
Digital Platform in MSME: Opportunities and Barriers

*Dr. P.Jayanthi

** G.Gopika

*Assistant Professor, PG Department of Commerce-CA, NGM College, Pollachi, Tamil Nadu, India,
jayanthi.saraswathy@gmail.com, 9942566770.

** II M.Com.CA Student, PG Department of Commerce-CA, NGM College, Pollachi, Tamil Nadu, India,
gopikagurusamy10@gmail.com, 7904261630.

Abstract

The research article aims to examine the digital platform in MSME: Opportunities and barriers. Data for the study have been collected from 52 MSME entrepreneurs in Pollachi Taluk through issue of well-structured questionnaire by adopting snow-ball sampling method. Simple percentage has been used to analyze the data. The result of the study reveals that most of the entrepreneurs agreed that digital platforms help in increased market reach, improvement in sales performance, better customer engagement, faster payments and transactions, improved business efficiency, access to new customers, enhance competitiveness, support overall digital transformation, and benefits from government initiatives. However, a small proportion of entrepreneurs expressed disagreement, particularly regarding cost reduction in operations and export opportunities. . Data security and privacy concerns emerge as the most significant issue, followed by high cost of technology, poor internet connectivity, lack of time, resistance to change, lack of technical support, and shortage of skilled labor, financial barriers. The study highlights that while many MSMEs recognize the advantages of digitalization; their adoption remains uneven to these issues.

Keywords: Digital Platform –MSMEs–Opportunities- Barriers-Entrepreneurs

Introduction

Digital platforms are very important for the growth and modernisation of small, medium, and micro businesses (MSMEs). As digital technology has grown, many MSMEs are using online platforms to make their business activities better. Digital platforms can be used by businesses to advertise, reach customers, sell things, and support customers. Online marketplaces, digital payments, and social media can help MSMEs get more customers and run their businesses more efficiently and for low cost. Digital platforms provide MSMEs a lot of chances to grow their businesses and compete better. They help to reduce costs, boost sales, and increase customer satisfaction. Online advertising and digital marketing make it easy for MSMEs to get the word out about their goods and services. Digital platforms also help businesses run better and make better decisions by speeding up transactions and keeping better records. But MSMEs also have a lot of problems using digital platforms. Small businesses often have problems because they face lack of technical knowledge, less financial resources, and poor internet access. Some business owners are hesitant to use digital technology due to security concerns and lack of awareness. Overcoming these problems is necessary to ensure that MSMEs can fully benefit from digital platforms and achieve sustainable growth.

Review of Literature

Archana Barman and Dr. Monashee Mahanta (2021) found that a lot of MSMEs had signed up for digital platforms, but only 7.5% used them for business transactions like buying and selling. The study also found that a lack of ICT knowledge and poor technological infrastructure were two of the biggest problems that made it hard to use digital platforms effectively. **Ritesh Srivastava and Ajita Srivastava (2023)** indicated that digital adoption, government support, access to infrastructure, and digital skills all greatly improve efficiency, market reach, overall SME performance, and growth. **Jarmila Strakova et al. (2022)** highlighted that digital payments make transactions faster, easier, and more satisfying

for customers. Businesses also become more efficient and customers prefer them over cash. **Jaya Subramanian et al. (2024)** found that 37% of people said they had high collateral demands, and 29% said they didn't have enough collateral. This shows that financial barriers are a major problem. **Mohamed Karim Bennacer et al. (2025)** indicated that well-defined digital strategies, investment in digital skills, cloud solutions, and digital marketing substantially improved growth, efficiency, customer engagement, and market expansion. **Rosalia et al. (2025)** discovered that effective use of digital platforms improves market reach, operational efficiency, and customer engagement, thereby strengthening MSMEs' competitive advantage. **Pandey (2026)** found that resilience in MSMEs depends on digital capabilities, government support, and strategic adaptability, while barriers include limited resources, lack of digital literacy, and policy gaps.

Statement of the Problem

Digital platforms provide many opportunities for the growth and development of Micro, Small and Medium Enterprises (MSMEs). They support businesses develop marketing, increase sales, and reach more customers through online channels. Digital platforms also support faster communication and easier financial transactions. However, many MSMEs are still not fully using digital platforms to increase their business performance. Many MSME owners face difficulties such as lack of digital knowledge, high cost of technology, poor internet connectivity, and security concerns. These barriers prevent small businesses from adopting digital platforms effectively. Therefore, it is important to study the opportunities and barriers of digital platform adoption in MSMEs in order to understand the challenges faced by business owners and to suggest ways to improve digital adoption.

