

Factors Supporting the Digitalization of Business: A Descriptive Study

¹Pankaj Agarwal, ²Dr. Girish Lakhera,

Associate Professor, School of Management Studies, Graphic Era Hill University, Dehradun 248002,
Associate Professor, Department of Management Studies, Graphic Era Deemed to be University, Dehradun,
Uttarakhand, India, 248002

Abstract

Digitalization has become a buzzword in the business world, and its importance cannot be overstated in the current era of technology-driven change. As businesses strive to remain competitive, digitalization is seen as a key factor that can drive innovation, increase efficiency, and improve customer experiences. Technological infrastructure was identified as a critical factor that supports digitalization, including access to reliable and fast internet, hardware, and software. Leadership support was also identified as a key factor, as managers and business owners who prioritize digitalization tend to invest in technology and provide training to employees. Overall, this study provides insights into the factors that support digitalization in business, highlighting the importance of technological infrastructure, leadership support, employee skills, and customer demands. The findings of this study can be useful for businesses that are considering digital transformation, as they can help identify areas of focus and investment. By embracing digitalization and leveraging the factors that support it, businesses can increase their competitiveness, improve operational efficiency, and enhance customer experiences.

Keywords: Digitalization of Business, Technology, Infrastructure, Consumer Demands, Investment in Technology, Artificial Intelligence.

Introduction

The digital revolution has brought about significant changes in various aspects of our lives, including the way we conduct business. In recent years, the digitalization of business processes has become a key strategic priority for organizations across various industries. Digitalization refers to the transformation of traditional business processes and models using digital technologies, such as artificial intelligence, big data analytics, cloud computing, and the internet of things.

The benefits of digitalization are numerous, including increased efficiency, reduced costs, improved customer experience, and increased revenue generation. By leveraging digital technologies, businesses can streamline their operations, automate manual tasks, and optimize their supply chain management. Digitalization also enables businesses to offer personalized and convenient services to customers, resulting in improved customer satisfaction and retention.

However, the digital transformation process is not without its challenges. Implementing digital technologies requires significant investments in technology infrastructure and human capital. Moreover, it requires a significant shift in organizational culture and mindset to fully embrace the digitalization process. Therefore, it is crucial for businesses to understand the various factors that support the successful adoption and implementation of digital technologies.

Technological factors refer to the availability and accessibility of digital technologies. The study will examine the role of emerging technologies and their impact on digitalization. Organizational factors refer to the internal structure, culture, capabilities of businesses, leadership, employee training, and change management in supporting digital transformation. Environmental factors refer to the external factors that influence digitalization, such as regulatory frameworks, industry standards, and market competition. The study will examine the impact of these factors on digitalization.

Overall, this study highlights the importance of digitalization as a means to remain competitive in today's rapidly evolving business landscape. By understanding the factors that support digitalization, businesses can make informed decisions about their digital transformation strategies and successfully navigate the digitalization process.

Literature Review

The digitalization of business has become a crucial topic of interest for researchers and practitioners alike. The following literature review provides an overview of the current research on the factors supporting the digitalization of business.

Firstly, technological factors play a crucial role in supporting the digitalization of business. According to Deloitte (2021), digital technologies such as artificial intelligence, big data analytics, and cloud computing have the potential to transform business processes, leading to improved operational efficiency and enhanced customer experience. Moreover, emerging technologies such as blockchain and the internet of things are also becoming increasingly important for digitalization (Moccia et al., 2021).

Secondly, organizational factors also play a crucial role in supporting the digitalization of business. Effective leadership, employee training, and change management are crucial for the successful implementation of digital technologies and critical for successful digital transformation (Kellermanns et al., 2022, van der Aa et al., 2021). McKinsey & Company (2021) highlight the importance of a clear digital vision, a culture of innovation, and a cross-functional team approach to digitalization. Organizational culture and leadership support are important for the development of technology implementation (Zhang et al., 2022). Companies with a strong culture of innovation and a supportive leadership team are more likely to embrace digital technologies and to invest in the necessary infrastructure and resources. Employee skills and training are extremely important factors in supporting the digital transformation of businesses (Sharma et al., 2022). As new digital technologies are introduced, employees need to be trained in how to use them effectively in order to fully realize their benefits. This is particularly important in industries that have traditionally been slower to adopt digital technologies.

Thirdly, environmental factors such as regulatory frameworks, industry standards, and market competition also influence the digitalization of business. For example, the General Data Protection Regulation (GDPR) in the European Union has led to increased attention to data privacy and security, resulting in businesses investing in digital technologies to comply with the regulation (Lopes et al., 2021). Market competition also plays a significant role in driving digitalization, with businesses adopting digital technologies to remain competitive (Adler et al., 2022).

