

# CUSTOMER ENGAGEMENT TECHNOLOGY IN SME'S IN SAUDI ARABIA: DOES IT ENSUE IN DISTURBANCE OR DISRUPTION

**Mohammad Rishad Faridi, Prince Sittam Bin Abdulaziz University**  
**Azam Malik, Prince Sittam Bin Abdulaziz University**

## ABSTRACT

*Technology adaption is not a choice for business especially in today's world. In fact businesses have to be embedded in the technology in order to be competitive. This paper focuses on how Small to Medium Enterprises (SME) will come up with the customer engagement technology in leveraging competitive advantage and remain customer centric organization. Challenges and complexities have doubled. Social media and big data have been in fore front in cruising business direction and pathways. SMEs also face the dilemma of budget, digitalization, strategic plan, growth etc. How SME's will harness customer engagement technology with limited resources and capacity constraints. Strategic foresight backed by dynamic of business model best suited has to be saddled and galloped. The question is do SME's are facing the music of a disturbed or disruptive milieu. Also, SME's need to be innovative and agile in their business operations. Off late, in a macro environment especially, technology has made the difference in gauging the performance of businesses. SME's also needed to explore experiment and engage various business models and shortlist the most suitable one.*

**Keywords:** CET, SME's, Digitalization, Transformation.

## INTRODUCTION

In the era of innovation and development, decision in the fields of software and automation are more acceptable among production and process industries. The world with use of technology like internet becomes more the Internet of Things (IoT) that will result in collaboration with machines and people to communicate. Digitalization of the business now days are a need of global interest. New products are introduced in the market in ever-shorter timeframes and to meet increasing demands of customers is a need of business in today's digital era. Globalization and hastily changing market trends require more flexibility and efficiency to use the resources and energy.

Digitalization facilitates businesses to reach more and more customers within a less time limit, communicate easily and quickly with them and subsequently increase their turnover. Small and Medium Enterprises (SMEs) are recognizing that their peers and competitors are combining digitalized technology in their work environment. The factor which SMEs consider to incorporate is to use more and more digitalization processes as an opportunity to transform their business. It is a general illusion that digitalization is only meant for "new generation" businesses contributing merely digital products and services. (Aral et al., 2013) Small and Medium Enterprises play a vital role for existing economies of developing countries and have importance

at micro and macro level. SMEs are backbone of developed countries because of major workforce employment and GDP contribution.

Digital Transformation includes the customer experiences, increased velocity, increased efficiency, transformation of internal business models and improved competitiveness. In short, digitalization is an opportunity, not a threat and focus of digitalization is to create revenue growth, efficiency and innovation. (Kocoglu, 2012) concluded that SMEs are going borderless in marketing through digitalization and giving access and penetration on a massive markets over the world. Clow & Back (2013) suggested that the majority of the digital marketing of business activities performed online, it do not stay bound within limits to few or specified customers of particular areas but reached out to a several customers.

### **Objectives for the SME's**

1. In the era of digital transformation wherein business disruption or disturbance is inevitable, how SME's are able to cope and remain competitive?
2. To propose an appropriate business model to accelerate digital transformation that improves performance and efficiency in connecting customers.
3. Understand the effects of customer engagement technologies in business and how SME's are able to adopt.

### **Problem Statement**

Business management has changed dramatically as technology has been the facilitator or enabler in accelerating business operation across all functions of business. Off late there has been drastic increase in the usage of mobile, IT, application platforms, internet etc. in all parts of work life. Reinterpretation and redesigning are two important business variables that are value creation and organization performance. Focus on data management, the ability of the predictive analysis, emphasis on data quality foremost than quality of processes which was earlier top priority. Interference of machine learning and the chance of disrupting business operations. This is a holistic and a robust framework. Indeed large corporations capacity and potential of investing is likely to be positive than SME's who are clouded with constraints and resource limitation.

1. How SME's can remain competitive and can play on the same field as large corporation are moving around?
2. How SME's need to balance out and trade off, investment, adoption of state of art technology and growth?

## **REVIEW OF LITERATURE**

The current scenarios of technology and innovations in the field of computer, internet and the digital world have carryout gigantic changes in business, entrepreneurship and marketing. Michael (2014) explored that enterprises and businesses are benefited through internet and e-Marketing for more profits, widening market base and advancing of their business. El-Gohary et al. (2012) the digital media and E-Marketing giving boost to SMEs and their performance improving significantly which also contribute to the economy of the country and therefore increases job opportunities for the unemployed peoples. Boersma & Kingma (2005) companies were mostly concerned with arranging internal management information systems such as ERP or CRM. Kauffman & Walden (2001) the transformations they have initiated primarily limited to improvements in business process limited with in organizational boundaries such as efficiency enhancement, cost lessening, and business process optimization. Cesaroni & Consoli (2015)

suggested the use of digital sources in business has broaden the support and help to SMEs for maximizing customer consciousness, innovative methods and procedures of trade for achieving efficiency and effectiveness. Charlesworth (2009) suggested that SMEs' sales and marketing teams simply digitalized the whole process which results in saving of business expenses and time. Chen et al. (2014) found that big companies can organize and develop their digital portfolios equipped with rich resources and capabilities.