Objectives of the Study

The following are the objectives of the study:

- To know the socio-economic profile of sample MSME entrepreneurs
- To identify the opportunities of digital platforms for MSMEs
- To find out the barriers in adopting digital platforms faced by MSMEs

Research Methodology

The study is based on primary data. The data is collected through a well structured questionnaire. It contains questions relating to socio-economic profile, source of finance, opportunities of digital platforms for MSMEs and barriers in adopting digital platforms faced by MSMEs. A sample of 52 MSMEs owners from Pollachi Taluk has been selected by adopting snow-ball sampling method. Simple Percentage has been used to analyze the data.

Findings

The findings of the study are divided into four parts namely, socio-economic profile of sample entrepreneurs, source of finance, opportunities of digital platforms for MSMEs and barriers in adopting digital platforms faced by MSMEs are depicted in the following paragraphs.

(i) Socio - Economic Profile of Sample Entrepreneurs

Socio-economic profile of sample entrepreneurs like age, gender, area of residence, marital status, educational qualification, occupation, type of enterprise are disclosed below.

- Majority of the entrepreneurs, 34(65.4%) belongs to the age group of 30-40 years.
- Majority 29(55.8%) of the entrepreneurs are female.
- Majority of the entrepreneurs 32(61.5%) are residing in rural area.
- Majority 38(73.1%) of the entrepreneurs are married.
- Most 20(38.5%) of the entrepreneurs are post graduates.
- Most of the entrepreneurs, 13(25.0%) belong to small enterprise.
- Majority of the entrepreneurs 35(67.3%) have less than 5 years in business

(ii) Source of Finance

The table below shows the classification of entrepreneurs based on their source of finance as own funds, loan, government scheme and others.

Table: 1
Source of Finance

Source of Finance	No. of Entrepreneurs	Percentage (%)
Own funds	18	34.6
Loan	27	52.0
Government scheme	06	11.5
Others	01	1.9
Total	52	100

It is inferred from the above table that out of 52 entrepreneurs, 18(34.6%) entrepreneurs source of finance for their business is own funds, 27(52.0%) have sources of finance for their business through loan, 06(11.5%) are from government scheme and one (1.9%) are from others like borrowings.

Hence, it is found that majority of the entrepreneurs' source of finance is through loan to run business.

(iii) Opportunities of Digital Platforms for MSMEs

The table below shows the classification of entrepreneurs based on their opportunities of digital platforms for MSMEs.

Table: 2
Opportunities of Digital Platforms for MSMEs

Opportunities	Strongly Agree	Agree	Disagree
Increased Market Reach	33 (63.46%)	18 (34.61%)	01 (1.92%)
Improvement in Sales Performance	09 (17.30%)	42 (80.76%)	01 (1.92%)
Cost Reduction in Operations	21 (40.38%)	21 (40.38%)	10 (19.23%)
Faster Payment & Transactions	18 (34.61%)	29 (55.76%)	05 (9.61%)
Better Customer Engagement	21 (40.38%)	30 (57.69%)	01 (1.92%)
Improved Business Efficiency	13 (25%)	33 (63.46%)	06 (11.53%)
Access to New Customers	21 (40.38%)	26 (50%)	05 (9.61%)
Enhanced Competitiveness	17 (32.69%)	31 (59.61%)	04 (7.69%)
Benefits from Government Initiatives	21 (40.38%)	25 (48.07%)	06 (11.53%)
Overall Digital Transformation	17 (32.69%)	31 (59.61%)	04 (7.69%)
Export Opportunities	15 (28.84%)	30 (57.69%)	07 (13.46%)
Product Diversification	15 (28.84%)	33 (63.46%)	04 (7.69%)
Market Expansion	21 (40.38%)	27 (51.92%)	04 (7.69%)
Improved Customer Satisfaction	19 (36.53%)	29 (55.76%)	04 (7.69%)
Increased Competitiveness in MSMEs	15 (28.84%)	32 (61.52%)	05 (9.61%)

