

## ACTIVATION OF DIGITAL DEVELOPMENT OF THE ENTERPRISE IN THE CONDITIONS OF CRISIS DEFORMATIONS

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### Summary

The article clarifies the essential aspects of digital development, analyses the state of digital development of Ukrainian enterprises over the past six years and establishes that the digital development of Ukrainian enterprises has not reached the level of developed countries yet. Many enterprises do not carry out digital transformation to the required extent due to limited budgets, lack of qualified personnel and the absence of a clear strategic plan. This gave the opportunity to identify the factors that influence the need to intensify the digital development of an enterprise and which should be taken into account in the process of developing a strategy for intensifying digital development. It is substantiated the measures and steps to activate the digital development of the enterprise and identifies new opportunities, which are generated in this case, in particular, it is noted that enterprises that activate digital development to get new opportunities, raise productivity, increase revenues and improve competitiveness, help create innovative products and services, attract foreign investment and expand international cooperation, change organisational culture and design, behavioural patterns of staff and their mentality. It is also important to create a favourable ecosystem for enhancing the digital development of enterprises, including government support, education and partnership with business.

**Key words:** digital development, development management, enterprises, digital technologies, digital solutions, crisis deformations.

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### 1. Introduction

The digital development of an enterprise is considered a decisive factor for successful operations in today's business environment, as digital technologies are rapidly evolving and digital solutions are becoming key to ensuring the competitiveness of enterprises. The relevance of the need to enhance digital development in the context of crisis deformations is explained by the fact that it enables businesses to store, analyse and effectively use their data, which allows them to gain valuable insights, make informed decisions and implement strategies aimed at growth and development. In addition, the intensification of the digital development of the enterprise helps to improve communication processes, both internal and external, as email, messengers, social networks and other digital tools help to ensure fast and effective communication

between employees, partners and customers. Furthermore, the digital development of the enterprise allows for the automation of management, marketing, accounting and business processes, which helps to increase productivity and reduce costs. Thus, the activation of the digital development of an enterprise becomes necessary to ensure competitiveness, increase efficiency and the ability to quickly adapt to market changes, provide opportunities for business expansion, attracting new customers and improving internal processes, and companies that ignore this aspect lose their competitive advantage in today's business. The above argumentation confirms the relevance of considering the problems of intensifying the digital development of an enterprise in the context of crisis deformations.

Many domestic and foreign scholars have addressed the problems of the digital economy, the processes of digitalisation of enterprises, and the impact of these processes on their development. Particularly interesting research and proposals can be found in the scientific publications of such scholars as: D. Bonnet, O. Bodnar, S. Brand, O. Vinogradova, O. Vyshnevskiy, E. Williams, V. Dergachova, O. Zhylinska, N. Yevtushenko, I. Yegorov, M. Karlberg, M. Kulinich, G. Kolomiets, N. Kraus, O. Kryvoruchko, L. Lazorenko, J. Licklider, V. Lyashenko, K. Mueller, N. Negroponte, O. Nikiforuk, O. Pizhuk, E. Peters, K. Pugachevska, M. Rudenko, D. Smith, D. Tapscott, G. Chmeruk, etc. While highly appreciating their research context, we state that it remains little elaboration of the problems of activating the digital development of an enterprise in the context of crisis deformations, which we undoubtedly consider to be relevant today.

The article is aimed at clarifying the essential aspects of digital development, analysing the status of digital development of Ukrainian enterprises in recent years and determining the factors influencing the need to activate the digital development of an enterprise, substantiating the strategy, measures and steps to enhance the digital development of the enterprise and revealing the opportunities generated in this process.

The research methodology consists of general scientific and special methods. The historical and dialectical methods are used to review scientific views on the essential aspects of digital development, and the method of expert assessments and analysis is followed to analyse the state of digital development of Ukrainian enterprises over the past six years, abstract and logical – to establish factors and logical relationships between them, the method of scientific abstraction, theoretical generalisation and prediction – to identify problems, opportunities for enhancing digital development and develop a strategy and measures for its implementation.

