# The Role of Digital Transformation in Business Growth and Value Creation

## Executive Summary

This study talks about how digital change is affecting small and medium businesses (SMEs). Today, using digital tools is very important to grow business, reach new people, and make work easier. But small businesses face many problems like not enough money, not enough trained workers, and fear of using new technology. The research looks at how SMEs can use things like cloud computing, data analysis, and online marketing to face these problems and grow stronger.

The study shows that digital change has many good results. It can help to save money, improve business speed, and make customers happier. At the same time, there are problems such as high cost of technology, shortage of skilled staff, and trouble in mixing new tools with old systems. Still, businesses that use digital tools properly have grown fast, become more creative, and built strong customer relations.

The research was done in the UK using surveys and other data. It found that businesses that plan carefully and start using digital tools early get better profits and work more smoothly. But many SMEs only use digital tools when problems come, not as a long-term plan. This reduces the benefits.

The study ends by saying that digital change is very important for SMEs, but they need more help like money, training, and good advice. A step-by-step plan with good leadership and clear vision is needed. The research also suggests future studies should focus on long-term digital use and ways to support SMEs better.

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# Chapter One

## Introduction

This research project explores how digital transformation affects small and medium-sized enterprises (SMEs), especially in how they grow and create value. In today's fast-changing business world, digital technology plays a very big role in how companies operate, connect with customers, and stay competitive. Many SMEs are trying to adopt digital tools, but they often face challenges such as lack of money, digital skills, or proper knowledge (Omowole et al. 2024). This project looks closely at how SMEs use digital strategies to improve their performance, reach new markets, and become more efficient. It also examines what problems they face during this process and how they can overcome them. The study uses theory to explain what digital transformation means and how it works. By the end of the project, readers will understand why digital transformation is important for SMEs and what steps can help them succeed in the digital world now and in the future.

## Background of The Study

The current economy is fast and getting more and more digitalised than before as businesses continue seeking innovations to achieve more efficiency in the market operation, market expansion, and value-added proposition to their customers (Omrani et al. 2022). Digital transformation in organisations is becoming one of the most noticeable approaches to these aims. Digital transformation is the process of adopting digital technology in every business aspect that essentially alters the way businesses operate and the value they bring in to their stakeholders (Shaikh et al. 2021).

In the last 20 years, the world has experienced a major transformation with regard to business dynamics with the growth of technology. Cloud computing, artificial intelligence, automation, data analytics, and digital marketing tools are industry transforming technologies that have showed the ability to destabilise conventional business models (Omrani et al. 2022). Such shifts are not only changing business operations, but also influencing the state of small and medium-sized businesses, the main providers of the economy in most countries of the world (SMEs) (Omowole et al. 2024). The world bank estimates that SMEs constitute approximately 90 percent

of businesses in the world as well as over 50 percent of jobs (World Bank n. d.). Thus, their capacity in responding to digital transformation plays an important role in the overall economic development.

Implementation of digital tools yields a number of benefits. Cloud-based platforms reduce the need for expensive physical infrastructure, automation software cuts down on operational inefficiencies, and digital marketing opens new channels to reach customers beyond geographical boundaries (Omowole et al. 2024). Moreover, data analytics also enables businesses to learn about the behaviour of their customers, and make better decisions, and predict market trends more effectively (Omrani et al. 2022). All these advantages play a substantial role in the enhancement of business and value addition.

However, although the advantages of digital transformation are well known, the overall impact on SMEs still has a significant gap of knowledge. Available literature and studies on business cases are more inclined towards large companies which have much resources (World Bank n. d.). There are fewer empirical data regarding the way digital transformation impacts smaller organisations that are frequently affected by resource limitations, talent gaps and weak access to highly advanced technologies. As a result, a study of the role of digital transformation in enabling or enhancing growth and value creation among SMEs was needed to address this gap.

**Problem Statement**

In spite of the popularity of digital transformation, little empirical evidence is available to provide an in-depth look at its direct effect on SME performance, including revenue increase, customer experience, innovation performance, and growth (World Bank n. d.). SME organisations tend to rush and adopt digital tools when the competition challenges them or customers require them, however, the real picture on what role these tools have when it comes to the long-term business success is usually vague.

One of the major components of this matter is the unavailability of data (Krasteva 2024). Krasteva (2024) asserts that it is hard to track and document digital transformation endeavours. Small organisations tend to encounter informal or step-wise change in the form of digital change, and thus, their progress is more difficult to analyse or compare with more structured models of

digital change undertaken in larger enterprises. This reduces accessibility to the available evidence required to estimate the actual worth of digital transformation in the SME environment.

Moreover, digital transformation is not a multi-purpose procedure (Coleman et al 2016). What is effective in the business of one company might have no effect in the business of the other because of factors such industry, size of company, market conditions and how ready it is to go digital. Thus, the specifics of digital transformation development seem to be more complex, and knowing what variables are the most influential and why, one has to give a sophisticated analysis of various performance indicators and business conditions. This dissertation responds to that need by relying on a diverse range of data sources to understand the true effects of digital transformation on SMEs.

**Research Aim and Objectives**

The main purpose of this dissertation is to explore digital transformation as a means of improving business development and value creation with reference to small and medium sized-enterprises. To deliver on this objective, the following are specific objectives to direct the study:

1. Examine the effect of digital transformation on value creation and growth of business.
2. Determine the digital strategies that are most related to better business performance in SMEs.
3. Study the present trends of digital adoption and the extent to which such trends are aligned with performance metrics such as profitability, innovation, and customers.
4. Point out obstacles to the adoption of digital technologies experienced by SMEs and propose the ways in which they can be addressed.

**Research Questions**

In order to have clarity and directions in the research, the following research questions will be used.

1. How does digital transformation relate to the growth of SMEs?
2. What is the impact of the adoption of digital tools on value creation in the small and medium-sized enterprises?

3. What, in digital transformation, drives the provision of better performance indicators the most?
4. What are the difficulties experienced by SMEs when it comes to adopting digital strategies?

These questions resonate well with the research objectives and are going to be followed throughout the process of data analysis.

**Significance of the Study**

The study is academically and practically important. Academically, it adds knowledge about digital transformation on SMEs. In a practical sense, it has information of what are the most beneficial digital strategies and how they can be successfully executed. Specifically, the SMEs, who are considered to be reluctant to invest in digital transformation because of uncertainty or lack of resources, will be able to learn lessons about other business successes. As a result, policy makers stand to use the data to develop more specific support programs and digital literacy programs that would help in improving the competitiveness of SMEs within a digital economy.

In addition, the study will help in promoting the greater economic development objectives. With digital transformation emerging as one of the leading sources of innovation, and competitiveness, learning more about its functionality in the SME area of operation can enable countries to experience the full potential of their entrepreneurial landscape.

**Scope of the Study**

This dissertation targets small and medium enterprises from different sectors, which include retail, manufacturing, hospitality, and professional services. It aims to address both the developed and developing markets and give the global view on the digital adoption pattern and results.

Although it is dedicated to the SMEs, information from bigger enterprises will be used to demonstrate effectiveness of digital strategies and obstacles on the way to the adoption of digital strategy. Nevertheless, SMEs will be the basic unit of analysis at all times.

**Structure of the Dissertation**

The dissertation is organised into six chapters:

1. Chapter One: Introduction – Introduces the research topic, outlines the problem, objectives, questions, and scope.
2. Chapter Two: Literature Review – Reviews relevant theories, models, and previous research on digital transformation and SMEs.
3. Chapter Three: Methodology – Explains the research design, data sources, and analytical strategies.
4. Chapter Four: Findings and Analysis – Presents the results of the data analysis, identifying key patterns and trends.
5. Chapter Five: Discussion – Interprets findings in light of existing literature, discussing implications for SMEs and digital strategy.
6. Chapter Six: Conclusion – Summarises the research, reports contributions and presents future directions.

**Summary**

The role of digital transformation in small and medium-sized businesses (SMEs) is very significant. Whereas insufficient funds, lack of digital skills, and fear of the process are just a few challenges that SMEs go through, those with effective and sufficient digital tool adoption notice massive levels of progress in terms of growth, customer service, and overall business performance. By studying the available literature, and responses from individuals, the work will elaborate on how SMEs can thrive in their competition by being more efficient through the use of digital technology such as cloud systems, data analytics, and online marketing.

The study will also show that there is no single way to go digital. Businesses need different strategies depending on their size, industry, and goals. By understanding what works and what barriers exist, this research gives useful ideas to business owners, policy makers, and future researchers. Overall, digital transformation is not just a trend—it is a key part of SME success now and in the future.

