
The Impact of Digitalisation on the Efficiency and Competitiveness of an Organisation in the Modern Business Environment

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Abstract. *This article explores the profound impact of digitalisation on organisational effectiveness and competitiveness in the modern business landscape. The increasing integration of digital technologies into business processes has led to a re-evaluation of traditional organisational structures and practices. The study aims to provide insights into the impact of digitalisation on organisations and contribute to the understanding of its multifaceted effects. The relevance of this research lies in the transformative nature of digitalisation, which has become a strategic imperative for organisations seeking to thrive in the dynamic business environment. The ongoing digital revolution necessitates an examination of its impact on organisational effectiveness and competitive positioning. Through a comprehensive literature review, the paper establishes the current state of knowledge on the subject and identifies gaps that warrant further investigation. The methodology used is a combination of qualitative and quantitative approaches. Interviews with industry experts, case studies of digitally transformed companies, and statistical analysis of key performance indicators contribute to a nuanced understanding of the relationship between digitalisation and organisational outcomes. The research also considers factors such as the level of technology adoption, organisational culture and the role of leadership in driving digital initiatives. The results highlight the multifaceted impact of digitalisation on organisational efficiency and competitiveness. The findings reveal improvements in operational processes, increased agility and the potential for innovation through digital technologies. Conversely, challenges related to cybersecurity, workforce adaptability and ethical considerations are also identified. The study provides a holistic view of the complexities associated with the digitalisation journey. The paper contributes to the academic discourse on the impact of digitalisation on businesses by presenting a thorough analysis of its impact on organisational effectiveness and competitiveness. The practical significance of the study is that it provides strategic recommendations for organisations navigating the digital landscape. The insights gained from this research can guide organisational leaders, policy makers and practitioners in making informed decisions to harness the benefits of digitalisation while addressing its associated challenges. As organisations continue to navigate the evolving digital landscape, understanding the nuanced dynamics uncovered in this study will be paramount to sustaining and enhancing organisational performance.*

Keywords: digital transformation, organisational efficiency, competitive advantage, technological innovation, business sustainability.

JEL Classification: L21, O32, M15, L25

1 Introduction

In today's fast-changing business environment, digitalisation has become a critical factor affecting

the organisational efficiency and competitiveness of companies. The development of information technologies, the implementation of digital

innovations and changes in consumer habits create the need for companies to adapt and exploit new digital opportunities.

In a highly competitive and volatile business environment, digitalisation is becoming a strategic issue for many companies. The issue is relevant because the implementation of digital technologies can significantly improve productivity, streamline processes, increase customer satisfaction and create new development opportunities. The relevance of this research is underscored by the growing recognition of digitalisation as a strategic imperative for organisational survival and growth. As organisations around the world embark on the path of digital transformation, understanding the nuanced dynamics of its impact is of paramount importance. This study aims to contribute to the existing body of knowledge by filling in the gaps in understanding how digitalisation affects organisational performance and competitive positioning.

The main objective of this research is to analyse the impact of digitalisation on organisational effectiveness and competitiveness, providing valuable insights for both academics and practitioners.

The research methodology uses a mixed methods approach, combining qualitative and quantitative techniques to ensure a comprehensive analysis. Interviews with industry experts, case studies of digitally transformed companies and statistical analysis of key performance indicators form the basis for understanding the multifaceted impact of digitalisation. The logical structure of the research involves a systematic review of the literature, followed by an in-depth analysis of empirical data, culminating in practical recommendations for organisational stakeholders.

As the business environment continues to undergo unprecedented change, this study aims to contribute to the academic discourse by providing a nuanced understanding of the implications of digitalisation. By addressing both the promises and challenges associated with digital transformation, this study aims to provide a valuable resource for academics, practitioners and policymakers alike. In doing so, it aims to promote informed decision-making in the pursuit of organisational excellence in the digital age.

2 Main Trends in E-Commerce

Research on the impact of digitalisation on the organisational efficiency and competitiveness of enterprises is relevant and crucial for understanding how this technological transformation affects today's businesses. Such research can identify key success factors as well as challenges that enterprises

face when implementing digital solutions. By understanding these aspects, enterprises can more effectively exploit the opportunities offered by digitalisation and ensure their competitiveness in the modern business environment.

It is well known that digitisation is the process of transforming traditional business models and processes into digital counterparts using modern technologies and the Internet (Korol S. Ya., Polovik Ye. V., 2019). Electronic commerce (e-commerce) is undoubtedly one of the sectors that has felt the impact of digitisation the most. Harnessing the potential of digitalisation has facilitated a convenient and rapid process for conducting online transactions. Today, the majority of people use the Internet to make purchases or obtain services without leaving their homes.