## **2. Analysing the state of digital development of Ukrainian enterprises**

In general, development, as a philosophical category, is a gradual process by which something becomes more complex, mature and advanced. L.M. Shimanovska-Dianich asserts that "development is a process of self-promotion from the lowest to the highest level, which results in the disclosure and realisation of internal tendencies and the essence of phenomena, which in turn leads to the emergence of new things and causes any changes in various forms of matter" (*Shimanovska-Dianich L.M., 2012*).

Supporting this thesis, I.S. Groznyi substantiates that "development is a natural process of transition of the system from one state to another, which is achieved through the balance of production factors that contribute to this process and determine the efficiency of realisation of the enterprise's resource capabilities in accordance with the conditions for the formation of growth and development dictated by the external environment" (*Hroznyi I.S., 2012: 53*). Therefore, nowadays, "the main guideline of enterprise development management is to ensure its

effective functioning, reliability, sustainability, resilience and motivation for development" (*Kashuba Ya.M., 2011*). In general, scholars agree that "digital development of an enterprise is the process of using digital technologies to optimise business processes, ensure the efficiency and competitiveness of an enterprise" (*Dernova I.A., Borovyk T.M., 2022; Prokopyshyn O.S., 2021; Tokmakova I.V. et al., 2018*). Thus, digital enterprise development is the process of introducing and using digital technologies, tools and innovations to improve the efficiency of operations and business development. In practice, digital development encompasses the use of information systems, the Internet of Things, artificial intelligence, data analytics, cloud solutions and other digital tools to automate processes, improve communication with customers, optimise management and provide new business development opportunities. This means that digital development allows businesses to be more flexible, competitive and ready to adapt to changes in the modern digital world.

An analysis of the state of digital development of Ukrainian enterprises over the past six years (based on the study by (*Gudz O.E., 2018: 6*) shows stable growth and positive trends in their digital development. Nowadays, almost all enterprises (compared to 71% in 2018) agree that it is necessary to carry out digital transformation of their business as digital solutions increase competitiveness, while only 36% (compared to 16% in 2018) have carried out digital transformation of their business processes and management. Digital innovations are constantly being implemented by 24.7% of enterprises (compared to 5% in 2018), and only 6.7% of enterprises (compared to 12% in 2018) use mostly outdated information technologies. To summarise, it is worth noting, over the past six years Ukrainian enterprises have been actively implementing digital technologies, which helps automate and optimise their business processes. Enterprises are increasingly using cloud technologies, mobile applications, data analytics and artificial intelligence to improve the efficiency of management processes. At the same time, the growth of e-commerce is one of the key trends. More and more enterprises are setting up online stores and platforms to sell their goods and services via the Internet which allows them to attract new customers, increase volumes of sales and offset some risks. Meanwhile, electronic document management is becoming increasingly common. Most enterprises are converting to digital document formats from traditional paper copies, which not only increases efficiency and reduces document processing time, but also saves money on paper storage and transportation. Significant progress has also been made in digital marketing. Enterprises are increasingly using social media, search engine optimisation and content marketing to promote their products and services. They actively use analytics tools to measure the effectiveness of their marketing activities and tailor them to the needs of their audience. However, as we have seen, the digital development of Ukrainian enterprises has not reached the level of developed countries yet. Many enterprises do not carry out digital transformation to the required extent due to limited budgets, lack of qualified personnel and the absence of a clear strategic plan. Practically speaking, the need to intensify the digital development of an enterprise is influenced by various factors: the need for efficiency and optimisation of business processes, as digital solutions increase the efficiency of operations and ensure the optimisation of business processes; changing customer needs and expectations, as customers have high expectations of accessibility, convenience and quality of goods and services now and digital solutions allow enterprises to meet customer needs faster, better and more efficiently; the need for attracting talented creative professionals, as digital technologies are one of the key factors that attract such professionals, so enterprises need to implement modern technologies and infrastructure to attract and retain the best specialists; demand for new technologies and innovations, digital technologies are constantly evolving and new innovations are becoming key factors of competitive advantage so the enterprise

needs to work hard on its digital development to remain competitive. All the above factors affect the enterprise individually or in combination and each enterprise should take them into account when developing its strategy for enhancing digital development.