## Chapter Two: Literature Review

This chapter explores major theoretical concepts, empirical research papers, and literature reports that will guide our level of understanding regarding how digital transformation impacts business growth and value creation. It begins by providing a set of concepts behind digital transformation and then analyses the nature of SME and their peculiar problems in the digital world. It then examines the connection between digital transformation and business performance, highlighting the main digital strategies and technologies that have been effective, and the barriers that have been found to hinder adoption of the technologies by organisations. Lastly, it will define what gaps in the existing literature exist that the research will be working on, to define a theoretical and empirical basis that is going to be taken in the further methodological approach and analysis.

### Theoretical Foundations of Digital Transformation

Digital transformation has become a priority for many companies since it has radically transformed the way organisations work, compete and generate value in today's market that is more and more digitised. According to Pratt and Sparapani (2021), digital transformation refers to an improved method of conducting business with the help of new digital technologies to increase customer experience, or simplify operations (Pratt and Sparapani 2021). Such a definition stresses the transformatory role of digital technologies rather than only digitisation of current processes and points out strategic and organisation changes that underly the adoption of technologies. Simply, the idea is not merely about increased automation or digitisation but rather about radical changes in the business models, organisation structure and value propositions. As such, to comprehend digital transformation, it will be essential to consider some established business theories that offer frameworks to study how organisations are adapting to the technological change, and are utilising underlying digital capabilities as a source of competitive advantage. Through this, it is possible to observe a complex process of digital transformation in SME which has its own challenges and opportunities due to the limitations of resources and organisational features.

In a statement by Lubis (2022), the resource-based view theory offers a theoretical basis of the strategic resources and capabilities capable of generating competitive advantage in organisations. In particular, resources that are valuable, rare, inimitable, and non-substitutable provide a

sustained competitive advantage (Lubis 2022).

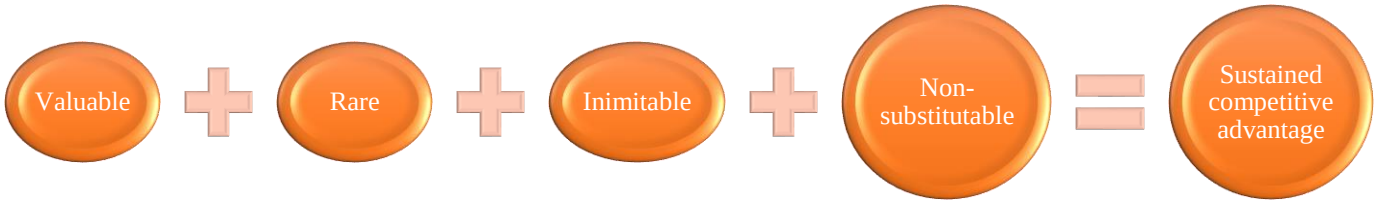


Fig 1: Resource-based View

These capabilities when properly developed and integrated, enables the company to perform well. In this sense, the digital capabilities are especially important to SMEs. Unique digital capabilities through creative combinations of technologies, processes, and human skills that are difficult for competitors to replicate are especially important (Lubis 2022). The problem however is that SMEs need to know and develop these capabilities with the limited resources they have. This necessitates the need of SMEs to be strategic and selectively allocate scarce resources to areas that can yield a highly competitive advantage.

Another important way to interpret digital transformation within SMEs is by use of dynamic capabilities theory. Pitelis and Wang (2023) explain that this theory implies that organisations should have to constantly shift their resource base in response to the changing environment. Specifically, this can be achieved through three key processes which includes sensing opportunities and threats, seizing opportunities through strategic investments, and reconfiguring organisational assets and capabilities (Pitelis and Wang 2023). Digital transformation represents a manifestation of dynamic capabilities. Through it, organisations are now able to sense market changes and customer needs through data analytics, seize opportunities through digital investments and innovations, and reconfigure their operations through process automation and digital workflows (Omowole et al. 2024). Dynamic capabilities are crucial to the survival of the SMEs in the fast-evolving markets where they are easily shaken by any disruptions owing to their smaller size and limited resources (Pitelis and Wang 2023). The theory highlights that the

successful digital transformation is the process that not only involves technological adoption, but also development of organisational capabilities that will enable the organisation respond and redefine itself continuously in response to any disruptions as well as changes in the marketplace.

**Digital Transformation in the SME Context**

| **Category** | **Micro** | **Small** | **Medium-sized** |
|---|---|---|---|
| Staff | < 10 | < 50 | < 250 |
| Turnover | ≤ €2 million | ≤ €10 million | ≤ €50 million |
| OR | | | |
| Balance Sheet | ≤ €2 million | ≤ €10 million | ≤ €43 million |

Table 1: What Makes a Company to Fit in SME (European Commission n.d.)

According to the European Commission (2020), SMEs are the enterprises having fewer than 250 workers, a turnover of up to 50 million euros, or a balance sheet total of up to 43 million euros (European Commission n.d.). Due to their small size, SMEs are usually more flexible and quicker at making decisions than large companies (Brozović et al 2023). This gives them an advantage when going through digital transformation. They are agile because they can experiment with new technologies, adapt to market conditions and meet the needs of customers timely. This agility, according to Brozovc et al. (2023), enables them carry out small increments of digitalisation and learn through each of them to progress to the next one. Nonetheless, this strength comes in the form of a challenge as well. SMEs often have limited money and fewer skilled workers. This can make it hard to invest fully in digital change. Okoye and Mensah (2025) explain that many SMEs do not have dedicated IT teams (Okoye and Mensah, 2025). They often depend on outside experts or general staff to handle digital work. This can lead to gaps in knowledge and problems in applying new systems. Also, because SMEs are smaller, they may not save as much money from digital investments as larger firms do (Okoye and Mensah,

2025). This means they must be more careful when choosing which digital tools to use and when to use them.

Also, studies show that SMEs often take a practical and urgent approach to digital transformation. They tend to follow short-term necessities in actions, and do not plan towards the future. According to Becker and Schmid (2020), SMEs have been known to embrace digital tools out of necessity and in response to challenges (Becker and Schmid 2020). They do not always look ahead or plan for long-term digital growth. This reactive behaviour cause problems. It leads to a mix of digital tools that do not work well together. These tools may be added one by one without a clear plan (Krasteva 2024). While this might solve short-term issues, it can limit future progress. It can also cause missed chances to use digital technology for bigger goals. Research shows that SMEs do better when they take a more thoughtful approach (Becker and Schmid 2020). When they create clear digital plans and follow a roadmap, they are more likely to grow and stay competitive in the long run.

The COVID-19 pandemic sped up digital transformation for many SMEs. It pushed them to quickly use digital tools to keep running and serve their customers. Hidayati and Rachman (2021) studied SMEs in Indonesia during the pandemic. They found that many businesses that avoided digital change before were now forced to go digital. They started using e-commerce, digital payments, and remote work tools. This fast shift showed both the good and the bad sides of digital transformation (Hidayati and Rachman 2021). On the good side, many SMEs kept access to customers and lowered their costs. On the other hand, they also faced problems. Some workers did not accept the changes. Some tools were hard to connect with each other. There were also worries about cybersecurity (Hidayati and Rachman 2021). The pandemic showed that SMEs can go digital when they have no choice. But it also showed that planning, training, and support are needed to get the best results.

**Impact of Digital Transformation on SME Performance**

Many researchers have studied how digital transformation affects SME performance. They looked at different results like profits, efficiency, customer satisfaction, market growth, and innovation (Sharabati et al 2024). Most studies show that digital tools help SMEs, but the results are not always the same. The size and timing of the benefits depend on things like the type of

industry, how the tools are used, how ready the business is, and market conditions (Sharabati et al 2024). It is important to understand these effects. This helps get more value from digital tools and avoid problems. Research shows that digital transformation can bring big benefits (Sharabati et al 2024). But to succeed, companies need good planning. They must choose the right tools. They also need to manage change well, both in technology and in people (Sharabati et al 2024).

Financial performance is the most common and important result studied in SME digital transformation. Jie et al. (2025) studied data from 587 Chinese SMEs. The study found that firms with higher digital maturity had 15% more revenue growth than others. These firms also had higher profit margins and better return on assets (Jie et al., 2025). This shows that digital tools can boost both sales and profits. Radicic and Petković (2023) also studied SMEs in Germany. They found that digital investments led to rise in profit margins within two years. The biggest gains came in the second year, as companies improved their digital systems, indicating that results do not always come quickly (Radicic and Petković 2023). Wu (2025) say the impact often follows a J-curve. At first, performance may drop before it gets better (Wu 2025). This is an important point for SMEs, as they may not have enough money to handle early losses during digital change.