From the above table, it is observed that the majority of entrepreneurs recognize digital platforms as highly beneficial for MSMEs. Most entrepreneurs agreed that digital platforms support in increased market reach, improvement in sales performance, and better customer engagement. Also most of the entrepreneurs agreed that digitalization leads to faster payments and transactions, improved business efficiency, and access to new customers. Further, entrepreneurs also expressed that digital platforms enhance competitiveness, support overall digital transformation, and provide benefits from government initiatives. Additionally, opportunities such as export growth, product diversification, and market expansion are positively influenced by digital platforms. Moreover, improved customer satisfaction and increased competitiveness in MSMEs are also observed. However, few entrepreneurs are disagreed, particularly regarding cost reduction in operations and export opportunities. Therefore, it is concluded that digital platforms play a crucial role in the growth and development of MSMEs.

(iv) Barriers in Adopting Digital Platforms in MSMEs

The table below shows the classification of entrepreneurs based on their barriers of digital platforms in MSMEs.

Table: 3
Barriers in Adopting Digital Platforms in MSMEs

Barriers	Strongly Agree	Agree	Disagree
Data Security & Privacy Concern	33 (63.46%)	16 (30.76%)	03 (5.76%)
High Cost of Technology	12 (23.07%)	38 (73.07%)	02 (3.84%)
Poor Internet Connectivity	19 (36.53%)	22 (42.30%)	11 (21.15%)
Lack of Time	14 (26.92%)	31 (59.61%)	07 (13.46%)
Resistance to Change	18 (34.61%)	26 (50%)	08 (15.38%)
Lack of Technical Support	17 (32.69%)	29 (55.76%)	06 (11.53%)
Difficulty in Managing Logistics	22 (42.30%)	23 (44.23%)	07 (13.46%)
Lack of Trust in Online Platforms	14 (26.92%)	31 (59.61%)	07 (13.46%)
Limited Access to Finance	16 (28.84%)	29 (55.76%)	07 (13.46%)
High Collateral Requirements	15 (28.84%)	30 (57.69%)	07 (13.46%)
Market Competition	16 (30.76%)	30 (57.69%)	06 (11.53%)
Skilled Labour shortage	17 (32.69%)	27 (51.92%)	08 (15.38%)
Regulatory Compliance Burden	24 (46.15%)	24 (46.15%)	04 (7.69%)
Lack of Awareness of Government Support	17 (32.69%)	31 (59.61%)	04 (7.69%)

From the above table, it is indicated that a majority of the entrepreneurs face several issues in adopting digital platforms. Data security and privacy concerns emerge as the most major barrier, with a large proportion of entrepreneurs strongly agrees, highlighting fear regarding misuse of data and lack of trust in online systems. High cost of technology is also a significant constraint, as most entrepreneurs agree that financial limitations hinder adoption. Further, poor internet connectivity and lack of time are found as important challenges affecting the smooth use of digital platforms. Entrepreneurs also indicate the barriers such as resistance to change, lack of technical support, and shortage of skilled labor,

which reflect both behavioral and capability-related issues. Additionally, financial barriers like limited access to finance and high collateral requirements further restrict digital adoption among users. Moreover, regulatory compliance burden is considered a significant obstacle, showing that complex rules and procedures discourage users. Lack of trust in online platforms and lack of awareness of government support schemes also contribute to the problem, indicating the need for better awareness and confidence-building measures. However, only a small proportion of entrepreneurs expressed disagreement with these barriers. Therefore, it is concluded that security concerns, high costs, infrastructural limitations, and lack of awareness collectively act as major barriers in the adoption of digital platforms.

Suggestions

Based on the findings of the study and the following suggestions are put forth.