### **3. Strategy and measures to activate the digital development of enterprises**

A strategy for activating the digital development of an enterprise is a programme of measures and actions aimed at using digital technologies to achieve a specific goal. The aim of the strategy for enhancing the digital development of an enterprise is to create favourable conditions for its digital transformation in order to reduce costs, increase efficiency, productivity, competitiveness, improve the quality of information exchange, attract more customers and increase the enterprise's profitability. This strategy is applied at various hierarchical levels, including production, business processes, management, security, etc. When implementing digital technologies, special attention should be paid to the use of cloud technologies, smart systems, artificial intelligence, development of mobile applications and other digital innovations. The strategy for activating the digital development of an enterprise should ensure its more efficient operation, improve the quality of products and services, increase labour productivity, improve access to information and promote innovation and change. The development of this strategy includes analysing the current state, identifying priority areas of digital development, formulating a programme, plans and specific tasks and measures required to implement the strategy. Its development requires the involvement of competent specialists, market analysis, consideration of trends and potential risks, and assessment of organisational and infrastructure support for the implementation of digital technologies.

The programme for activating the digital development of an enterprise is a comprehensive plan of measures aimed at introducing modern digital technologies and tools to improve business efficiency, including the use of Internet marketing, e-commerce, business process automation and data analytics. To activate the digital development of the enterprise, it is advisable to implement the following measures: introduce electronic data exchange with employees, customers and suppliers which reduces the time for processing documents and simplifies interaction with partners; development of a website and a mobile application for convenient ordering of goods and services by customers which will increase the convenience of service and opportunities for customers; widespread use of social media to promote the company's brand and interact with consumers; implementation of Internet marketing to promote goods and services, including website optimisation for search engines, electronic advertising and other tools to attract the target audience; using analytical tools to analyse and improve the enterprise's performance which will provide useful information about sales, customer behaviour and the effectiveness of marketing campaigns; implementing an electronic document management and electronic archiving system to improve work efficiency and reduce paperwork; engaging specialists in the field of digital development and training its own employees to use digital tools and technologies; initiative participation in conferences, seminars and other events dedicated to digital business development which will be allowed to gain new knowledge, ideas and contacts for further development; implementing incentive programmes for employees who implement and improve digital solutions in their work which will encourage them to develop creative solutions to activate the digital development of the enterprise; constant monitoring and updating of digital tools, technologies and solutions used in the work, including the Internet of Things, Big Data, artificial intelligence, modelling of organisational twins, cloud solutions, neuro-genetic hybrid systems to maintain efficiency and competitiveness.

#### 4. Challenges of activating the digital development of enterprises

The basis for activating the digital development of an enterprise is the effective digitalisation of management and business processes, from the use of the latest digital technologies, modern equipment and latest generation facilities, new formats of communication with all contact audiences to the modernisation of organisational culture, value systems, behavioural and business models and management methods. It is clear that these transformations do not occur rapidly, but require a lot of financial resources and time, the amount of which depends on the depth of the required digital transformation, industry activity and the capabilities of the enterprise. Studies have shown that the biggest obstacle to intensifying digital development is the lack of necessary financial resources and staff competencies. The researchers also outline the following obstacles: "lack of a digital culture in enterprises, deficit of leadership, waiting for a favourable opportunity for change, implicit economic benefits from digital investments, absence of a clear vision of digital operations and quality management by senior management" (*Yangel G.V., 2018: 358–359*). Therefore, the activation of the digital development of enterprises is a challenge for them, as it generates a number of complex threats. "Currently, one of the key challenges for enterprises is to ensure the security of their activities, as the digitalisation of information has made economic activity significantly vulnerable (*Kolomiets G.M., Glushach Y.S., 2017: 139*). For example, the results of research by Chmeruk G.G., Kralich V.R. and Burlakova I.A. show that "56% of surveyed business entities are concerned about cybersecurity, 39% are very concerned and only 5% are not concerned at all. Only 3% of respondents have not experienced an IT security incident recently. The main obstacle to ensuring protection against cyber threats remains budgetary constraints" (*Chmeruk G.G. et al., 2018: 99*). Thus, it is worth noting that the following problems may arise when intensifying digital development at an enterprise: insufficient knowledge and competence of employees, since digital development requires specialised knowledge and skills; high costs of implementing and maintaining digital tools, especially at the first stage of implementation; Lack of time for training and implementation, as the introduction of digital technologies requires a significant amount of time and effort, which standing on the obstacle of performing daily work; an increase in potential threats, the number of cyberattacks on the enterprise and violations of data confidentiality; asymmetric access to digital developments, as individual employees or departments may have limited access to digital solutions, which creates inequality and leads to disorder and imbalance in some business processes; the need to transform business processes due to incompatibility with existing systems and infrastructure which requires replacement or modification of existing systems, networks and infrastructure, and is a complex and expensive process.