The on-going development of internet and mobile technologies has changed previously connections to the internet into unlimited connectivity (Bradley & Bartlett, 2011). Consequently, the effect of network has increase beyond limits, information, trade and commerce and entertainment have unlimited access (Shankar & Balasubramanian, 2009). (Fudurić et al., 2018) concluded that customer can number of content on multiple devices and use of the internet may soon exceed the traditional media. Deng et al. (2018) development of wireless communication and multimedia technologies has become prevalent in daily life of the peoples. Watson et al., (2002) a digital technology is used to bring value to customers in different ways that broaden customers' awareness and experiences in the relation to time and space. Williams et al. (2010) suggested that digital services are attained and through a digital agreement over the internet, digitization is vital sources of competitive advantage and customer value. Digitization of business is transforming the current business scenario into a comprehensive and customer-driven way by renewing processes.

### **Embracing a Techno-Culture by SME's**

SME's learning and development strategy should be an augmentative learning wherein employees exhibit the right preposition of customer centric skills in captivating the customers with delight. Employees should have the ability to mirror customer empathy in holistic perspective of understanding deeply the touch points like the behaviour pattern, pathway, expectation etc. Today customer engagement technology needs to be outcome based or intend output approach. In other words aligning the expectation of customers and reversing the process of finding the right blend of technology in order to get the intended impactful outcome. Experience of customer and the employees need to be perfectly blended in order to get the winning formula. SME's can become example of commanding position if they deeply connect with the customer affairs than just mere delivery of goods and services.

Extensive learning and development initiative will surely yield and nurture human capital. Investment of people is a treasure of wealth which impacts the business to be a knowledge based economy. Human dimension is the core or the channel master in digital transformation. Talents and knowledge enrichment of employees propel the journey of change especially in digital transformation a smooth operation.

Therefore, change becomes evitable with a spontaneous ambience of happening. The action of force and reinforce subdues the spirit of change management. Prepare and provide essential tools and equipment's so that the employees understand the need with the keen interest to change and be effective.

Improvement has to be a continuous process which will amplify and then elevate creativity which in turn springs innovation. SME's need to be an example of learning organization which will emit innovation either suddenly or may be in increments. Fresh thinking with the bend of innovation sometimes, drastically topple a traditional business model to a novel approach of doing business. Innovation and digital transformation move hand in hand so the

SME's should have a culture of openness, collaborative attitude, flexible, freedom and empowering others.

This is possible with leadership of setting examples and to lead. Adaptation, foresight and proactive thinking trigger the pace of transformation with speed. Able leader should check and choose which is appropriate for the organization than just follow what others do. It is imperative for the top management to filter the noise and hear the rhythm of harmony.

Instilling the right culture with matching upstream and downstream supply chain partners will create the SME's in having an ability to bounce back and the agility to perform, produce results and create open space wherein a integrative approach of all with joint efforts will uplift.

### **Power of SME's Globally**

With technology advancement, it has sprouted entrepreneurs to be on board. Greater research attention has also been put into the formation and operation of SME's. As per Bouwman et al. (2017) since they are becoming potential driving force of SME's. SME's research today is very much niche oriented to a specific sector, industry, location etc. As per the Organization of Economic Cooperation and Development (OECD) SME's are very much responsible for employment, innovation and growth into the national economies. With the advent of big data, social media the connectivity with the customers has become easier but challenging of customers' demands. The question is with advent of big data and social media what it has a direct impact on SME's in business process reform and how SME's are able to mediate the function of digital technologies on innovativeness and performance.

