

DIGITAL TRANSFORMATION: A CATALYST FOR SUSTAINABILITY OF BUSINESS MODELS

Dr. Bhavna U. Choudhary

Assistant Professor

Department of Commerce

Dada Ramchand Bakhru Sindhu

Mahavidyalaya, Nagpur

Email Id: bhavnachoudhary1016@gmail.com

Mob. No. – 9960094832

Abstract :

The exponential growth of digital techniques lately, have induced business firms to adopt digital transformations to improve business efficiency, survive the competition, attain cost savings, and also in achieving the strategic objective of sustainability. This concept of rigorous digital transformation refers to integration of the cybernetic technology into large business practices after analyzing their impact on our environment, social, and economy. Adoption of such creative digital technologies calls on the business firms to cautiously evaluate the impact of environment, maximize the consumption of energy, and reduce the generation of e-waste which could eventually help in supporting social development. Digitalization provides business organisations the correct approach to a huge web of unused data, that possesses the prospect to have a beneficial impact on the society as well as the environment. Digitalization not only has the power of making a business organization more resilient and profitable in their operations but also more brisk and smarter, helping them to be able to adjust to consumer needs and the dynamic market conditions. By adopting sustainable practices in order to acquire innovative digital technologies, business firms can also make a huge contribution towards the society by lowering down their carbon footprint. So, this research paper attempts to analyze the digital transformations embraced by the business organizations for long term sustainability.

Keywords: digital transformation; sustainable development, digital technology; innovation, economy, business models.

Introduction :

The recent revolution of digital transformation has drawn significant attention of the business organisations. The term digital transformation encompasses the unique procedure of any business organization wherein they adopt and implement digital technology in order to create new or modify the existing products, services, and operations by the means of translating business processes into a digital format. Such technologies help organisations to accept new and modern applications and create value for the firms. Meanwhile, companies nowadays are also embracing sustainable business models (SBMs), with a view to merge the novel considerations of sustainability and help raise competitive advantage.

With reference to global economic growth, mounting social discriminations, and

exhausting natural resources, businesses organizations face compulsion to regard sustainability for their business models. Sustainability reflects a business organisation's willingness to offer much more to its stakeholders and society. The focus is on prioritizing of creating a long-term value for all stakeholders involved which include shareholders, employees, customers, suppliers, the environment, and society. The concentration is not over maximizing profits but ensuring that the business is sustainable and contributes positively to the global economy.

This research paper aims to achieve two goals. First, to know the role of digitalization towards an organization's transformation into SBMs. And second, the relationship between transformation of transactions digitally and implementation of SBM, with reference to the various aspects of sustainability such as environmental, social, and economic.

Review of Literature :

Abdul Karim Feroz, Hangjung Zo, and Ananth Chiravuri in their paper "Digital Transformation and Environmental Sustainability: A Review and Research Agenda" opined that Digital technologies are now changing the face of environmental sustainability-related issues as to how they are being measured and controlled. They also showed their concern towards the lack of understanding in the literature available on how the business firms should adjust to these disruptions. Also, they reflected about the capabilities which are required towards environmental sustainability through incorporation of digital transformation. Thus, this calls for more inclusive learning to recognize the impacts of digital transformation in the sphere of environmental sustainability.

Rafael Martinez Alberto Ochoa Brust in their paper "Role of Digital Transformation for achieving Sustainability: Mediated Role of Stakeholder, Key Capabilities and Technology" suggested that in order to initiate the process of sustainable digital transformation, MSMEs should initiate their process by prioritizing alteration of their organizational culture, embracing big data technologies, and making the stakeholders participate in the process of promoting innovation and creativity. By adopting these key components, MSMEs can place themselves for greater heights in the digital era while working towards accomplishment of sustainable growth towards a future that is environmentally and socially aware.

Ilaria Guandalini in her research paper "Sustainability through digital transformation: A systematic literature review for research guidance" opined that research when conducted between digital transformation and sustainability appeared to be as immensely divided into sectors, operations and procedures, which requires merged opinions and extensive conceptual frameworks for growth in future.

Mohd. Alojail and Surabhi Bhatiya Khan in their study result "Impact of Digital Transformation towards Sustainable Development" stated that through an effective implementation of innovative digital technologies with rigorous integration, innovative management practices, and active involvement of all the stakeholders very remarkably contribute towards achieving the goal of sustainability. The study recommends to recognize the need for allocating the resources strategically and strategies of minimizing the risks.

Aims & Objectives:

- To study the role of digital transformations embraced by the business organizations for long term sustainability.
- To study the impact of digital transformations on the working of business firms.
- To know about the problems and challenges faced by business organizations during digital transformations.
- To know how these challenges can be overcome.

Research Methodology:

This study is based on Secondary data. The data that was required was availed from various sources like research papers, books, articles, and websites.

