

DIGITALIZATION AS A FACTOR OF DEVELOPMENT IN THE ERA OF GLOBAL CHALLENGES

Oksana Okhrimenko
Doctor of Economic Sciences, Professor
International Economics Department,
National Technical University of Ukraine "Igor Sikorsky Kyiv Polytechnic Institute", Kyiv, Ukraine
gotogoth@gmail.com

Zhang Hengrui,
Student
National Technical University of Ukraine "Igor Sikorsky Kyiv Polytechnic Institute" Kyiv, Ukraine

If the previous period of development was based exclusively on natural resources, requiring coal mines and oil deposits, then modern development is primarily associated with innovations, digitalization, virtual assets, etc. If we ignore the latest trends and do not change, then the business will face a choice: go bankrupt immediately or prolong the agony for several months. In the era of global digitalization and technological innovations, forward-thinking and the possibility of flexible transformation remain a particularly important resource. Mobile Internet allows thousands of kilometres and collaborate at a distance, digital assessment of consumer demand allows you to form a powerful analytical base for understanding market trends and timely transform the business accordingly.

Despite the dramatic change in technology, a number of challenges, economic, environmental and political orientations are creating serious obstacles to social development and the growth of national economies. According to Euromonitor International, the eurozone economy has been growing slowly since 2023, when it was hit hard by high energy prices and inflation, but in 2025 there are hopes for some revival in anticipation of falling interest rates. The main reason for the slow recovery is the economic downturn in Germany, Europe's largest economy, which had almost zero growth in 2024 due to a decline in investment and exports. Asian countries such as Japan faced low growth rates in 2024, but the economic outlook is expected to improve in 2025 with real GDP growth of 1.2%. (Diagram 1) An increase in basic wages, softening inflation expectations and recently introduced tax cuts are expected. to support consumer purchasing power and increase consumer confidence [1].