Operational efficiency is another key benefit of digital transformation (Vărzaru and Bocean 2024). It helps businesses in many industries and departments. Tools like automation, digital workflows, data analysis, and cloud systems cut costs and boost productivity (Vărzaru and Bocean 2024). They also help improve the quality of services. Mohamed and Weber (2020) studied 53 UK SMEs and found strong results. Companies that used digital automation cut costs. They also sped up service delivery and reduced mistakes (Mohamed and Weber, 2020). These improvements are very useful for SMEs in tough markets with low profit margins. They help firms compete and earn more without raising prices or needing more customers. The study also showed that digital systems helped with managing stock, cutting waste, and using resources better (Mohamed and Weber, 2020). These gains go beyond saving money. They also make the whole business work better and become more competitive.

Digital transformation helps small and medium businesses improve customer results. It makes customers more satisfied, more engaged, and more loyal (Jie et al., 2025). Tools like websites, CRM systems, and data analysis help businesses understand what customers want. This allows

them to offer better and more personalised products or services (Wu 2025). A study by Demirel (2022) showed that businesses using digital tools kept more customers. They also had higher satisfaction and more customer value (Demirel 2022). Digital tools help businesses respond faster and give better service. This builds stronger relationships with customers and improves business performance (Demirel 2022). Digital transformation also helps businesses grow. Online stores and digital ads let them reach more people, even in places that were hard to access before.

**Key Digital Strategies and Technologies**

Research shows that some digital strategies and tools work very well for small and medium businesses. These tools help them grow and stay competitive. There are three main types. First are customer-facing tools that improve customer experience and help reach more people (Mohamed and Weber, 2020). Second are operational tools that make work inside the business faster and smoother. Third are strategic tools that help create new business models and improve market position (Demirel 2022). It is important to understand these types and how to use them. This helps choose the right tools and build strong digital plans (Wu 2025). The best businesses use a mix of customer-facing and operational tools. Later, they add strategic tools as they become more experienced with digital systems. The right tools depend on many things like the industry, business type, customer needs, competition, and the skills of the team (Becker and Schmid 2020).

Customer-facing digital strategies help businesses give better service and reach more people (Demirel 2022). They also make it easier to manage customer relationships. For many small and medium businesses, e-commerce is the most common and helpful tool. It helps them grow, find new customers, and increase sales. Bang (2023) found that SMEs using e-commerce got more new customers than those using only traditional methods. They also had bigger orders and kept more of their customers. Platforms like Shopify, WooCommerce, and Magento make online selling easy, even for small businesses (Bang 2023). These tools also handle payments, inventory, and shipping, so businesses do not need a lot of tech skills. Digital marketing is just as important. Things like social media, SEO, blogs, and email campaigns help businesses connect with more people. Bang (2023) shows that using strong digital marketing has more brand

awareness, more customer engagement, and better sales compared to those using only old marketing methods (Bang 2023).

CRM systems are important tools that help small and medium businesses understand and keep their customers. These systems collect and analyse customer data to improve service and build stronger relationships. Demirel (2022) established that customer satisfaction, sales, and loyalty increased when businesses employed CRM. The most successful findings came about when data about CRM was integrated with other business systems (Demirel 2022). Mobile applications and in-built functionality make them even more useful. Also, social media contribute significantly in customer engagement (Jie et al., 2025). Mediums such as Facebook, Instagram, LinkedIn and Twitter assist companies to build their brand, communicate with clients and provide customer care on the Internet.

Operational digital strategies help businesses work better on the inside. They improve how tasks are done, make operations faster, and build stronger teams (Odukoya 2024). One big change for small and medium businesses has been cloud computing. It gives access to powerful tools, storage, and software without needing to buy expensive equipment. A study by Odukoya (2024) found that using cloud services helped SMEs cut IT costs. It also made their systems more reliable, easier to grow, and simple to use. Cloud tools also make teamwork easier and keep data safer (Odukoya 2024). These tools let small businesses use advanced software that used to be only for big companies. This includes ERP systems, business intelligence, and data analysis platforms. ERP systems, once used only by large firms, are now available to SMEs through cloud services. These systems help manage things like money, stock, staff, and customers all in one place.

Data analytics and business intelligence help small and medium businesses make smarter choices (Radicic and Petković 2023). These tools show where things can improve and help make daily work more efficient. In the past, only big companies could afford them. But now, easy-to-use and cloud-based tools have made them available to smaller businesses too. A study by Becker and Schmid (2020) shows that SMEs using these tools became more efficient. They also made better decisions and improved customer satisfaction by better understanding what customers want (Becker and Schmid 2020). Automation tools, like robotic process automation (RPA) and

workflow systems, also help. They cut down on manual work, reduce mistakes, and let staff focus on more important tasks.

**Barriers and Challenges to Digital Transformation**

Even though digital transformation can help a lot, small and medium businesses face many challenges. These problems make it hard to use digital tools successfully. Research shows there are different types of barriers. These include lack of money, internal issues, tech problems, outside pressures, and poor planning (Restrepo-Morales et al. 2024). It's important for businesses to understand these challenges. This helps them make better plans and succeed with digital changes. Some problems are part of being a small business. But many can be solved with good planning, outside help, and taking things step by step. The most successful businesses are the ones that spot these problems early and create strong plans to deal with them (Restrepo-Morales et al. 2024).

Lack of resources is one of the biggest challenges small and medium businesses face with digital transformation (Restrepo-Morales et al. 2024). This includes both money and skilled workers. Financial problems affect many parts of digital change. These include buying new technology, paying for software, training staff, and hiring outside experts. Restrepo-Morales et al. (2024) found that most organisations said money was their main barrier. Many simply do not have enough funds to support full digital upgrades. Even after starting, ongoing costs like software licenses, system updates, and security can be too high (Restrepo-Morales et al. 2024). It is also hard for many SMEs to guess how much benefit they will get from these investments. That makes it risky to spend money without clear results. The lack of skilled workers is another big problem. Many SMEs do not have staff with the right digital skills. Restrepo-Morales et al. (2024) found that about half of SMEs have trouble hiring skilled people. Another portion find it hard to train their current staff in digital tools (Restrepo-Morales et al. 2024).

Internal factors in a business can strongly affect how well digital transformation works. Things like resistance to change, leadership support, and the ability to manage change all play a big role (Sheharyar 2025). Some employees and managers may not like change, especially if they have been doing things the same way for years. They may also worry that new technology will take away their jobs. Sheharyar (2025) found that company culture matters even more than the

technology itself. Businesses that encourage innovation, open communication, and teamwork are more likely to succeed with digital changes. Strong leadership is also key. Digital transformation needs clear goals, steady support from managers, and good communication (Sheharyar 2025). SMEs with strong digital leadership are more likely to succeed. This shows that support from top leaders and a clear vision are very important for making digital transformation work.

**Gaps in Existing Literature and Research Opportunities**

Even though there is a lot of research on digital transformation in small and medium businesses, some important questions remain unanswered. These questions make it harder to fully understand how digital tools affect business performance and what helps make digital change successful. This shows that more research is still needed. They also support the reason for doing new studies on this topic.

One big gap in current research is the focus on single digital tools instead of looking at full digital transformation plans. Most studies look at things like e-commerce, CRM, or cloud computing by themselves (Demirel 2022). They do not show how these tools work together when used as part of a bigger digital strategy. This makes it hard to understand how different technologies can support each other and boost overall business performance. We also do not know much about which mix of tools works best for certain business goals. On top of that, there is not enough research on how SMEs should plan and order their digital steps. This is important because small businesses often have limited resources and need to be smart about where they invest.

Another big gap in the research is the lack of long-term studies on digital transformation in small and medium businesses. Most research looks at short-term results, usually just 1 or 2 years after starting (Radicic and Petković 2023). This does not show the full picture of the benefits and problems that come with going digital. To understand the long-term value, it is important to look at how things change over time—like if the benefits last, how competitive advantages grow or fade, and how costs add up. This is very important for SMEs, since they need to know not just what happens right away, but also what to expect in the future. Long-term research could help show how digital changes affect businesses over time and what makes some stay successful while others fall behind (Radicic and Petković 2023).

