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DIGITAL TRANSFORMATION IN BUSINESS PROCESS DEVELOPMENT

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Abstract

The article studies the development of business processes in the context of digital transformation. This is especially true for small and medium-sized businesses, which, thanks to the introduction of digital technologies, will have more opportunities to expand the scope of their activities, as well as the ability to search for human resources and further work remotely. In modern conditions of digital transformation of the economy, the development of entrepreneurship is assessed in terms of the use of digital technologies to increase the competitiveness of enterprises, reduce costs and meet the needs of the population. Digital technologies are generating new categories, innovative processes, and amazing products and services in addition to changing value chains and organizational structures. For example, digital technologies are taking more and more space in the material world through the use of cloud technologies that create networks of robots, wearable devices, drones, and virtual and augmented reality devices. In every industry, there are many examples of new technologies, such as the application of genetic engineering in healthcare or the creation of superalloys in metallurgy.

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1. Introduction

Today, the modern world is changing under the influence of information transformative technologies and innovative business models, which are actively supported and developed by management information tools. These changes can be called large-scale and impressive, and these are not just changes, this is a huge creative, technical, scientific and entrepreneurial work.

There are also innovation drivers common to all industries: industry digitalization and the introduction of Industry 4.0, including robotization and automation of many processes from call centers to production. To successfully cope with the speed and breadth of digitalization in all areas, new and more flexible governance models will be required for the private sector, public organizations, governments and traditional regulators.

The transformation of production processes and the increase in the productive forces of society are priority areas for the use of digital technologies in business. The main advantage of using digital technologies is the establishment of interaction between various representatives of business community regardless of their territorial affiliation (Dyakov, 2020).

Analyzing the process of introducing the digitalization process at enterprises, it is necessary to start with a terminological clarification of the concepts “digital technologies” and “digitalization”. Digital technologies gradually penetrate into all economic processes and, consequently, have a significant impact on the very essence of the economic development of states. In most cases, the expanding use of modern information and communication technologies in various sectors of the state economy leads to the emergence and development of new effective management technologies, entrepreneurial practices, and successful businesses. Traditional economic activity is changing and optimizing, getting saturated with information flows and inevitably accelerating. At the same time, both process and structural changes occur. This trend shows the need to use digital technologies in the modern economy and in the activities of modern enterprises (Novikova & Strogonova, 2020).

Digital technologies are actively entering all spheres of life. The availability of information resources to all categories of citizens – from young children to pensioners – forms the idea that information technologies can solve absolutely all problems of the modern society. Modern digital technologies provide new tools for the development of universities and other educational institutions around the world. Digitalization provides opportunities for sharing experiences and knowledge, enabling people to learn more and make better decisions in their daily lives.

2. Problem Statement

Digital transformation is one of the most important areas benefiting the latest technological breakthrough in the global economy, thereby significantly reducing costs and optimizing business processes. Companies that are not going to engage in digital transformation in the near future will simply become inefficient and then withdraw from market under the pressure of new market realities and stronger competitors. Digital transformation causes a number of problems that slow down and impede easy implementation of digital innovations in Russian companies. The study and surveys enabled to identify the main problems and they are as follows:

- i. lack of appropriate specialists or personnel;
- ii. lack of strategy;
- iii. fear of unsuccessful implementation of transformation projects, complexity of implementation;
- iv. safety;
- v. ill-preparedness of companies.

The most significant barriers to the digital transformation of business entities are managerial problems. The obstacles presented are due to the increasing dynamics of project implementation, rapid changes in requirements, as well as the use of new digital tools for project implementation and management. Traditional approaches and management concepts demonstrate low efficiency in the context of digital transformation of business entities, since they do not regard the features of a new type of economic relations (Idigova & Rakhimova, 2021). This situation creates the need for a new management approach based on the principles, provisions and tools of the digital economy. However, a terminological basis is required for the development of a new management approach. The analysis of the essential characteristics of digital transformation in the Russian Federation resulted in the conclusion that the modern domestic research literature does not have a term characterizing a new approach to management, which confirms the low level of knowledge concerning management issues in the context of digital transformation in our country.

The analysis of foreign journalism has led to the conclusion that the term “digital management” exists, and it is understood as a set of coordinated actions aimed at the effective use of information technologies for achieving the goals.” Therefore, based on international experience, it is proposed to use the term “digital management”. According to the results of the study, the term should have the following characteristics:

- i. take into account the features of the digital economy;
- ii. take into account the purpose of using this type of management;
- iii. fix a set of spheres of influence on the subsystems of an enterprise.

3. Research Questions

The use of digital technologies in the business sector has completely changed the business relationship between business partners today. More than ever, in the modern world, close attention is paid to the development of the entrepreneurial sector of the economy.

For example, the Ministry of Economic Development of Russia is implementing a program to support small and medium-sized businesses. The program aims to create infrastructure facilities to support small and medium-sized businesses. A number of large banks, including PJSC Sberbank, JSC Rosselkhozbank, VTB 24, etc. participate in the program.