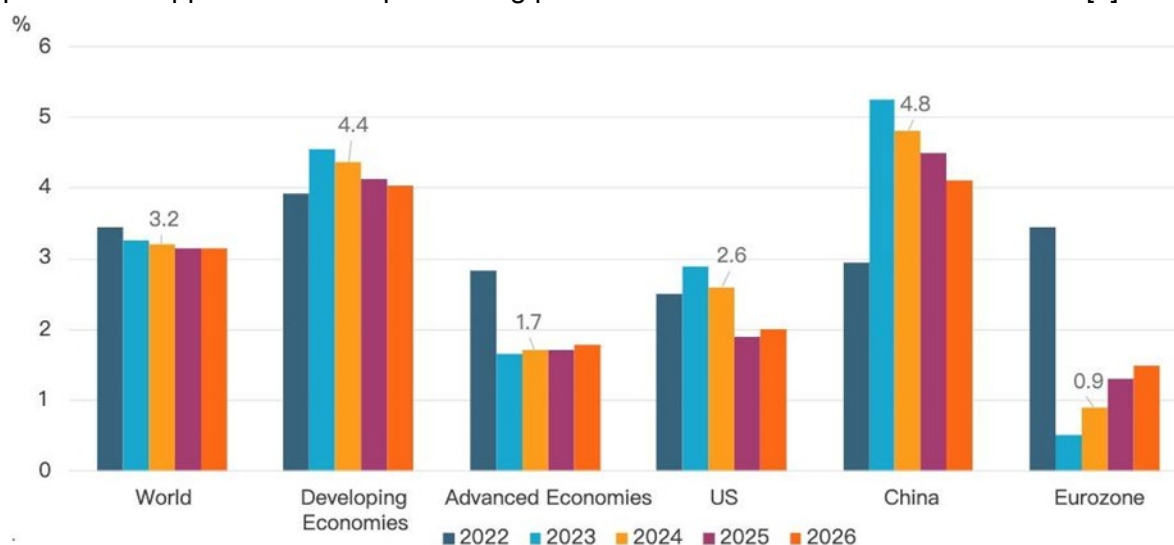


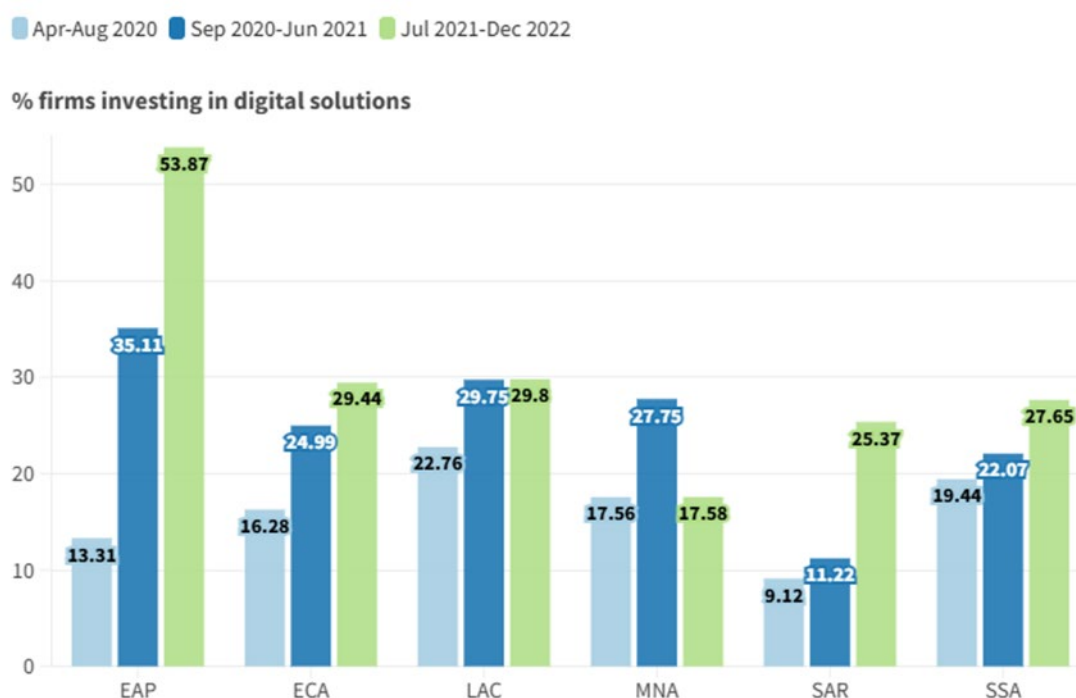
Diagram 1. Global Real GDP Growth Baseline Forecast
Source: Euromonitor International

Amidst global economic instability, traditional economic models are facing a number of challenges, such as declining market demand and increasing trade barriers. The relationship between digitalization and

development in the era of global challenges is that digitalization has brought many opportunities and revitalized economic development.

High-income companies are actively taking advantage of all the available benefits of digital solutions, using them to optimize processes and increase efficiency. At the same time, companies in high- and middle-income countries cannot afford to use a computer and the Internet in 2022.

From April 2020 to December 2022, the percentage of micro companies (zero to four employees) that invested in digital solutions doubled from 10% to 20%, but for large companies (more than 100 employees) it tripled from 20% to 60% (Diagram 2). East Asia was the leader among developing regions, with the share of companies investing in digital solutions quadrupling from 13% to 54%. [1]



Source: World Bank Business Pulse Survey

Diagram 2. Share of firms investing in digital solutions

Notes: East Asia and Pacific (EAP), Europe and Central Asia (ECA), Latin America and Caribbean (LAC), Middle East and North Africa (MNA), South Asia (SAR), Sub-Saharan Africa (SSA).

In 2020, COVID-19 caused catastrophic damage to national economies. But it was during the pandemic that digitalization broke the spatial limitations of traditional businesses, giving impetus to the development of e-commerce and expanding market space. E-commerce platforms can provide database generation and analysis to understand consumer preferences and needs, optimize product design and marketing strategies, achieve economic growth and increase competitiveness. Looking ahead to 2030, the digital landscape is expected to create high-paying jobs that transcend geographical boundaries, improving prospects for workers, especially those living in economically disadvantaged regions [2].

For businesses, especially small and medium-sized enterprises (SMEs), the digital economy is an innovative financial and service model. By integrating data and supply chain information, digital platforms are created that are specifically designed for SMEs, easing their financial burden and ensuring the stability of economic and financial systems. This innovative approach not only supports SMEs, but also contributes to the overall sustainability of the market [3].

Digital financial institutions are using big data and artificial intelligence to improve risk assessment and management, which significantly increases the security of financial transactions. These technologies provide a higher level of accuracy in risk assessment, ensuring that financial transactions are not only safe but also efficient.

In the field of industrial production, digitization supports the widespread use of automation and intelligent technologies. For example, in the automotive industry, digital control systems allow for precise control of production lines, resulting in standardized, high-quality products. This reduces waste and labor costs, increases safety, and optimizes the production process, demonstrating the significant benefits of digital integration.

Digitization also eliminates traditional information gaps and regional restrictions. In global trade, digital commerce platforms allow companies to showcase their products and facilitate direct collaboration, reducing transaction costs. Platforms such as Alibaba International Station connect global suppliers and buyers, enabling real-time communication between multinational teams and contributing to the development of the global economy.

Experts estimate that about 73 million workers are currently working in potentially digital jobs, out of a total workforce of 820 million worldwide. By 2030, this number will increase by 15 million. Accounting, legal and finance professionals currently account for just under 43% of these vacancies, while customer service representatives, marketing, advertising and communications specialists, and IT specialists account for about 10% of the total [4]. Working-age population growth: The working age population is expected to increase by approximately 6.4% from 2024 to 2030, based on UN projections.

Despite the clear successes of digitalization, challenges remain. Future efforts should focus on deepening digital capabilities across sectors, while ensuring that all regions benefit from digitalization. This is particularly important in the context of globalization, where promoting economic development and improving the convenience and security of financial transactions are key drivers of future progress.

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