The current research also lacks detailed comparisons across industries, locations, and business types. These comparisons could help us better understand when and how digital strategies work best. While some studies look at certain sectors or regions, there is not enough global research on digital transformation in different SME settings (Mohamed and Weber, 2020). This gap makes it hard to apply the results to all businesses. What works well in one country or industry may not work in another. Without this broader view, it's difficult for SMEs to use research findings in their own unique situations. Another problem is that most studies focus only on success stories. They often ignore digital projects that failed or were only partly completed. These less successful cases can offer useful lessons too. By studying what went wrong, researchers and business owners can better understand the risks and challenges involved. Looking at both successes and failures would give a more complete picture of digital transformation and help SMEs make better decisions when planning their own strategies.

**Research Hypotheses**

Based on the literature reviewed and the gaps identified, the following hypotheses are proposed for this study:

- SMEs that adopt digital transformation in a planned and strategic way will show higher financial performance compared to those that adopt digital tools in an unplanned or reactive way.
- SMEs that develop unique digital capabilities (such as combining digital tools with skilled staff and creative processes) will achieve stronger competitive advantage than those that only adopt basic digital technologies.
- Digital transformation will have a positive effect on operational efficiency in SMEs, especially through automation, cloud computing, and data analytics.
- SMEs that integrate customer-facing digital tools (e.g., e-commerce, CRM, and digital marketing) will achieve better customer satisfaction, loyalty, and growth than those that do not.
- The impact of digital transformation on SME performance will vary by industry and business context, meaning that not all SMEs will benefit in the same way.

Overall, this full literature review provides a strong base for understanding digital transformation in small and medium businesses. It shows both the theory and real-world evidence behind how digital change affects business performance. The review makes it clear that digital transformation can offer big benefits. These include better financial results, smoother operations, stronger customer ties, and more innovation. But getting these benefits depends on many things. Success often relies on how ready the business is, how well the strategy is planned, how good the implementation is, and how well common problems are handled. These problems include limited resources, resistance to change, and tech challenges. Theories like the resource-based view, dynamic capabilities, and technology acceptance help explain how SMEs can use digital tools to gain an edge. At the same time, real-world studies show how digital transformation improves different parts of business performance. The review also points out important gaps in current research. These include the need for longer-term and more detailed studies. These gaps support the purpose and method used in this research and set the stage for the next chapters.

## Chapter Three: Research Methodology

This chapter explains the way the research was carried out. It shows how the study was planned and how data was collected and examined. The main aim of the research is to understand how digital transformation affects growth and value in small and medium-sized businesses, also called SMEs, in the United Kingdom. The choice of method was guided by the research questions in Chapter One and by the gaps in knowledge identified in Chapter Two. Because the topic is both practical and complex, it requires looking at facts, numbers, and also people's views and experiences. For this reason, the research uses a mixed-methods approach.

Mixed methods mean the study uses both primary and secondary data. Primary data is fresh information collected directly from SME owners and employees through an online survey. Secondary data comes from published books, journal articles, government reports, and real case studies. Using both types of data allows the study to show not only numbers and figures but also background, explanations, and wider patterns. This way the results are not one-sided but balanced and well supported. The combination of the two makes the research stronger, more reliable, and more connected to the real world of small businesses.

### Research Model

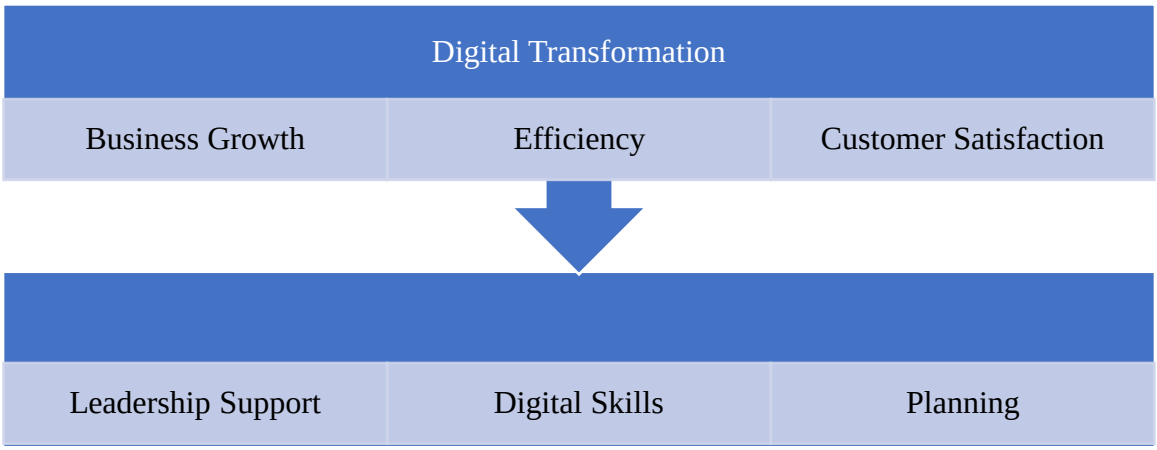


Fig 2: Research Model

The study is guided by a simple research model. This model acts like a map that links digital transformation to business outcomes. It shows how the use of digital tools can affect business

growth, efficiency, and customer satisfaction. The model also includes conditions that may influence these outcomes, such as leadership support, staff digital skills, and careful planning.

The model can be explained step by step. First, digital transformation means using digital tools such as online sales platforms, customer management systems, automation, and cloud storage (Mohamed and Weber, 2020). When SMEs adopt these tools, they may achieve three types of results. The first is business growth, which includes higher sales, more customers, and new market opportunities. The second is efficiency, which means reduced costs, faster processes, and better use of resources (Radicic and Petković 2023). The third is customer satisfaction, which means customers are more loyal, more engaged, and more likely to return. These three results, however, depend on other conditions. A business with good leadership, clear planning, and skilled staff is more likely to succeed than a business without these supports.

The research model as seen above, at the top is digital transformation. From there, one arrow led to business growth, efficiency, and customer satisfaction. After these are factors such as planning, digital skills, and leadership support. The diagram helps see the clear link between digital tools and business value. It also shows that success is not automatic but depends on how digital tools are used.

**Operational Definitions of Hypotheses**

The research includes five hypotheses which were described in Chapter Two. To make these ideas clear and testable, the study uses simple definitions. Business performance is defined as measurable results such as increased revenue, new customers, and expansion into new markets. Digital capability is defined as the ability of a business to combine technology with human talent, which includes training staff and using digital tools in everyday work. Efficiency is defined as cost savings, faster business processes, and smarter use of resources. Customer value is defined as the level of customer satisfaction, loyalty, and repeat buying. Business context is defined as the type of industry and the size of the firm, since these can change the way digital tools affect outcomes. These definitions ensure that the survey questions match the ideas of the hypotheses in a clear and simple way.

**Research Design**

The research design explains how the study is shaped. This study uses both descriptive and exploratory design. Descriptive design is used to show the current state of digital transformation in SMEs. For example, it shows how many SMEs are using online tools and what results they report. Exploratory design is used to find out why certain results happen, and what factors explain success or failure. The combination of descriptive and exploratory design is useful because the topic is still new and not fully studied. It allows the researcher to give a clear picture of the present situation while also learning new insights about causes and challenges.

**Research Philosophy**

The research follows the philosophy of pragmatism. Pragmatism means focusing on what works best in practice to answer the research questions (Kaushik and Walsh, 2019). Pragmatism combines two main traditions in research. One is positivism, which looks for facts and numbers, and the other is interpretivism, which looks at people's experiences and opinions. By combining both, the research gains a balanced view. For example, it measures how many businesses have grown after adopting digital tools but also listens to the personal stories of managers about what helped or hindered them (Kaushik and Walsh, 2019). Pragmatism is the best choice for this study because digital transformation is not only about facts but also about human behaviour. It ensures the study is practical, useful, and close to real-world conditions (Kaushik and Walsh, 2019).

**Research Approach**

The study uses an inductive approach. Induction means the research starts with specific cases, such as the answers from surveys and the details from case studies, and then builds general ideas from them (Morgan, 2022). This approach is different from deduction, where the researcher tests a fixed theory. Induction is more flexible and open to new findings. It lets the data speak for itself.

This approach is useful because digital transformation in SMEs is an area where not much has been studied before. An inductive approach allows the researcher to notice unexpected patterns. For example, during the analysis, the researcher might see that rural SMEs use digital tools differently from urban SMEs. Such new patterns can lead to fresh knowledge (Morgan, 2022). This makes the research more exploratory and more suitable for a new and developing area.