### **SMEs' in Kingdom of Saudi Arabia**

In Saudi Arabia Small and Medium Enterprises (SMEs') contribute to the GDP by around 20%. Despite the efforts to improve the quality of the business environment, small enterprises in the Kingdom continue to suffer from a complexity of regulatory and administrative procedures, slow capacity, poor capacity to attract talents, and difficulty in obtaining funding. The proportion of funding for small and medium enterprises is only (5%) of the total funding, which is a small proportion compared to global rates. Small and Medium Enterprises General Authority (SMEGA) in Kingdom of Saudi Arabia is working on reviewing regulations, removing barriers and facilitating access to finance and helping young people and innovators in marketing their ideas and products. At the same time, we will seek to establish more business incubators, training institutions and specialized venture capital funds to help entrepreneurs develop their skills and innovations. SMEGA help small national enterprises to export their products and services and marketing through e-marketing support and coordination with relevant international bodies. The government in Saudi Arabia is paying a great attention to the small and medium enterprises sector under the National Transformation Program and the Kingdom's Vision 2030 aimed at diversifying sources of income and stressed the keenness and seriousness and attention and attention to the great role expected of this sector in supporting the national economy. Important roles for the SME sector in the Saudi economy (o.monshaat.gov.sa).

1. SMEs provide job opportunities for the Saudi people, and foster economic empowerment for youth and women.
2. SMEs contribute to the growth and diversity of the economy.
3. SMEs are critical to reduce poverty and contribute to rural and regional development.

4. SMEs can significantly increase their contribution to exports (faster than large corporations).
5. SMEs are allowed to explore new areas of innovation and graduate new champions.
6. SEMs enable national entrepreneur by building strengthened supply chain and increased competitiveness. (o.monshaat.gov.sa).

Basil M.K. Al-Ghalayini is the Chairman and CEO of BMG Financial Group states “SMEs’ play a major role in the non-oil-reliant Saudi economy and contributing in generating employment opportunities for the Saudi people and fostering economic empowerment for the youth and women. SMEs explore potential areas of innovation and enable national entrepreneurs by building strengthened supply chains and increased competitiveness”.

### SME’s opportunities in Arabian Market

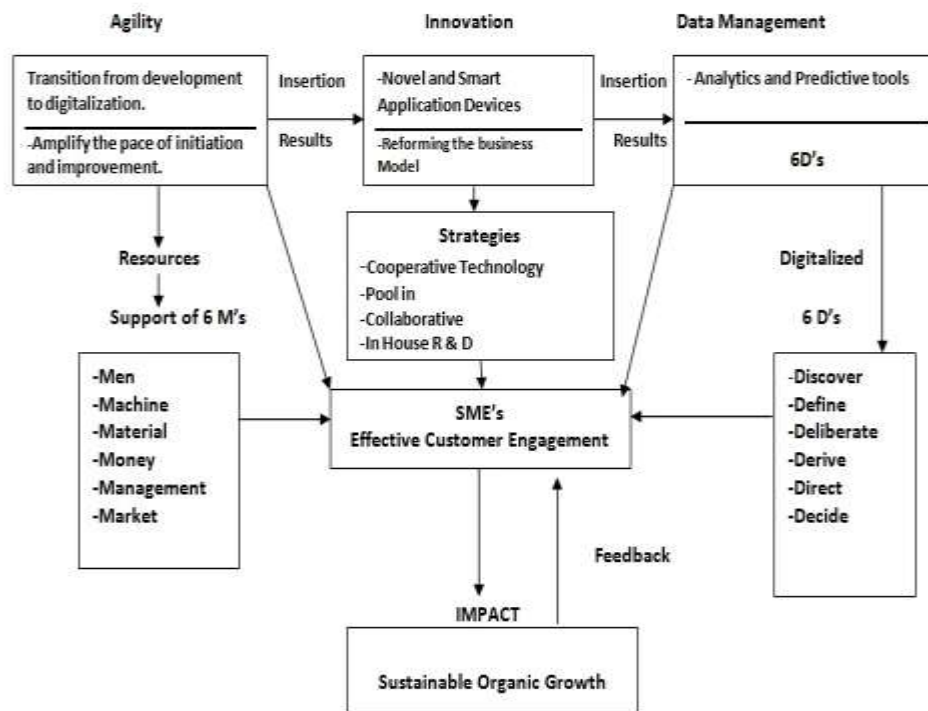
Success of any organization to understand the CSAT (Customer Satisfaction), CES (Customer Effort Score), NPS (Net Promoter Score) the customer behavior pattern ability to capture, churn and predict the data in the real time differentiates the firm able to be competitive and provide customer delight. Like globally SME’s face the constraint of reading the real time data pertaining to customer. Building long term relationship and creating value to customer theme need to read the touch point data very well. Due to inability of investing and practicing technology driven customer engagement techniques. This SME’s have to reengineer the approach about the marketing research to more marketing data analytics with usage of web analytics, mobile apps, data platforms, marketing automation, search engine optimization, sensors, virtual realities, chat box, machine learning, internet of things, artificial learning, mobile dash boards etc. Kingdom of Saudi Arabia is a potential market with enormous growth prospective for SME’s. Continuous support and advice of government prepares SME’s to take up this opportunity. Vision 2030 of Kingdom of Saudi Arabia is as follows (Table 1).