In addition to the above factors, the role of digital transformation strategy cannot be overlooked. Gartner (2022) emphasizes the importance of developing a comprehensive digital transformation strategy, including identifying the business objectives, assessing the digital maturity of the organization, and developing a roadmap for implementation.

One critical factor in the digitalization of business is the availability of technology infrastructure. A study by Nguyen et al. (2022) found that access to high-speed internet, cloud computing, and mobile devices are critical for businesses to adopt digital technologies. Additionally, digital platforms and ecosystems are emerging as important enablers of digitalization (Bughin et al., 2022). Additionally, another key factor is the adoption of agile methodologies in business processes. According to a study by Davenport and Ronanki (2021), agile approaches to project management and software development can help businesses rapidly implement digital technologies and respond to changing market conditions. Additionally, agile practices promote collaboration and innovation across teams, which are essential for successful digital transformation. Similarly, an important factor driving the digitalization of business is the increasing availability and affordability of digital technologies (Liu et al., 2021). As these technologies become more accessible, companies are able to implement digital solutions more easily and at lower costs, which can help to improve efficiency and reduce costs. According to Berman et al. (2019), technological advances in areas such as cloud computing, mobile devices, and the internet of things have provided businesses with new opportunities to digitize their operations. This has led to increased efficiency, reduced costs, and improved customer experiences. The word of mouth has now become the Electronic Word of Mouth (Kudeshia and Mittal, 2016).

Furthermore, government policies and regulations also play a significant role in shaping the digitalization of business. For example, a study by Singh and Dwivedi (2022) found that government policies that promote innovation and entrepreneurship can lead to increased digitalization in small and medium-sized enterprises. Additionally, regulatory frameworks can incentivize businesses to adopt digital technologies, such as the requirement for electronic invoicing (Chiaroni et al., 2021). Finally, customer-centricity is emerging as a critical factor in the digitalization of business.

According to a study by Choudhury et al. (2022), businesses that focus on providing personalized, digital customer experiences are more likely to succeed in the digital era. This requires businesses to adopt customer-centric processes and technologies, such as customer relationship management (CRM) systems and chatbots. Moreover, by providing incentives and support for companies to invest in digital technologies, governments can help to accelerate the adoption of these technologies and to create a more digitally-enabled business environment (Han, and Lee, 2022).

Another important factor is the need for businesses to remain competitive in a rapidly changing marketplace. Digitalization has become a crucial element in maintaining a competitive edge, as businesses that are slow to adopt digital technologies risk losing market share (Chen et al., 2020). As a result, many companies have implemented digital transformation initiatives to remain relevant and competitive. Social Media has transformed the way people use to communicate (Kudeshia & Mittal, 2015).

The importance of digital skills and capabilities has also been identified as a critical factor in supporting the digitalization of business. Employees with digital skills are essential to the successful implementation and use of digital technologies within an organization (Yigitbasioglu et al., 2020). Organizations must invest in digital skills training and development to ensure their workforce has the necessary capabilities to support digitalization efforts.

Finally, the regulatory environment also plays a significant role in supporting digitalization efforts. Policies and regulations that encourage innovation and provide a supportive environment for digital technologies can help drive digitalization efforts (Chen et al., 2020). Additionally, policies that protect consumer data and privacy can help build trust in digital technologies, which is essential for their widespread adoption. Consumer data is important to protect from various attacks due to the advancement of the internet. It is imperative that businesses start investing into this protection as soon as they can.

In conclusion, digitalization of business has become an essential aspect of modern-day organizations, and it has transformed the way businesses operate. This literature review has identified several key factors that support the digitalization of businesses, including technological advancements, organizational culture, human resources, leadership, and customer demand. Hence, the successful digitalization of business requires a combination of technological, cultural, human resources, leadership, and customer factors. Organizations that embrace these factors are better positioned to thrive in the digital age, while those that fail to do so may struggle to remain competitive.

Objective: To examine the factors supporting the digitalization of business

Methodology: This study is descriptive in nature in which the data were obtained from the 200 respondents involved in business from various industries and experience levels. The major business areas covered in the study were Banking and Financial Services, IT and ITEs, Retail Management, Transportation, Tour and Travel. A checklist question was used to analyse and interpret the data. In a checklist question respondents choose “Yes” or “No” for all the questions.