**Data Collection Method**

The study uses two types of data collection methods. The first is primary data collection through an online survey. The survey was designed using Google Forms and shared with SME owners and employees in the United Kingdom. The questions asked about their use of digital tools, their business results, and their challenges. Only participants who had some experience with digitalisation were included, which made the answers more relevant to the study.

The second is secondary data collection. This involves reviewing academic books, peer-reviewed journal articles, government reports, and real case studies of SMEs. These sources helped confirm the survey results and added wider knowledge. Using both methods made the study stronger and reduced bias because it did not rely on only one source of information.

**Unit of Analysis**

The unit of analysis in this research is the SME as an organisation. Although individuals such as owners, managers, and employees answered the survey, the focus of the study is the company itself. For example, if a manager reported that revenue increased after adopting digital tools, this was taken as evidence of the company's performance, not just one person's opinion. This ensures that the results reflect business-level changes rather than personal experiences alone.

**Data Collection Techniques**

The survey used both closed and open-ended questions. The closed questions gave measurable information, such as whether sales increased after digitalisation or whether costs went down. The open-ended questions gave more detailed views, such as what challenges SMEs faced, which tools were most useful, and what kind of training was needed. These two types of questions together gave a complete picture.

The secondary data was collected through a careful review of past academic studies and official reports. These were chosen to support the primary data and to give examples of how SMEs in other cases had succeeded or failed. This combination gave the study a balance of fresh voices from real SMEs and trusted knowledge from past research.

**Data Analysis and Methodology**

The study used simple but effective ways to analyse the data. For the quantitative part of the survey, descriptive analysis was applied. This means counting responses, finding percentages,

and looking for clear patterns. For example, the researcher counted how many SMEs used online shops and how many of them saw revenue growth. No complex mathematics or advanced statistics were used, because the aim was to find clear and easy-to-understand results.

For the qualitative part of the survey, thematic analysis was used. This means reading the open-ended answers carefully and grouping them into themes (Morgan, 2022). For example, several SMEs reported lack of training, so this was grouped as a theme. Others said customer demand drove digital change, which was another theme. These themes helped explain the reasons behind the numbers.

Comparative analysis was also used to compare businesses that succeeded with digital tools and those that struggled. This showed what made the difference between success and failure. In addition, triangulation was applied. Triangulation means comparing results from different sources (Lawlor et al., 2016). For example, if the survey showed many SMEs used online sales tools, and reports from industry also showed the same, then this finding was more trustworthy. Triangulation also helped the researcher identify differences and explore why they existed.

**Ethical Considerations**

The study followed strong ethical rules. Before taking part, all survey respondents were informed about the purpose of the research and gave their consent. The survey was anonymous, which means no names or personal information were collected. Participation was voluntary, so people could choose to stop at any time. The data was kept safe and used only for academic purposes.

For secondary data, all sources were properly credited, and no information was misused. The researcher followed academic honesty throughout the work. These steps ensured that the research was respectful, fair, and trustworthy.

**Chapter Summary**

This chapter has explained the research methodology used in the study. It began with an introduction to the mixed-methods approach and then explained the research model, which linked digital transformation to growth, efficiency, and customer satisfaction, with planning, skills, and leadership as supporting factors. The operational definitions of the hypotheses were

given to make sure the study used clear meanings. The chapter also explained the descriptive and exploratory design, the pragmatic philosophy, and the inductive approach.

The chapter described the use of surveys for primary data and academic sources for secondary data. It showed that the unit of analysis was the SME as an organisation. It explained the survey techniques, including closed and open questions, and the review of published work. The methods of analysis were also described, including descriptive analysis, thematic analysis, comparative analysis, and triangulation. Finally, the ethical steps were explained, showing how participants' rights and academic honesty were protected.

Together, these methods provide a solid foundation for the study. They make the research practical, balanced, and useful for both academic knowledge and real business practice. By combining facts and experiences, the methodology ensures that the study will produce meaningful results about how digital transformation affects SMEs in the United Kingdom.

## Chapter Four: Findings and Analysis

This chapter explains the main findings from both the online survey and the secondary information that was studied earlier. It looks at how digital changes, also called digital transformation, affect the growth and value creation of small and medium-sized businesses (SMEs) in the United Kingdom. The findings are explained based on the main goals and research questions from Chapter One. These findings come from both the numbers collected from the online survey (quantitative data) and the written sources and reports studied (qualitative data). The research shows some important patterns about how businesses in the UK are using digital tools, what benefits they are seeing, and what problems they are facing. This information helps us to better understand the relationship between digital changes and success in business, especially in the current world where technology is a big part of everyday work.

The online survey, which was done using Google Forms, received answers from 50 people who either owned or worked in small businesses across the UK. All of them had experience with digital transformation, and this was confirmed through a screening question to make sure they were suitable for this research. The feedback was given by individuals with various kinds of businesses, starting with shops, services, factories, hotels, and other spheres, such as healthcare and education. The businesses were also different in size. Some were very small and just had very few workers whilst others were medium-sized. These differences gave a good picture of how digital transformation is happening across many sectors. The survey also reached people from different parts of the UK, including London, Wales, and South West England. This wide coverage helped make the research more balanced and useful for understanding how location and business type can affect digital change.

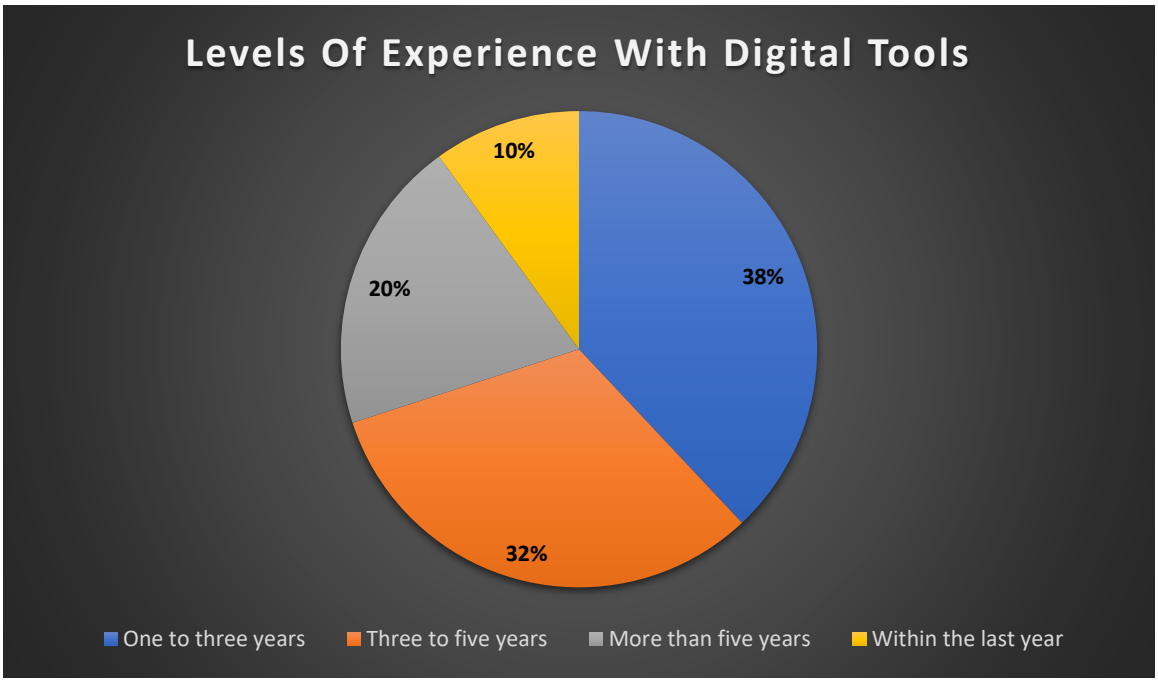


Fig 3: Levels of Experience with Digital Tools

People in the survey had different levels of experience with digital tools. Some had just started using digital systems recently, while others had been using them for many years. 38% had used digital tools for one to three years, 32% had between three to five years of experience, and 20% had more than five years. Only 10%, had started using them within the last year. Many businesses, about 68%, said they began using digital tools because they were under pressure from the market or their customers. Only 32% said that their digital plans were properly planned in advance. This shows that most businesses only started using technology when they had no other choice, not because they had long-term plans to change.