#### 5. New opportunities for activating the digital development of enterprises

Each enterprise has its own unique resource and competence capabilities and needs, but all enterprises should take the following steps to implement a strategy to activate the digital development of the enterprise: 1) to conduct monitoring and audit of the current state: determine the need for resources, assess risks and threats, opportunities and benefits of digital development; 2) analysing the feasibility and selecting the appropriate digital tools, taking into account the company's priorities and resources; 3) developing and approving a concept, programme, plan of activities and actions; 4) implementation and training of staff, ensuring the correct deployment of digital changes and team training; 5) monitoring and evaluation according

to the defined key performance indicators and analysis of the results of the strategy implementation and its adjustment if it is necessary.

Most researchers positively assess digital development for enterprises, emphasising that it "leads to modification of the structure, management system and culture of the enterprise; allows to develop completely new forms of value creation and receipt; reorient the boundaries of the enterprise to more global levels" (*Kulinich M.B., 2019: 9*). Chmeruk G.G. and Kralich V.R., Burlakova I.A. also note the advantages and new opportunities from the digital development of enterprises: "increasing the efficiency of the existing infrastructure; emergence of qualitatively new business models; revenue growth or cost reduction in existing business models" (*Chmeruk G.G. et al., 2018: 98*). Thus, summing up the conducted researches, we are convinced that activation of digital development of an enterprise, according to the proposed strategy, opens up the following new opportunities: improving the efficiency of business processes, as digital tools automate and optimise routine tasks, reduce manual labour, and shorten the time required to complete them; enhancing communication and interaction with customers through the use of chatbots for customer support, personalised messaging systems and online platforms for ordering goods or services; expansion of business geography, digital development opens up access to new markets and mass audiences, and it is allowed to move to the international level; strengthening digital security, as enterprises have to actively work to improve cybersecurity; the use of artificial intelligence helps to analyse data, predict market trends, make predictions, etc; expanding marketing opportunities through the use of new marketing strategies and tools (social media marketing, contextual advertising, use of digital media, etc.); implementing the Internet of Things (IoT), which provides control and management of sensors and smart devices, process automation, and much more; developing its own mobile applications to improve communication with its customers, providing services and access to its products.

In summary, enterprises that activate digital development gain new opportunities to increase productivity, increase revenues and improve competitiveness, which helps to create innovative products and services, attracting foreign investment and expanding international cooperation, changing organisational culture and design, staff behavioural patterns and their mentality. It is also important to create a favourable ecosystem to boost the digital development of enterprises, including government support, education and partnerships with businesses.

## 6. Conclusions

The article clarifies the essential aspects of digital development, analyses the status of digital development of Ukrainian enterprises over the past six years, which allowed to identify the factors that influence the need to activate the digital development of enterprise and which should be taken into account in the process of developing a strategy for activating digital development, it is substantiated the measures and steps to activate the digital development of an enterprise and revealed new opportunities that are generated in this process.

In conclusion, the results of the conducted theoretical and practical research show that it is necessary to activate the digital development of an enterprise, since enterprises that activate digital development, gain new opportunities to increase productivity, increase of income and competitiveness, which helps to create innovative products and services, attracting foreign investment and expanding international cooperation, changes organisational culture and design, behavioural patterns of staff and their mentality. The proposed approach will help executives and management of enterprises to timely identify threats, problems, risks, assess them and

make effective decisions to develop and implement strategies and measures to activate digital development. At the same time, managers of enterprises are recommended to conduct a more detailed diagnosis of the state of digital development of a particular enterprise and its resource and competence capabilities.

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