Significantly, realising the potential of digitalisation in e-commerce can increase sales volumes, attract new customers and retain existing ones, improve service satisfaction, create a positive corporate image and extend the geographical reach of sales. Digitalisation allows companies to make efficient use of digital technologies and electronic solutions for inventory management, logistics, marketing and sales. It also enables more accurate demand forecasting and product assortment adjustments, contributing to increased business efficiency. The application of various innovative technologies and services resulting from the dynamic implementation of digitalisation significantly simplifies the interaction process with customers. Digitalisation in e-commerce is therefore an integral part of modern business, enabling companies to achieve new levels of efficiency and competitiveness in the marketplace. This allows e-commerce to play a significant role in the development of contemporary commerce amidst the flourishing processes of digitisation and digitalisation (ONTRAM). However, there is no doubt that every company needs specific knowledge and skills in order to successfully implement its business strategies and plans, taking advantage of the opportunities offered by digitalisation.

Over the past few years, digitalisation has led to significant changes in internet commerce, resulting in the emergence of the most striking trends. First, the number of customers using mobile devices for online shopping has increased rapidly. As a result, consumer demand for e-commerce has grown dynamically, which is the most influential factor in the development of Internet commerce. Second, social networks have begun to play an overwhelmingly important role in the development of e-commerce. They are now one of the most effective means of attracting new customers and

increasing sales. Advertising campaigns on social media allow offers to be personalised for each user based on their interests and preferences.

Equally important, the coronavirus has become one of the main drivers for the development of e-commerce in 2020. As a result of the COVID-19 pandemic, the number of online shops increased significantly, as a significant proportion of consumers began to avoid physical shopping locations and switched to the online format (Joseph Amankwah-Amoah, Zaheer Khan, Geoffrey Woodd, Gary Knight). This has undoubtedly accelerated the development of e-commerce in many countries around the world, and Ukraine is no exception.

In general, it can be said that e-commerce is not only gaining the status of a fast and convenient way to make purchases and access various services, but also as a substantial sector of the global economy with existing opportunities for further growth. Thus, the rapid growth of e-commerce has brought to the fore a number of different business sectors – branches of Internet commerce. What they all have in common is the use of innovative digital technologies to conduct commerce. The number of these sectors has grown steadily in recent years, as the pace of global e-commerce development has accelerated significantly.

3 Digitalisation in Retail and Wholesale Online Trade

One of the most popular areas of e-commerce today is business-to-consumer (B2C) online retailing, which has gained significant momentum. This type of Internet commerce involves offering goods or services directly to consumers through a specific website – either owned by the company or by a larger retailer or marketplace («Amazon» (Official website «Amazon»), «eBay» (Hrybinenko O., 2018), «Allegro» (Official website «Allegro»), «OLX» (Official website "OLX»), «Rozetka» (Official website «Rozetka»), etc.) (PaySpace Magazine Global, 2021). The concept of online retail on the Internet is similar to traditional retail, but the key difference is the use of the Internet to buy and sell goods. The impact of digitalisation on online retail cannot be overstated, as innovative digital capabilities have become one of the most noticeable trends in the industry. The main benefit of realising the potential of digitalisation in online retail is the expansion of the target audience. E-commerce, influenced by digitalisation and digital transformation, allows companies to promote their products and expand sales opportunities globally, thereby increasing sales volume and geographical coverage. In addition, digitalisation capabilities enable significant cost reductions in logistics,

thereby increasing its efficiency. Furthermore, the implementation of digitalisation processes in online retail aims to achieve more efficient inventory management and distribution of goods, as well as more accurate forecasting of product demand. Access to cutting-edge technologies also makes it easier for companies to conduct marketing research, which allows for a more comprehensive analysis of market opportunities, threats, consumer needs and preferences, the competitive environment, and so forth (Olive, 2021).

Wholesale online trade is also developing. This sector of e-commerce involves the buying and selling of large quantities of goods between businesses over the Internet (B2B) (Olive, 2021). Wholesale online trade is not exempt from the influence of widespread digitalisation. Innovative digital capabilities simplify the transport and storage of large quantities of products, helping to stimulate product sales. It is also worth noting that the potential of digitalisation makes it much easier to carry out marketing tasks in online wholesale, such as developing marketing strategies and conducting marketing research (Lakshmi D., 2022).

Marketplaces (e-marketplaces) play a prominent role in e-commerce, and their emergence and dynamic development is a result of the digitalisation phenomenon. These online platforms facilitate digital buying and selling transactions. E-marketplaces are constantly implementing various digitalisation advances, making them innovative leaders in the field of Internet commerce. The opportunities offered by digitisation have given digital markets easy access to a broad user base, significantly expanding the sales geography and increasing profitability. A major advantage of modern marketplaces is the wide range of product categories they offer, making the shopping process convenient and attractive for consumers. Another notable contribution of digitisation to the development of digital marketplaces is the simplification and acceleration of the online transaction process (Amish Shah).

In 2022, 3.25 trillion USD worth of goods will be sold on the most popular online markets. Third-party sales through platforms such as «Alibaba» (Official website «Alibaba»), «Amazon.com Inc.» (Official website «Amazon»), «eBay Inc.» (Official website «Allegro») and others accounted for 77.5% of the total gross merchandise value of the top 100 companies in the Online Market Database in 2023. In 2023, there was an increase in hybrid marketplaces – those that sell their own products alongside items from third-party sellers. Marketplaces grew by 2.9%, but well-known hybrids such as Amazon (Official website

«Amazon»), Walmart Inc. (Official website «Walmart Inc.») and «JD.com Inc.» (Official website «JD.com Inc.») grew by 7.2%, outperforming pure-play marketplaces such as «eBay» (Official website «eBay») and Chinese marketplaces «Tmall» (Official website «Tmall») and «TaoBao» (Official website «TaoBao»; James Risley, 2023).