The results of the survey show that small and medium businesses in the UK are using digital tools in different ways, but some tools are more popular than others. Online selling platforms, like Shopify, Amazon, WooCommerce, and eBay, are the most commonly used, with 84% of businesses using them. This shows how important it has become to sell products online, especially after the COVID-19 pandemic made online shopping more popular (Hidayati and Rachman 2021). The second most popular tools are related to online marketing. Around 76% of businesses said they are using tools like social media, email marketing, search engines, and online adverts. This shows that most small businesses now understand how important it is to talk

to customers using digital methods. Cloud-based software is also quite common, with 72% of businesses using cloud systems to save files, use apps, and work together remotely.

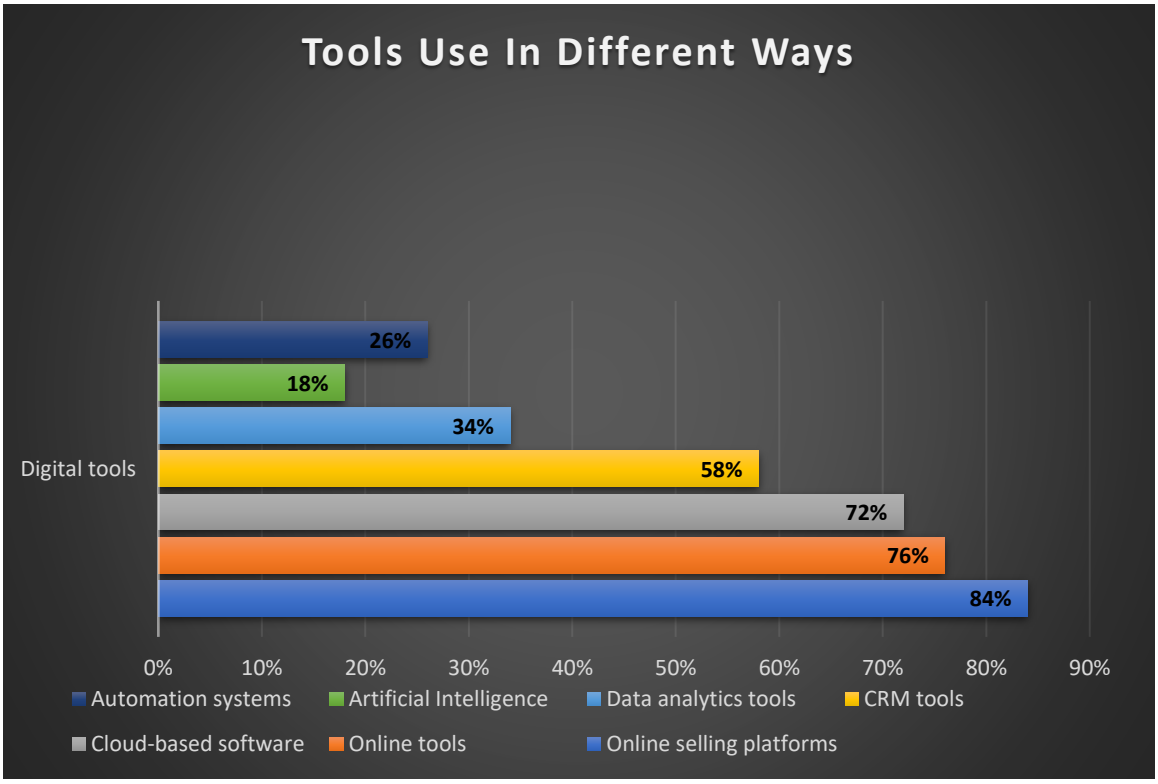


Fig 4: Tools Use in Different Ways

Another finding from the research is about Customer Relationship Management (CRM) tools. Around 58% of businesses said they use CRM systems to help them manage customer information and improve service. However, not all businesses can use such tools easily, especially smaller ones with limited money or workers. Tools for data analysis, which help businesses understand numbers and make better decisions, are not used by many SMEs. Only 34% said they use these kinds of tools. This tells us that many small businesses still have not started using data to make smart choices. Most businesses follow a certain order when using digital tools. They usually begin with customer-facing tools like online selling and marketing, and then slowly move to more complex systems like cloud software and CRMs. Only a few, around 18%, are using modern technologies like Artificial Intelligence (AI), and only 26% are using automation systems.

The numbers from the research clearly show that using digital tools helps small businesses improve in many ways. The biggest benefit is growth in income. Businesses that had used digital systems for more than two years said they earned between 15% and 40% more than before. Those who focused on online selling and digital marketing did especially well, with around 28% growth in income over 18 to 24 months. At the beginning, the growth is slow. In the first six to twelve months, businesses see small changes, but in the second year, the income starts to grow more quickly. This supports something called the J-curve effect, where businesses first face some costs and learning difficulties, and then start seeing bigger success later (Wu 2025).

Digital tools also helped businesses attract more customers and keep them for longer. Businesses that used digital marketing and CRM tools said they got 45% more new customers compared to those using only traditional methods. They also said they were able to keep 32% more of their existing customers. Keeping old customers costs less than finding new ones, so this helped them save money. Apart from getting more customers, businesses also became more efficient. Those using cloud systems and automation tools said they saved about 22% in costs and saw an 18% improvement in productivity. Factories and manufacturing businesses especially improved a lot. With digital tools, they could manage stock better, waste less, and control quality in a more effective way.

Another major benefit of digital transformation is that it helps businesses reach new customers in new places. More than half of the businesses using online selling platforms said they were now selling in markets they could not reach before. This is very useful for businesses that sell unique products, which may not be in high demand in their local area but could be popular in other parts of the country or even internationally. This ability to expand to new areas is one of the strongest reasons why small businesses choose to go digital. It helps them grow beyond their physical limits and gives them more chances to succeed.

Digital tools are also helping businesses to be more creative and come up with new ideas (Furr et al. 2022). Around 48% of businesses said they made new products or services that were only possible because of digital technology. They are offering personal experiences to their customers, using apps to deliver services, and mixing digital and physical methods to do business. For example, some shops now offer “click and collect” services or make product suggestions based on what the customer likes. Businesses are also using digital tools to improve

their own systems, like using automatic customer support, online payments, and booking systems. These things make work faster and easier for everyone (Furr et al. 2022). Some businesses have started working with other companies and even with customers to create new ideas together. This kind of teamwork is possible because of the internet and digital platforms, which help people connect more easily.

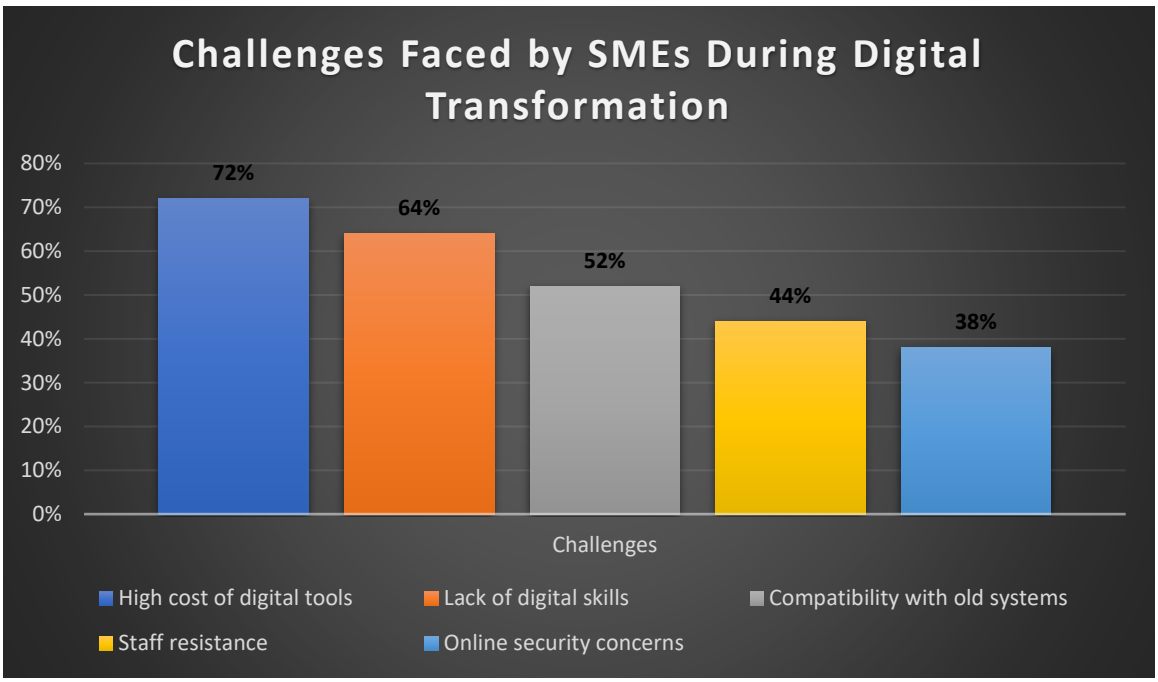


Fig 5: Challenges Faced by SMEs

Although digital tools bring many benefits, small businesses still face many difficulties when they try to change (Becker and Schmid 2020). The biggest problem is money. Around 72% of businesses said they find it too expensive to start digital projects. They need to buy software, pay for subscriptions every month, and sometimes buy new equipment. For small businesses with limited income, this is a big issue (Becker and Schmid 2020). Another major problem is the lack of skills (Okoye and Mensah, 2025). About 64% said they do not have staff who understand how to use digital tools properly. Hiring skilled people is hard and costly, and training their current team also takes time and effort. So many businesses are not able to fully use the digital tools they need.

