprises in MSME Sector as per new definitions

Category	As per old definition	As per new definition(May-2020)	New inclusions	Exclusions
Micro	2,873	3,006	133	
Small	5751	5255		(496)
Medium	2129	5872	3734	
MSME	10753	14133	3380	
Large (non-MSME)	9687	6307		(3380)
Total	20440	20440		

Source: CMIE, Authors' calculations

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