- Digital platforms should provide language options to make technology more access by rural entrepreneurs
- Government, private sector and tech provider collaboration is necessary to make a supportive digital system for MSMEs.
- Awareness programs may be provided to educate MSMEs about the opportunities and benefits of online platforms like reduction of cost, operational efficiency and expansion of market.
- Government should offer training programs and digital literacy programs to improve the technical skills of MSME entrepreneurs and employees.
- Reliable internet infrastructure should be developed, especially in rural areas to help MSMEs digital growth.
- MSME businesses may focus on improving cyber security to protect data and build trust with customers

Conclusion

The research on digital platforms in MSMEs found that these platforms offer substantial opportunities, including broader market access, better customer engagement, improved operational efficiency, and enhanced competitiveness. Small and medium-sized businesses (SMEs) that use digital technologies can reach more customers and do better in business. But there are a number of obstacles that make it hard to adopt, such as lack of digital literacy, lack of money, poor infrastructure, worries about cybersecurity, and resistance to change in technology. The results show that even though more people are becoming aware of digital platforms, MSMEs mostly use them based on their own skills and the help they can get from outside sources. To get the most out of digital platforms, we need to remove these barriers by providing training, financial help, and better digital infrastructure.

Reference

- Barman, A., & Mahanta, M. (2021). Digital platform and MSMEs – Government initiatives, opportunities & challenges for MSMEs in Assam. *International Journal of Latest Engineering and Management Research (IJLEMR)*, 6(6), 36–45. <https://www.ijlemr.com>
- Bennacer, M. K., El Mahdi, E. M., & Lahmouchi, M. (2025). Digital transformation in Moroccan SMEs: Overcoming barriers and achieving growth. *TEM Journal*, 14(2), 1269–1278. <https://doi.org/10.18421/TEM142-28>
- Faisal, R., Amekudzi, C. S., Kamran, S., Fonkem, B., Tawo, O., & Awofadeju, M. (2023). The impact of digital transformation on small and medium enterprises (SMEs) in the USA: Opportunities and challenges. *IRE Journals*, 7(6). <https://www.irejournals.com>

- Hariyanti,S.,&Kristanti,D.(2024).*Digital transformation in MSMEs: An overview of challenges and opportunities in adopting digital technology* Jurnal Manajemen Bisnis Akuntansi dan Keuangan, 3(1), 37–46. <https://doi.org/10.55927/jambak.v3i1.8766>
- Jayasubramanian.P, Manoj.S, Dharun.M (2024) “A Study on Opportunities and Challenges faced by MSMEs with special reference to Tirupur District” International Journal of Humanities Social Science and Management (IJHSSM) , 4(2), 1054-1061
- Mohammad Asif, Md Sobuj Miah, Mst.Jannatul Ferdous Hia, Abu Muslim Jamal, Samia Binte Farid Upoma (2025) “The Impact of Digital Transformation on Small and Medium Enterprises (SMEs): Opportunities and Challenges” International Journal of Novel Research in Marketing Management and Economics, 12(1), 11-18
- Pandey, P. (2026).*Digital transformation and resilience in MSMEs: A systematic literature review of barriers, capabilities, and policy supports (2015–2025)*. Asian Journal of Economics, Business and Accounting, 26(1), 43–65. <https://doi.org/10.9734/ajeba/2026/v26i12126>
- Qohar, R. Z. S., & Darmawan, B. A. (2024). Digital platforms as enablers of MSMEs’ business model innovation: Revealing the role of capability reconfigurations. Asian Journal of Economics, Business and Accounting, 24(7), 317–328. <https://doi.org/10.9734/ajeba/2024/v24i71412>
- Restrepo-Morales, J. A., Ararat-Herrera, J. A., López-Cadavid, D. A., & Camacho-Vargas, A. (2024). *Breaking the digitalization barrier for SMEs: A fuzzy logic approach to overcoming challenges in business transformation*. Journal of Innovation and Entrepreneurship, 13, Article 84. <https://doi.org/10.1186/s13731-024-00429-w>
- Rosalia, D., Wulandari, W., Ihsan, M. F., & Erwinsyah. (2025). *Empowering MSMEs in the digital era: Optimizing digital platforms for growth and competitiveness*.SSRN Working Paper. <https://doi.org/10.2139/ssrn.5352875>
- Srivastava, R., & Srivastava, R. (2023). Exploring the Impact of Digital Transformation on Small and Medium-sized Enterprises (SMEs) in India: Opportunities and Challenges. *SAMVAD*, 27, 89–95. <https://doi.org/10.53739/samvad/2023/v27/173288>
- Straková, J., Talíř, M., & Váchal, J. (2022). Opportunities and threats of digital transformation of business models in SMEs. *Economics and Sociology*, 15(3), 159–171. <https://doi.org/10.14254/2071-789X.2022/15-3/9>