| <b>Table 1</b><br><b>VISION 2030</b>   |  |
|--|--|
| First Strategic Objective of Vision 2030- Kingdom of Saudi Arabia.   | To raise the interest in entrepreneurship.<br>To support Entrepreneurship skills in youth.   |
| Second Strategic Objective of Vision 2030- Kingdom of Saudi Arabia.  | To increase the contribution of SMEs to GDP.<br>To Support small and medium enterprises.<br>To Support productive families & encourage Entrepreneurship culture. |
| Third Strategic Objective of Vision 2030- Kingdom of Saudi Arabia  | To increase job opportunities from small and medium enterprises.   |
| Source: Adapted from Vision 2030, Kingdom of Saudi Arabia<br><a href="https://o.monshaat.gov.sa/en/about/vision-2030">https://o.monshaat.gov.sa/en/about/vision-2030</a> |  |

Drive to scale digital transformation, bring behavioural and thinking change in its employees, improve digital skills and more importantly create the culture of digital leadership, digital culture, digital skills, change management with digital embracement etc. SME’s require the following support for a seamless digital transformation:

1. Create digital culture.
2. Trust and confidence development in the digital transformation
3. Ability to invest in technology.

4. Technology as a tool to reduce cost/wastages and improve profitability.
5. Adaptation of appropriate home grown, organic market tested technology to be most suitable for the local market.



**FIGURE 1**  
**AN EXPLORATORY MODEL FOR AN EFFECTIVE CUSTOMER ENGAGEMENT**  
**PROCESS FOR SME'S**

### A Brief description of AIMED (Agility, Innovation & Managing Effective Data) Model

Customer engagement stands on the three main pillars. They are innovation, agility and data management (Figure 1). Innovation needs a continuous upgrading, open to new way of approach, redesigning, reengineering etc. For example the firm can upgrade into new smart applications. This will impact the way and how to do the business? Agility has also been reformed by way of changing the focus from overall development of organization through development by digitalization. It will gear up and amplify improvement, integration among various function of business and support in real time decisions. The ability and competency of storing, churning and pruning of data and optimum utilization of data in order to get proactive environment will showcase the competitive advantage and add value to goods and services from descriptive to predictive and finally prescriptive.

From the main three variables, the availability of resources as a main category which are sub-categorized as 6M's men, machine, material, money, management and market. Second variable, Agility, which supports the lean supply chain, upstream as well as downstream, recognizing the channel master or the nucleus firm as a core competence and aligning the operational process accordingly. The third major variable that is data management which are

divided into 6D's that are discovery of the optimum data, define the purpose and intention of the firm, deliberate with various stakeholders in a collaborative manner, derive certain trends, pattern, pathways etc. They all are under the digitalize environment of functioning. Direction from the top management, leadership, management integration alignment and finally deciding in the real time and in digital environment harnesses the power of growth and accomplishment of the task.

## CONCLUSION

SME's can take the advantage of an collaborative consumption culture which improves their bargaining as well as purchasing power especially in procurement, advises and consultancy from the vendors so that they are able to get the leverage. Foresight and readiness of adapting new technology and understanding the real benefits in long term needs to be addressed holistically by various stakeholders. SME's traditionally are reluctant to change and usually operate in silos. It is the need of the hour for them to integrate with the major landscape of various size businesses. The authors felt that only a small portion of SME's encountering digital transformation journey has been addressed. It is encouraged to deep dive in the core of how SME's face challenges as well as how they have competitive edge over large corporations. SME's are at the verge of enmeshing these turmoil disturbances and disruption into derived distinction of opportunities.

## RECOMMENDATIONS

SME's which focus on continuous improvement; instil innovation as a culture of existence will have an edge over its competitors. Strategic mind set with entrepreneurial growth set will help SME's to be more adaptive to the change. The task and role of continuously watching and tracking the internal and external environment, scanning it on a regular basis, aligning the business with the environment, understanding the expectation and engaging with the stakeholders. SME's should be flexible in transforming business from development standpoint of view to digital standpoint of view, then SME's leveraging to collaborate and integrate with upstream and downstream value chain partners. Often constrains and challenges faced by the SME's, especially in arranging adequate resources, cooperative technology procurement strategy can be implemented in order to reduce the burden of high financial commitments. Collaborative strategy with value chain partners can be another viable option. Last but not the least, in house, home grown development of technology supporting and compatible to other platforms can be another avenue to ponder on. Government intervention is a must to support SME's in the journey of digital transformation due to power game of 800 pound gorilla in the business world.

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