Data Analysis and Interpretations:

Table 1 Factors Supporting the Digitalization of Business

SL No.	Factors Supporting the Digitalization of Business	Yes	% Yes	No	% No	Total
1	Leadership support is identified as a key factor in digitalization.	167	90.27	33	18.86	200
2	Companies may gain a competitive edge in today's increasingly digital business environment.	139	75.14	61	34.86	200
3	Digitalization is seen as a key factor that can drive innovation, increase efficiency, and improve customer experiences.	174	94.05	26	14.86	200

4	Implementing digital technologies requires significant investments in technology infrastructure.	154	83.24	46	26.29	200
5	Environmental factors refer to the external factors that influence digitalization.	149	80.54	51	29.14	200
6	Employee skills and training support the digitalization of business.	144	77.84	56	32.00	200
7	Businesses can improve operational efficiency through digitalization.	159	85.95	41	23.43	200
8	Technological infrastructure was identified as a critical factor that supports digitalization.	169	91.35	31	17.71	200

Table and Figure 1 show that around 94.0% respondents accept that digitalization is seen as a key factor that can drive innovation, increase efficiency, and improve customer experiences, technological infrastructure was identified as a critical factor that supports digitalization (91.3%), leadership support is identified as a key factor in digitalization (90.2%), businesses can improve operational efficiency through digitalization (85.9%), implementing digital technologies requires significant investments in technology infrastructure (83.2%), environmental factors refer to the external factors that influence digitalization (80.5%), employee skills and training support the digitalization of business (77.8%) and companies may gain a competitive edge in today's increasingly digital business environment (75.1%).

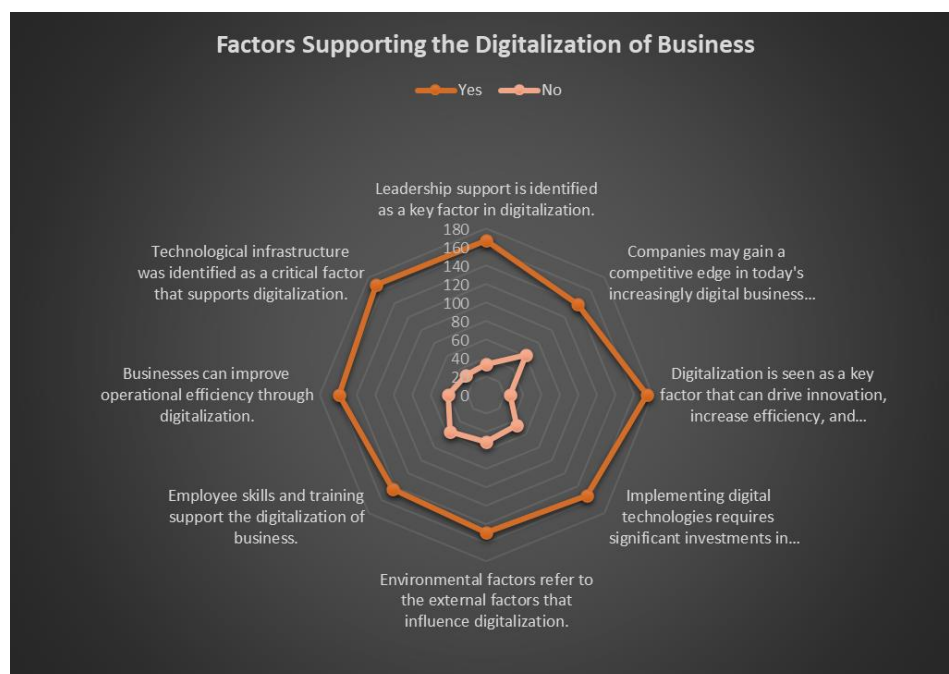


Figure 1 Factors Supporting the Digitalization of Business

Conclusion

The digitalization of business has become a critical factor in driving innovation and competitiveness in today's economy. As businesses continue to adopt digital technologies, they are able to improve efficiency, reduce costs, and

enhance the customer experience. However, the process of digital transformation can be complex and challenging, requiring significant investments of time, resources, and expertise. As a result, it is important for businesses to understand the key factors that support the digitalization of business, in order to effectively navigate this process and realize the benefits of digital transformation. Hence, the digitalization of business has become an essential component of competitiveness and innovation in today's economy. By understanding the key factors that support the digitalization of business, including the availability and affordability of digital technologies, organizational culture and leadership support, employee skills and training, government policies and regulations, and customer demand for digital solutions, companies can effectively navigate the digital transformation process and gain a competitive edge in today's increasingly digital business environment.

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