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ANALYZING THE IMPACT OF DIGITAL TRANSFORMATION ON YOUTH EMPLOYEES IN COIMBATORE'S IT MSMES

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Abstract

The study empirically investigates the impact of digital transformation (DT) on youth employees within the context of Information Technology Micro, Small, and Medium Enterprises (IT MSMEs) in Coimbatore, India. A quantitative research design was employed, collecting primary data through a structured questionnaire from a sample of 100 youth employees. Data was analyzed using descriptive statistics, including mean and standard deviation, to evaluate responses across five predefined dimensions of DT impact. The findings reveal that the IT MSME workforce is predominantly young, well-educated, and in the early stages of their careers, with moderate income levels. Moreover the employee adaptability to digital tools scored highest (Mean = 3.62, SD = 0.58), indicating strong openness to change, while career security and rewards ranked lowest (Mean = 3.17, SD = 0.52), reflecting concerns about long-term stability and salary growth. Overall, digital transformation has enhanced learning, efficiency, and flexibility but has also raised challenges related to stress, reduced personal interaction, and limited career security.

Keywords: Digital Transformation, Youth Employment, IT MSMEs, Coimbatore, Adaptability, Productivity, Career Security

Introduction

Digital Transformation (DT) is reshaping business operations across sectors, with IT-based Micro, Small, and Medium Enterprises (MSMEs) emerging as pivotal players in this evolution. Micro, Small, and Medium Enterprises (MSMEs) are critical to this vision, constituting over 30% of India's GDP and employing nearly 110 million people. Within this vast sector, IT MSMEs in emerging hubs like Coimbatore represent a vital engine of growth, innovation, and employment for the nation's youth (Ministry of MSME, 2023). Despite this significance, many MSMEs lag in integrating digital technologies due to obstacles such as limited financial resources, insufficient digital literacy, and inadequate infrastructure. Youth employees are at the heart of IT MSMEs. While digital tools provide them with opportunities for enhanced productivity and skill development, these changes also present challenges, including increased stress, disrupted social bonds, and uncertainty in job security. Thus, examining the impact of DT on youth employment in IT MSMEs is both timely and critical. Coimbatore, a growing IT hub in Tamil Nadu, hosts numerous technology parks and MSMEs, making it an ideal setting for this research. The present study investigates how digital transformation affects youth employees in IT MSMEs, focusing on their adaptability, productivity, workplace culture, and career security.

Statement of the Problem

Digital Transformation (DT) has become a defining force in reshaping the global business environment. For IT-based Micro, Small, and Medium Enterprises (MSMEs), adopting digital technologies is no longer optional but a necessity for competitiveness and survival.

While large corporations are rapidly integrating advanced digital solutions, MSMEs often struggle due to limited resources, inadequate infrastructure, and lack of expertise. In this context, youth employees, who form a significant share of the IT workforce, play a crucial role in driving digital adoption. However, despite being digital natives, youth employees face challenges such as increased job-related stress, difficulty in work–life balance, lack of adequate training, and uncertain career security. At the same time, opportunities such as skill development, flexible working models, and career growth are emerging. The problem lies in understanding how digital transformation is impacting youth employees in IT MSMEs, specifically in terms of skill development, productivity, workplace culture, and job security.

Review of Literature

The push for digital transformation (DT) in India, accelerated by initiatives like 'Digital India,' is particularly crucial for MSMEs which form the backbone of the economy, yet they struggle with unique challenges like resource constraints and informal structures (Kumar & Kumar, 2020; Pandey & Mahajan, 2022). Indian studies confirm a severe digital skills gap, where employees in growing tech hubs feel intense pressure to self-upskill due to a significant lack of structured organizational training and mentorship, a gap more pronounced than in Western contexts (Gupta & Sharma, 2021; R. Singh & Mishra, 2023). This contributes to high levels of 'technostress' and burnout among Indian IT professionals, a phenomenon exacerbated by the cultural expectation of constant availability and the rapid, often disjointed, adoption of new tools (S. Patel & D'Souza, 2019; Raguraman et al., 2022). Consequently, a distinct Indian employment paradox is evident: while the youth workforce is highly adaptable and values the new opportunities DT brings, they experience significant job insecurity and frustration due to stagnant wages that do not reflect their newly acquired digital skills (B. Singh & Jha, 2020; Varma & Jha, 2023). Therefore, the role of organizational support is paramount; research indicates that Indian firms that invest in supportive cultures, clear communication, and formal upskilling programs see markedly higher levels of employee adaptation and retention, highlighting a critical area for intervention (Krishnan & Singh, 2021).