Scope of the study:

The focus of the researcher while writing this paper was on the different dimensions of the digital transformations that the business organizations would adopt for sustainability and its influence on the society and environment.

Hypothesis :

H0- Digitalization contributes towards the implementation of sustainable business models

H1- Digitalization fails to contribute towards implementing sustainable business models

Limitations of the study:

- This study is conducted with the use of secondary data which is collected by other sources that may contain some deficiencies.
- Due to time constraints, the researcher was unable to collect primary data.

Discussion:

In the current scenario, businesses possess the resources to plan, manufacture, and scale the products, systems and services which are more sharp, productive, sustainable, and tougher. But the challenge here would be how promptly these transformations are achieved. To achieve a sustainable growth, a firm has to embrace not only an enterprise-level transformation but also a basic redesigning of operating models and business procedures.

For this purpose, it is very necessary to know about the role of digitalization in the sustainability of business organisations-

Role of digitalization in the Sustainability of Business Organisations :

Digitalization not only has the power of making a business organization more resilient and profitable in their operations but also more brisk and smarter, helping them to be able to adjust to consumer needs and the dynamic market conditions.

Thus, the rapid growth and development of the hi-tech operations has resulted digital

transformation (DT) to be an important driver for the success and development of a business firm.

- A business firm's goal has always been competitive and adaptive to the dynamic needs of customers, which has led them towards the adoption of innovative digital technologies, as a crucial characteristic of their transformation journey.
- This journey of transforming digitally comprises a good integration of digital technology with the unique business procedures in a very reliable manner that can help utilize the scarce resources in the most appropriate way and remain observant of the impact they may have on the environment, society and economy.
- Following the pattern of adopting the innovative digital technologies in a sustainable manner, takes a call on the business organizations to keep a minute watch on the environmental footprints, maximize the consumption of energy, and reduce e-waste.
- It also helps to bring to notice the social consequences of adopting technology and also encourage awareness about digital implications amidst employees as well as customers.
- By adopting sustainable practices in the current digital technologies, business firms can achieve optimal efficiency in their operations and structure of cost savings and also make contributions towards bringing down their carbon footprint and also in contributing towards environmental preservation and eventually, development of the society.

Some Important Tools of Digitalization for Business Models :

Analytics and Artificial Intelligence :

The digital domain creates a huge and tedious amount of data every day, resulting into a compulsion on the part of business firms to use that data to gain insights and become data-driven enterprises. For this purpose, firms should use the concepts of analytics, AI and machine learning so that this raw data could be transformed into simple information which can be used on a daily basis.

Automation :

Business organisations that are committed to transformation must be quick and prompt in reducing manual tasks by adopting automation technologies like robotic process automation.

Cloud CRM :

Customer relationship management (CRM)- This software furnishes the business firms with the promptness and awareness regarding their relations with the consumers which directs them to remain competitive in the digital market. Digital Platforms vis-a-vis Salesforce and Hubspot comprises of tools that can be used to communicate with customers and also recognize their actions.

Cloud ERP :

Enterprise resource planning (ERP) systems refer to the various small applications

which help business firms to foresee, organize and maximize their business operations. ERP proves to be the only platform to monitor all the aspects of a company's processes, which helps to locate, reduce, and eradicate data repetitions, remove incompetencies and plan the business's activities accordingly.

Digital Accounting Software :

As modern business firms are on the verge of adopting more digital tools, their accounting procedures are also becoming digital. Traditional accounting methods are now failing to keep up with the momentum of digitalisation in different areas. Digital and cloud-based accounting tools like Xero and Sage help to transform such time killing traditional practices more efficient and free from errors.

Security Tools :

A business must also be able to secure and save all the essential data and protect all the data contained in the systems to conduct the day -to- day operations smoothly.

Digital Communication Tools :

The main hurdle in the smooth and efficient conduct of a business firm is lack of effective communication. In today's prompt and agile working scenario and varied domains, email has proven to be insufficient. Platforms such as Slack and Zoom can impart a lot more structured, logical and comprehensive mediums for communication.

Impact of Digitalization on the Business Organizations :

The impact of digitalization on business organizations was realized during the Covid-19 pandemic. The firms which had already embraced digitalization in their business transactions have suffered less and recovered sooner than those who have not adopted digital transactions. As a result, the firms that suffered losses during the pandemic realized the relevance of digitalization and are adopting a digitalization business model for their operations.

- Digitalization provides business organisations the correct approach to a huge web of unused data, that possesses the prospect to have a beneficial impact on the society as well as the environment.
- Systems that are linked to the web can comprehensively offer a distinctive opportunity to resolve the problems pertaining to a sustainability that proves to be long-term.
- Such smart systems help to integrate the rural as well as urban business models working under a collaborative structure of sustainable development, which would prove to embrace all the social components.
- As a result, digitalization results in improved quality of life, dynamic public engagement, transparent administration, and smooth programs and processes concerning public well- being.
- Updated personnels, who are self-observant, and digitally aware will prove to be upgraded and analytical trainees, who would eventually contribute towards sustainable progress of the firm, society, and environment.