There are also technical problems (Okoye and Mensah, 2025). Around 52% of businesses said they had issues because their old systems did not work well with the new ones. Moving data,

connecting systems, and changing the way people work can be very hard without proper knowledge (Becker and Schmid 2020). Some people in the business also resist change. Around 44% said their staff were afraid of losing jobs or did not want to use new tools. Finally, about 38% of businesses said they are worried about online security. As they collect more data and move their work online, they also become targets for hackers as they do not have strong security systems in place (Okoye and Mensah, 2025).

From the research, we also learn what helps a business do better with digital tools. The most important thing is good planning. Businesses that made a proper plan with goals and steps were 65% more successful than those who tried things randomly. Having strong leadership also helped a lot (Okoye and Mensah, 2025). When top managers support digital change and lead the process, things go much smoother. Another helpful method is starting small (Becker and Schmid 2020). Businesses that started with easy digital tools before moving to bigger changes saw better results. Also, businesses that got help from outside, like experts or training, did better than those who tried everything on their own. Lastly, successful businesses always thought about what the customer needs (Becker and Schmid 2020). They made sure the digital tools were helping their customers and not just making things look fancy.

| Sector | Tools Used Most | Observed Result |
|---|---|---|
| **Retail** | Online selling, marketing | High growth, good online reach |
| **Manufacturing** | Cloud, automation, analytics | Better stock control, less waste |
| **Services** | CRM, marketing | Slower change, relies on trust |
| **Hospitality (hotels)** | Bookings, online reviews | Growth but hard to digitise service |
| **Rural Businesses** | Mixed, slower internet/tools | Struggles more than urban ones |

Table 2: Tools Use

Different types of businesses and places showed different results. Retail businesses used digital tools the most and had good success because customers like to shop online. Manufacturing

businesses also did well but found it harder to change because they already had many complex systems. Service businesses, like lawyers or consultants, also used digital marketing and CRM tools, but their changes were slower since they rely more on personal relationships. Hotel and restaurant businesses gained a lot from online bookings and marketing but found it hard to combine digital tools with personal service. Location also made a difference. Businesses in big cities used digital tools more because they had better internet and more skilled people. Rural businesses had more problems but still worked hard to grow through digital methods. Smaller businesses were quick to use tools for customers but found it hard to manage big systems. Medium-sized businesses had more full plans but struggled with getting everyone in the company to follow the changes.

In the end, this chapter shows that digital transformation really helps small and medium businesses in the UK in many ways. It improves income, customer relationships, efficiency, and the ability to compete with others. But there are also big challenges, like lack of money, skills, and support. Businesses that take the right steps—such as planning well, getting help, and focusing on customers—are more likely to succeed. These results will now help us give good suggestions in the next chapter about how to improve and make the most of digital transformation.

## Chapter Five: Discussion

This chapter analyses the research results from Chapter Four and connects them to what was already talked about in Chapter Two. It explains how going digital helps small and medium-sized businesses (SMEs) grow and do better. By looking at what the study found and comparing it with past studies and theories, we can understand more deeply how digital tools and strategies bring value to these businesses. The chapter also looks at how these findings can help business owners, government policymakers, and organisations that support small businesses. In addition, it also mentions the limits of the research and gives ideas for future studies that can give even more knowledge.

The findings of this study support the ideas discussed earlier in the literature review, especially two main theories: the resource-based view theory and the dynamic capabilities theory. The results show that when small businesses build strong digital skills and use them well, these skills become special tools that help the business stand out from others and do better. This matches what Lubis (2022) explained about digital tools being valuable and hard for competitors to copy (Lubis 2022). The study showed that businesses with full digital plans did much better than those that were not using digital tools as much. This proves how helpful digital skills can be when used properly.

The research also agrees with another theory known as the dynamic capabilities theory, described by Pitelis and Wang (2023). This theory says that successful businesses know how to notice changes in the market, act quickly to take advantage of those changes, and change how they work to fit new digital systems (Pitelis and Wang 2023). The businesses in the study did just that. For example, some companies looked at customer data to understand buying habits, then started selling online, and later changed their whole way of selling to focus on digital. These steps helped the businesses do much better and showed that they followed all three parts of the dynamic capabilities theory: noticing, acting, and adjusting.

In addition to matching with important theories, this study also supports findings from past research on digital change in small businesses. For example, businesses in the study saw growth in their sales between 15% and 40%, which is very close to the 15% increase that Jie et al. (2025) found in Chinese SMEs. Also, the 22% increase in work efficiency is similar to the

improvements found by Mohamed and Weber (2020) in the UK. These similarities make it clear that the findings in this study are reliable and in line with past research, even though they are from different places and times.

However, this study also found some differences from what some reports say. Some businesses had not adopted advanced digital tools like artificial intelligence or automation as much as expected. For example, only 18% used AI and 26% used automation. Some reports suggest these numbers should be higher (Becker and Schmid 2020). This shows that even though technology is available, many small businesses may not be ready or able to use it yet. This gap shows that expectations should be realistic and that small businesses might need more help before they can fully use new technologies.

The research also shows that digital transformation is both a reaction to challenges and a smart plan for the future. Most businesses in the study said they started using digital tools because they had to, not because they planned to. But the businesses that did the best later changed their approach to become more forward-thinking and strategic. This means that digital change often starts as a quick fix to a problem, but over time becomes a smart part of how the business grows and plans for the future. That shift from reaction to planning is key for long-term success.

The way businesses adopted digital tools also followed a clear order. Most started with customer-related tools, like websites or social media, and only later improved things behind the scenes like accounting or managing orders (Becker and Schmid 2020). This makes sense because tools that bring quick results and help bring in customers are more attractive at first. Also, this matches the dynamic capabilities theory again because businesses first learn from customers, then improve their inner systems (Pitelis and Wang, 2023). This step-by-step way of doing things helps businesses use their limited resources wisely while still making progress.

This study shows that digital transformation is now a must for small businesses. It is not just a nice extra thing; it is needed to stay competitive. The businesses that grew the most were the ones that made digital tools part of their main business plan, not just a simple tech upgrade. This agrees with earlier studies that say digital transformation should be part of a business's big picture (Pratt and Sparapani 2021). Treating digital change as a serious part of the business plan,

not just something technical, helped these businesses grow faster and smarter than those who did not.

The study also gave important information about the digital gap among small businesses. All the businesses in the study had used some kind of digital tool, but not all used them in the same way or to the same level. For example, only 34% of the businesses used data tools to look at customer behaviour. This shows that while many businesses are trying, not all are doing it in a deep or advanced way. The research makes it clear that using digital tools in simple ways is common, but reaching a high level of digital skill is still a challenge for most.

A big challenge for these businesses is a lack of digital skills (Okoye and Mensah, 2025). This was the second most common problem mentioned by 64% of the people in the study. However, this study showed that there are ways to overcome this problem. Businesses that worked with consultants or joined support programs were able to fill these skill gaps (Becker and Schmid 2020). This shows that while lack of skills is a problem, it can be solved with help and step-by-step learning.

Money was also a big concern, with 72% of businesses saying cost was a problem. But the study showed that many of the businesses that did invest in digital tools got very good results (Pratt and Sparapani 2021). This means that many small businesses are not investing because they are unsure if it will be worth it. This tells us that giving small businesses better information about the real benefits of digital tools could help them feel more confident in making those investments.

The research found three main ways that digital tools helped small businesses. First, they helped them grow by reaching new customers and entering new markets (Pratt and Sparapani 2021). For example, half of businesses that sold online were able to find customers in new places (Restrepo-Morales et al. 2024). This shows how digital tools remove barriers like distance and help small businesses grow more easily than before. Second, digital tools helped these businesses become more efficient by cutting costs and saving time. Administrative tasks became 22% cheaper, and productivity went up by 18%, which means the businesses worked faster and spent less.