Research Gap

Although several studies have examined digital transformation in large organizations and its contribution to business competitiveness, limited research has focused on its impact on employees, particularly youth, within IT MSMEs. Existing literature emphasizes the technological and financial challenges faced by MSMEs but pays insufficient attention to the human aspect, especially how young employees experience, adapt, and respond to digital changes. Moreover, studies highlighted the contribution of MSMEs to economic development, but there is little empirical research on the socio-demographic profile and attitudinal dimensions of youth employees in IT MSMEs during digital transformation. This study addresses this gap by analyzing both socio-demographic factors and employee perceptions, providing insights into how digital transformation shapes the career trajectory, efficiency, and mindset of young IT professionals in Coimbatore.

Objectives of the Study

1. To describe the socio-demographic profile of youth employees working in IT MSMEs in Coimbatore.

2. To analyze the impact of digital transformation across different dimensions such as skill development, productivity, organizational culture, adaptability, and career security.
3. To identify key areas of positive and negative influence of digital transformation on youth employment.

Research Methodology

Research Design : The study follows a descriptive research design to analyze the impact of digital transformation on youth working in IT MSMEs in Coimbatore.

Population of the Study : The population of this research comprises youth employees working in IT MSME companies in Coimbatore, including roles such as programmers, web/app developers, system/network administrators, IT support staff, digital marketers, and project coordinators.

Sample Size : A total of 100 respondents were selected for the study.

Sampling Technique : The respondents were chosen using convenience sampling, as employees who were accessible and willing to participate in the survey were included.

Data Collection: Primary data was collected through a **structured questionnaire** and Secondary data was gathered from government reports, Magazines and research journals .

Data Analysis

The collected data were analyzed using descriptive statistics (mean, standard deviation, and percentages) to interpret socio-demographic distribution and responses to digital transformation dimensions.

Analysis and Interpretation

Table 1
Demographic Profile of Respondents

Variable	Category	No. of Respondents	Percentage (%)
Gender	Male	60	60%
	Female	40	40%
Age Group	20–25 years	45	45%
	26–30 years	35	35%
	31–35 years	20	20%
Educational Qualification	Arts & Science - UG	25	25%
	Arts & Science - PG	50	50%
	Engineering	25	25%

Variable	Category	No. of Respondents	Percentage (%)
Years of Work Experience	Less than 1 year	20	20%
	1–3 years	50	50%
	4–6 years	20	20%
	Above 6 years	10	10%
Monthly Income	Below ₹ 25,000	20	20%
	₹ 25,001 – ₹ 35,000	35	35%
	₹ 35,001 – ₹ 45,000	25	25%
	Above ₹ 45,000	20	20%
Type of Employment	Permanent	65	65%
	Contractual	35	35%
Marital Status	Single	70	70%
	Married	30	30%
Role in IT MSME	Programmer	30	30%
	Web / App Developer	20	20%
	System / Network Administrator	15	15%
	IT Support / Technical Executive	20	20%
	Digital Marketing / Analyst	10	10%
	Project Coordinator / HR / Others	5	5%

Source : Primary data

Table 1 shows the socio-demographic profile of IT MSME respondents, which indicates that most employees are male (60%), with females making up 40%, suggesting fair gender representation. The workforce is mainly young, with the majority in the 20–25 years (45%) and 26–30 years (35%) age groups. Education levels shows that 50% hold postgraduate degrees, while the rest are equally split between graduates (25%) and engineering graduates (25%). In terms of work experience, half of the respondents (50%) have 1–3 years, suggesting IT MSMEs attract early-career professionals. Income levels are moderate, with the largest group (35%) earning ₹ 25,001–₹ 35,000, and 20% earning above ₹ 45,000, showing some scope for higher earnings. A majority of employees are in permanent positions (65%), while 35% work on contracts. Most are single (70%), which further reflects the youth-dominated nature of the sector. Regarding job roles, the largest group is programmers (30%), followed by web/app developers (20%), IT support staff (20%), and system administrators (15%), with smaller shares in digital marketing (10%) and project coordination/HR roles (5%). Overall, IT MSMEs in Coimbatore are characterized by a young, educated, early-career workforce, mainly in technical roles, with stable employment but moderate income levels.

Table 2
Distribution of Responses on the Impact of Digital Transformation (DT) among Youth Employees in IT MSMEs

Dimensions	Statement	Mean	Strongly Agree (5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly Disagree (1)
Learning & Skill Development	I always need to learn new skills	4.09	30	50	13	5	2
	My company gives enough training support	2.60	8	20	28	32	12
	Digital changes gave me new career chances	3.55	20	40	25	10	5
Work Efficiency & Productivity	New tools save me from routine work	3.62	20	42	21	12	5
	Too many digital tools distract me	3.60	20	40	20	15	5
	My performance is mostly measured using digital metrics like targets, reports, and numbers.	3.20	15	25	30	20	10
Organizational	Online work	3.12	10	25	35	18	12