- By embracing sustainability and responsible digital transactions, business firms would be able to achieve long-lived success through bringing about minimum adverse effects on the society as well as the environment.

Challenges faced by Business Organisations during Digitalization of Business Procedures

:

Transformation of business processes digitally does not only refer to moulding the modern technologies into an organization's practices but, it also requires a comprehensive shift in the business firm's operational strategy, the way it handles its customers, and offers value.

In a period encountering prompt technological changes, digital transformation has become a long-term priority for business organizations. As these organizations try to adopt the transformations, they are very likely to come across different kinds of challenges that must be faced effectively.

Following are some kinds of problems/ challenges that business firms may face while embracing Digital transformations-

Change management strategy :

Business firms lacking a change management strategy will fail to achieve the desired digital transformation objectives. up for failure.

Intricated Software and Technology :

Enterprise software is extremely intricated and the upcoming technology which is to be adopted is proving to be terrifying. This is resulting into a big challenge for business firms who are now adopting and implementing digital transformation, as well as data integration processes.

Lack of proper IT Skills :

Many business firms admit to the fact that, their digital transformation goals are not achieved due to lack of technically-skilled personnels. Such lack of skill may be in cybersecurity, artificial intelligence, digital accounting, software integrations, data analytics, and data migration.

Security Concerns :

The biggest challenge faced during digital transformation is the risks of cyberattacks that steal customer records and confidential data of the company. Such online attacks can loosen the system sensitivities, weaken the poor setups, and unsuspecting users.

Rigid Mindset :

Making all the employees digitally equipped is a big challenge for the business firms.

This is because, most of the employees have a cultural mindset, wherein they do not agree to adopt the new and modern digital technologies for conducting the business processes.

To proceed, in order to overcome these challenges,

- Business Organizations, at the outset, must consider two important aspects while adopting the initiative of digital transformation i.e. ways in which employees would respond to this change, and what impact this change would bring in customer relationships.
- The gap of knowledge can be bridged by providing a descriptive analysis of sustainable digital technologies and their inferences for business organizations.
- Hiring of Digital Transformation Consultants can assist in understanding the need of integrating digital transformation and business operations and can also provide the required framework and foundation.
- Business firms must encourage employee participation in the process, as their feedback would help the organizations to tap into their insights, identify potential problems, and employ more effective solutions.
- Business firms must have a system of continuous monitoring, measurement, and evaluation that would assist them to locate the areas that require improvement.

Conclusion :

- Digital transformation supports the working and implementation of sustainable business models thus leading to positive impacts on our society and planet.
- This digital transformation would lead to a positive impact on the sustainable business practices adopted through innovation namely, business layout based on digital technology.
- The lack of essential education and guidance results in the struggles of owners and senior managers with a flood of doubts and questions regarding adoption of technology, integration of the business objectives with goals of sustainability and handling the financial limitations.
- These business firms need to analyse the current digital potentials they possess, recognize the areas for upgradation, and encourage a regular practice of innovation within their operations.
- Hence, if employed effectively, Digitalization contributes towards the implementation of sustainable business models.

Recommendations :

- A well-designed digital transformation system must be able to allow business organizations to pull their operations in a way that they can hold them to face competition, and develop into the unexploited areas.
- A dynamic and innovative management strategy always revolves around planning a particular project by recognizing the actual source of problems and developing relationships with all kinds of stakeholders and employees.

- Business firms which lack experts from the IT Sector can overcome this challenge by practicing delegating their operations to the consultants available in the market and experts who work towards digital transformation. This strategy, as a result, may work towards lessen the gap between planning and implementation.
- However, the firms interested in adopting digital transformation, can built up an in-house team or create a digital transformation leader within the organization.
- Cybersecurity experts must be hired that help business firms to identify weaknesses in the operations and they also provide cybersecurity training to the employees.

References :

- Nigel Vaz, Digital Business Transformation, John Wiley, 2021
- Dheeraj Chillar, The Digital Transformation Journey, Adhyyan Books, 2021
- Swen Nadkarni, Reinhard Prugl, Digital Transformation: A review, synthesis and opportunities for future research, Springer, 2020
- Sascha Kraus, Paul Jones, Digital Transformation: An overview of the current state of the art of research, Sage Journals, 2021
- Sascha Kraus, Paul Jones, Digital Transformation in business and management research, International Journal Of Information Management, 2022
- Ilaria Guandalini, Sustainability through digital transformation: A systematic literature review for research guidance, International Journal Of Information Management, 2022
- Mohd. Alojail, Surabhi Bhatiya Khan, Impact of Digital Transformation towards Sustainable Development, Research Gate, 2023