4 The Impact of Digitalisation on the Development of Social Media Commerce

As mentioned earlier, social media play an important role in the development of e-commerce. They serve not only as a means of communication between users, but also as a platform for commerce with enormous potential. This form of e-commerce is currently considered to be one of the most popular, as it has been significantly influenced by innovative trends. As with other e-commerce sectors, the phenomenon of digitalisation has created opportunities to attract new customers, expand the target audience and market, and increase the volume of sales in social media trading.

The main benefits that companies see in exploiting the potential of social media for sales are: reducing the time it takes to contact customers and facilitating the communication process (39%); increasing the level of interest from potential customers (33%); deepening the relationship with customers (31%). Other key benefits include shortening the sales cycle (14%) and increasing the lead conversion rate (24%). This metric reflects the percentage of potential users who have registered and thus become actual buyers. Consequently, this metric is able to illustrate a company's success in attracting and converting visitors into potential customers (SuperOffice, 2022).

The main advantage of trading on social media is the scalability of the target audience. By conducting business on social networks, companies have the opportunity to reach as many potential customers as possible from all over the world. Another equally important factor is the availability of various targeting tools, which make it easier to customise and target social media advertising campaigns to specific user groups. In the modern world of online commerce, influencers or «influencer bloggers» play a crucial role as the most powerful tool for promoting goods

or services on social networks. Influencers have a significant impact on their audiences, drawing more attention to a particular product and consequently increasing its sales (TechTarget, 2022).

Furthermore, the significant impact of digitisation on social networks is evident in the personalisation of commerce. Interaction with consumers takes place through communication in private messages or comments under publications, which significantly increases the level of trust in the company, customer loyalty and satisfaction, and ultimately allows the retention of an existing audience (TechTarget, 2022). The emerging type of e-commerce known as «entertainment commerce» is considered to be relatively new and involves the sale of various entertainment products that modern people cannot imagine their lives without. These products include video games, films, music and electronic books. A major achievement of digitisation in this sector has been the creation of digital platforms and various streaming services that make entertainment content more accessible to users. The dynamic development of e-commerce has enabled consumers to purchase entertainment products online. Another notable advantage is the instant digital download of any type of content, which allows consumers to receive their purchases immediately (SendPulse, 2023).

When examining the impact of digitisation on the Internet commerce sector, it is impossible not to mention e-commerce in services. This form of e-commerce involves the sale of various services, such as those in the education sector, which has become an extremely popular phenomenon in the current era. These services can include various online courses, marathons, webinars, online consultations with various specialists and much more. One of the most significant manifestations of the impact of digitisation on this sector of online services trade is the adoption of a distance learning format, various online educational platforms and the popularisation of electronic sources and resources. It is also worth noting that the majority of e-commerce enterprises can be categorised into four main groups (PaySpace Magazine Global, 2021):

– Business-to-Business (B2B). This type of e-commerce involves the sale of goods or services

Table 1 Main advantages of social media for sales

Reduction of time for contact with the client and simplification of the communication process	39%
Increase in the level of interest from potential consumers	33%
Deepening customer relationships	31 %
Reduction of the sales cycle	14 %
Increase in lead conversion (the percentage of potential users who turned into real customers)	24 %

Source: SuperOffice, 2022

from one business to another, without the end user being involved in the exchange. In B2B companies, the cost of sales is much higher than in B2C.

– Business-to-Customer (B2C). This e-commerce model involves businesses selling goods to end users (customers), usually for personal use. In the B2C model, the sales cycle is shorter because customers are encouraged to make on-the-spot purchases.

– Customer-to-Customer (C2C). This business model involves buying and selling between individuals using dedicated websites or marketplaces for these transactions. In addition, this model involves the exchange of consumer experience of a particular product or service with others.

– Customer-to-Business (C2B). In this type of e-commerce, individual consumers sell a product or service to organisations that use it to complete business processes or gain certain benefits.

B2B, B2C, C2C and C2B are the main models of e-commerce. In addition, various forms of e-commerce involve interaction with the government, such as G2B (Government-to-Business), G2G (Government-to-Government),

G2C (Government-to-Consumer), C2G (Consumer-to-Government) and others (PaySpace Magazine Global, 2021).

5 Conclusions

Thus, the phenomenon of digitalisation has a significant impact on all e-commerce sectors, providing new opportunities for their further development. Above all, the integration of digital capabilities into all areas of e-commerce allows businesses to increase sales, expand their target audience, improve interaction with them, increase customer satisfaction and create a positive overall company image. Furthermore, digitisation opens up great opportunities for companies to use digital technologies and electronic solutions to optimise resource use, improve logistics, implement effective marketing strategies and provide personalised services. Thus, digitalisation is a key development vector for all e-commerce industries. Active implementation of digital technologies is an integral part of successful management of modern business, enabling companies to achieve higher levels of productivity and stand out in the market.

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