Dimensions	Statement	Mean	Strongly Agree (5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly Disagree (1)
nal Culture	reduces personal connection						
	I like flexible/remote work	3.75	25	40	20	10	5
	It's hard to switch off from work	3.30	12	30	30	20	8
Employee Mindset & Adaptability	I feel positive about digital changes	3.55	20	35	28	12	5
	Fast changes give me stress	3.55	20	35	25	15	5
	I can adapt to new tools easily	3.76	26	40	23	8	3
Career Security & Rewards	Digital transformation has increased the value of my skills.	3.55	20	35	28	12	5
	My salary has increased because I learned new digital skills	2.50	10	15	25	30	20
	I feel more secure in my job due to the digital changes at work.	3.45	15	35	30	12	8

Source : Primary data (Computed)

Table 3
Dimension-wise Mean & Standard Deviation

Dimension	No. of Items	Average Mean	Average SD
Learning & Skill Development	3	3.41	0.75
Work Efficiency & Productivity	3	3.47	0.58
Organizational Culture	3	3.39	0.63

Dimension	No. of Items	Average Mean	Average SD
Employee Mindset & Adaptability	3	3.62	0.58
Career Security & Rewards	3	3.17	0.52

Source : Primary data (Computed)

Table 3 shows that Employee Mindset & Adaptability scored the highest (Mean = 3.62, SD = 0.58), indicating that employees are generally positive and flexible in adapting to digital changes. Work Efficiency & Productivity ranked next (Mean = 3.47, SD = 0.58), suggesting that digital tools improve efficiency, although some employees feel distracted by multiple tools. Learning & Skill Development (Mean = 3.41, SD = 0.75) highlights a willingness to learn, but also points to limited training support from organizations. Organizational Culture (Mean = 3.39, SD = 0.63) reflects that while flexible work arrangements are appreciated, reduced personal interaction remains a concern. The lowest scoring dimension, Career Security & Rewards (Mean = 3.17, SD = 0.52), shows that employees are uncertain about salary growth and long-term job security despite gaining new digital skills.

Findings

I. Socio-demographic characteristics of employees in IT MSMEs.

- Most of the Workforce are male (60%) and young (45%) of them aged 20–25, 35% aged 26–30).
- Majority hold postgraduate degrees (50%), with others split between UG and engineering (25% each).
- Half of the respondents have 1–3 years of experience, showing IT MSMEs attract early-career professionals.
- Income levels with largest share (35%) earnings falls within the range of ₹ 25,001– ₹ 35,000.
- 65% are permanent employees, while 70% are single.
- Job roles are mainly programmers (30%), web/app developers (20%), IT support (20%), and others in smaller proportions.

II. Effect of digital transformation on different work dimensions of employees.

- Learning & Skill Development (Mean = 3.41, SD = 0.75): Employees are eager to learn but feel training support is limited.
- Work Efficiency & Productivity (Mean = 3.47, SD = 0.58): Digital tools improve efficiency, but some employees feel distracted.
- Organizational Culture (Mean = 3.39, SD = 0.63): Flexible work is appreciated, but reduced personal interaction is a concern.
- Employee Mindset & Adaptability (Mean = 3.62, SD = 0.58): Youth employees are highly adaptable and positive about digital changes.
- Career Security & Rewards (Mean = 3.17, SD = 0.52): Employees are uncertain about salary growth and job security despite acquiring new skills.

III. Key areas of positive and negative influence of digital transformation on youth employment.

- Positive influences: Higher adaptability, improved efficiency, learning opportunities, and flexible working arrangements.
- Negative influences: Limited organizational training, reduced social connection, stress from fast changes, and weak salary growth/job security.

Suggestions

- Organizations should provide structured training programs and continuous learning opportunities to equip employees with emerging digital skills.
- Management should streamline and integrate digital tools to reduce redundancy and minimize distractions, thereby improving productivity.
- MSMEs can promote team bonding and collaboration through hybrid meetings, peer-learning platforms, and employee engagement activities to address the challenge of reduced personal interaction.
- Career advancement, salary growth, and recognition should be tied to the acquisition of digital competencies to motivate youth employees.
- Companies should adopt policies that address the aspirations and well-being of young employees, including flexible work arrangements and mental health support.

Conclusion

The study highlights that digital transformation has a significant influence on youth employees working in IT MSMEs. The findings reveal that employees exhibit a positive mindset and adaptability towards digital changes, with digital tools contributing to enhanced work efficiency. However, the study also identifies key challenges, such as inadequate training support, distractions due to multiple tools, reduced personal connection in online work environments, and uncertainties regarding career security and rewards. Despite these challenges, flexible work options and digital innovations are well-received by the young workforce, indicating that digital transformation is reshaping workplace practices in meaningful ways. To maximize its benefits, IT MSMEs must adopt supportive training, streamlined technological integration, and career-oriented HR practices. Overall, digital transformation presents both opportunities and challenges, but with the right organizational strategies, it can significantly empower youth employees and contribute to sustainable growth in the IT MSME sector.

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