For example, for messaging, 48 % of entrepreneurs use corporate mail, cloud channels, which are used by 46 % of small and medium-sized businesses, are in second place. At the same time, we emphasize that 94 % of small and medium-sized businesses are satisfied with digital technologies.

Increasing the competitiveness of enterprises, transforming production processes and increasing the productive forces of society are priority areas for the use of digital technologies in entrepreneurial activity.

92 % of companies use the Internet to conduct business, 50 % prefer mobile applications, and 26 % prefer Internet of Things.

Currently, only 12 % of companies have completely switched to electronic document management, and 73 % of companies use electronic document management to one degree or another.

The main advantage of using digital technologies is the establishment of interaction between various representatives of the business community regardless of their territorial affiliation. This is especially true for small and medium-sized businesses, which benefit from the introduction of digital technologies in terms of more opportunities to expand the scope of their activities, as well as the ability to search for human resources and further work remotely. Digital technologies allow entrepreneurs to establish flawless logistics.

Currently, 54 % of companies have acquired websites, and 87 % of companies are listed on online maps. Such companies include Yandex.Maps, Google Maps and 2GIS. 43 % of companies are present in social networks. The most popular networks among Moscow companies are Instagram, which accounts for 79 % of the pages of small and medium businesses, and Facebook, with 66 %. The average for Russia is 57 % for Instagram and 34 % for Facebook. At the regional level, the social network VK.com is very popular, where the share of pages of medium and small businesses is 80 %; the average for Russia is 4 % lower.

Recently, instant messengers have gained particular popularity, with a share of companies of 79 %.

Despite such high rates, not all companies are ready to solve work issues online. Thus, 38 % of respondents were in favor of resolving issues in a personal conversation, and 45 % of respondents voted for periodic personal meetings.

The development of small and medium-sized businesses plays an important role in the socio-economic development of the state. Small and medium-sized businesses can quickly respond to changing external market conditions and meet the needs of the population.

Small and medium-sized foreign businesses employ 60–70 % of the employed population, and in China 75 % of technical innovations belong to small and medium-sized businesses. Unlike China, in countries such as the USA, UK, Germany and India, the contribution of small businesses is 50, 47, 57 and 45 %, respectively. It should be noted that in developed countries the small business sector accounts for 25 to 35 % of exported goods.

According to the National Report “Global Entrepreneurship Monitor 2019–2020” Russia took 48th position out of 50 countries participating in this project in the ranking of business opportunities. The best conditions for starting a business are countries such as Poland, India and Sweden. At the same time, according to the submitted report for 2018–2019, Russia ranked 45th among 49 countries participating in the project. In 2019–2020 Russia was ahead of Belarus and Japan, but a year earlier it was ahead of Iran, Bulgaria, Greece and Japan.

Today in Russia there is a digital platform “For Business” used for processing entrepreneurs’ appeals, which is aimed at implementing such tasks as protecting the interests of entrepreneurs, developing a constructive dialogue between business and government, and setting standards for the work of government bodies with entrepreneurs (Ministry of Industry and Trade of Russia, 2021).

Moscow, the Moscow region, St. Petersburg, the Krasnodar Territory and the Chelyabinsk region became the leaders in the number of requests.

4. Purpose of the Study

The purpose of the study is to analyze and evaluate the transformation of business processes, as well as to study the process of changing the logic of processes and the transition of companies to risk-oriented management based on the introduction of digital technologies.

5. Research Methods

The study used the methods of statistical and comparative analysis, as well as methods of expert assessments benefiting the identification of the main problems in the development of digitalization in the field of entrepreneurship.

6. Findings

The rapid development of information technology has a significant impact on all areas of activity of economic entities. In order to increase competitiveness in the market, most organizations introduce new IT solutions into their business processes and new models of interaction with consumers, distribution and organization of duration within the team (Serenkov et al., 2018).

However, in the process of adopting a digital economy by economic entities, a set of barriers impeding the effective implementation of innovations arise. As part of the study, research papers of Russian and foreign authors, as well as statistical data regarding emerging problems in the process of transition of organizations to a digital economy were analyzed. An intermediate result of the analysis was the identification of a set of barriers. At the next stage, the entire set of problems was subjected to ranking, and grouping with the application of the expert method. The final results of the study were the identification of the most acute group of problems being the problems of a managerial nature.

Identifying a managerial nature as the most acute problem has demonstrated the need to form a new approach to management based on the principles, provisions and tools of the digital economy (Idigova et al., 2019).

7. Conclusion

Summarizing the above, it is advisable to conclude that, despite the active use of digitalization tools in the development of the business community, the digital transformation of entrepreneurship is proceeding at a slow pace, as evidenced by the negative attitude of business leaders to the development of information channels and uneven distribution of financial benefits between business process sectors.

For the efficient operation of enterprises, it is necessary to actively use information channels and digital technologies, which will allow small and medium-sized businesses to create high-tech products and train qualified personnel with digital competencies, which is one of the factors in reducing unemployment.

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