Digitalization Drivers in Paraguayan MSMEs: Influence of Economic Sector, Size, and Company Age

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Abstract:

This study investigates the digitalization drivers among micro, small, and medium-sized enterprises (MSMEs) in Paraguay, examining how economic sector, company size, and age influence digital transformation adoption. Through a survey of 350 Paraguayan companies across manufacturing, services, and commerce sectors, the research identifies key digitalization drivers, including owners' knowledge of digital opportunities, management's digital training, resource allocation, and employee preparation. The findings reveal significant disparities in digitalization implementation across different business categories, with service sector companies demonstrating substantially higher digitalization levels compared to commerce and industrial sectors. Similarly, medium-sized enterprises embrace digital technologies more extensively than micro and small businesses, likely due to greater resources and competitive pressures. While company age shows minimal significant differentiation in digital adoption patterns, two factors—awareness of digitalization possibilities and well-trained managers—exhibit statistical significance for younger organizations. Despite generally positive perceptions toward digitalization, high investment costs and limited financial resources present significant barriers for many MSMEs, particularly for smaller businesses that are falling behind in effectively incorporating digitization into their operations. The research concludes that targeted support from government institutions, including improved access to financial products for digital development and enhanced internet infrastructure, is essential for fostering comprehensive digital transformation in Paraguayan MSMEs.

Keywords:

Digitalization, MSMEs, Paraguay, Digital Transformation.