Third, the study found that going digital helped businesses create new and exciting products and services (Restrepo-Morales et al. 2024). Almost half of the businesses used digital tools to build something new, like offering services that fit each customer personally or building new types of

business models. These kinds of innovations are usually hard for small businesses with limited money, but digital tools made them possible. This means digital transformation does not just help improve what a business already does—it can help it do completely new things and stay fresh and competitive in the market.

Even though digital transformation brings many benefits, it is not easy to do. The study showed that small businesses face many problems when trying to go digital (Okoye and Mensah, 2025). But it also found that there are good ways to deal with these problems. One useful method is to take things step by step. Many businesses in the study started small and made changes slowly instead of trying to do everything at once (Becker and Schmid 2020). This made it easier to manage costs and avoid big disruptions. Taking things slowly allowed businesses to grow stronger at each stage without feeling overwhelmed.

Good leadership was also very important (Becker and Schmid 2020). The study showed that when business leaders were fully involved in digital changes, results were much better—about 65% better. This shows that having committed managers and owners really makes a difference. If leaders take digital transformation seriously, they can guide their businesses through challenges and make sure everyone stays focused on the goal. The study also showed that many businesses had trouble connecting new digital tools with the systems they already used. This problem does not get talked about enough, but it’s something that support programs and consultants need to help businesses fix.

The findings in this research also help government leaders and organisations that support small businesses. They show that simply giving out technology is not enough. What really helps is giving businesses advice on planning, training leaders, and helping them move forward step by step. The research shows that businesses that got outside help did much better. This means that government programs that offer consulting and training are very valuable and should be continued and improved. These programs make it easier for small businesses to use technology the right way and succeed with it.

The study also showed that businesses in different areas have different needs. For example, rural businesses may face different challenges than businesses in cities. That means support programs should be flexible and designed to help each type of business in the way that suits them best.

Another issue was cybersecurity. About 38% of the people in the study were worried about it. The study says that cybersecurity should not be treated as a separate issue (Okoye and Mensah, 2025). Instead, it should be included as part of the digital help that businesses get, so they know how to stay safe online while using digital tools.

Even though the study gave useful results, it had some limits. It used survey data that people filled out themselves, which means the answers might not always be fully accurate. For example, some businesses might make their results sound better than they really are. Also, the study only looked at one point in time, so it does not show how things change in the long run. To learn more, future research should study the same businesses over a longer time to see how digital tools help over the years. That way, we can know more about the long-term effects of digital transformation.

The study also points to many topics that future research can explore. For example, it would be helpful to study how different digital tools work together and whether using more than one tool gives better results. Another good area to study is how businesses can work together through networks and shared digital projects. Also, it would be helpful to create special tools that show how ready a small business is to go digital. These tools could help business owners and support groups measure progress and figure out what to do next.

In conclusion, this chapter showed that going digital brings big benefits to small businesses. These benefits include growing faster, saving money, and coming up with new ideas. But there are also many problems that must be solved. The study's results match well with past research and important theories, which gives us confidence in what was found. At the same time, the chapter points out areas where more research is needed to better understand how digital tools can keep helping small businesses succeed in the future.

## Chapter Six: Conclusion

This final chapter brings together everything that has been discussed in the earlier chapters. It explains what the study has found out about digital transformation and how it helps small and medium-sized businesses (SMEs) grow and create value. The study looked at how digital tools and strategies affect business performance, customer reach, and operational efficiency. It also explored the challenges SMEs face when trying to go digital. In this chapter, the main findings are summarised, the key messages are highlighted, and some final thoughts are shared about what this means for businesses, government, and future research. This conclusion also points out what the study could not cover and offers ideas for what future researchers can do to improve on these results.

The main finding from this study is that digital transformation is very important for SMEs. Businesses that used digital tools and strategies in smart ways performed better than those that did not. These businesses saw improvements in sales, customer satisfaction, and cost savings. Many of them reached new customers and created new products or services by using technology. The research also showed that successful businesses did not just focus on one area of digital tools. Instead, they took a step-by-step approach, starting with customer-facing technologies and later improving their internal processes. This helped them manage costs and risks while still growing their business. The study also found that digital transformation works best when business leaders are committed, and when they seek outside help or training.

Another big lesson from this study is that digital transformation is not just about buying new technology. It is also about changing how a business thinks and operates. For digital transformation to work, businesses must treat it as part of their main strategy and not just something extra. Companies that saw the best results were those that planned carefully, made smart decisions about what tools to use, and made sure their employees had the skills they needed. These businesses were also able to adjust and improve their systems over time, which matches with the idea of dynamic capabilities discussed earlier. This means that businesses that keep learning, adapting, and improving will do better in the digital world.

Even though the study found a lot of positive things about digital transformation, it also showed that there are still many challenges. Not all businesses had the money, skills, or knowledge to go

fully digital. Many said they did not know where to start or were afraid of making mistakes. Others said they did not have the right people or enough time to work on digital projects. These problems create a digital divide, meaning some businesses are moving ahead while others are being left behind. This shows that more help is needed from government and business support groups to make sure all SMEs have a fair chance to grow through digital transformation.

The research also pointed out that while some advanced technologies like data analytics, artificial intelligence, and automation can bring big benefits, not many SMEs are using them yet. This is partly because of cost, but also because of a lack of knowledge and fear of change. However, those who did adopt these technologies saw clear value in return, such as saving money and reaching more customers. This means that more education and awareness are needed to help business owners understand how digital transformation can work for them. The study showed that with the right support, even small businesses with limited resources can succeed in going digital.

The conclusion of this study also highlights that digital transformation is not a one-time event. It is a journey that happens over time and requires continuous effort. Businesses need to keep learning and adapting to new trends and technologies. They must be ready to make changes when needed and involve their staff in this process. Also, since the business environment keeps changing, it is important for SMEs to keep reviewing their strategies and stay up to date. This long-term approach is what will help SMEs stay competitive and continue growing in the digital world.

**Contribution to Literature**

This research adds to the growing body of literature on digital transformation by focusing on SMEs, a group that is often overlooked compared to large firms. It shows that SMEs can benefit greatly from digital tools when they are used carefully and strategically. The study also supports the idea of dynamic capabilities by showing that businesses that keep learning and adapting achieve better results. By combining both numbers and personal experiences, the research provides a fuller picture than studies that only use one method. It also highlights the special challenges SMEs face, such as lack of resources, which future academic work should continue to explore.

## Practical Implications

The study also has clear lessons for practice. For business owners, the message is that digital transformation must be planned step by step and treated as part of the main business strategy. It is not enough to buy tools; businesses must train staff and keep adjusting their systems. For governments and business support groups, the results show that more help is needed to reduce the digital divide. Policies, training programmes, and financial support can give SMEs the confidence and skills they need to succeed. For technology providers, the findings suggest that tools must be made simpler, cheaper, and easier for small businesses to use.

## Limitations of the Study

Like all research, this study has some limits. One limit is that it focused mainly on survey data, which only provides answers at one point in time. It did not follow businesses over a long period to see how digital transformation develops. Another limit is that the study looked only at SMEs in the United Kingdom, so the findings may not apply in the same way to other countries. The sample size was also limited, and not every industry was represented equally. Because of these limits, the results should be seen as a useful guide rather than a final truth.

## Delimitations of the Study

The delimitations are the choices made by the researcher to keep the study focused. This research looked only at SMEs, not at large businesses, because SMEs face different challenges and opportunities. It also focused on digital transformation in terms of tools and strategies related to sales, customer service, and internal processes, but did not explore every single digital technology in detail. Another delimitation is that the study used a mixed-methods approach, but with more emphasis on surveys than on in-depth interviews. These choices helped keep the research clear and manageable but also shaped the type of results that were possible.

## Final Conclusion

In the end, this research helps us understand that digital transformation is both a big opportunity and a serious challenge. It can help SMEs grow and improve, but only if they get the right

support, plan carefully, and treat digital tools as a key part of their strategy. The study has shown that when businesses commit to learning, planning, and adapting, they can use technology to reach new customers, cut costs, and stay competitive. At the same time, the research reminds us that not all businesses have the same chances, and that more support is needed to make sure no SME is left behind. By contributing to literature, practice, and future thinking, this research provides a useful step in understanding the digital journey of SMEs.

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