

Digitization as a Direction of Ensuring the Increase of the Financial Performance of the Company

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Abstract: *To be successful in modern conditions, any enterprise needs to pay special attention to innovation, especially issues such as updating production, reorganizing previous activities, replacing some structural elements with others, supplementing existing elements with new technologies. It should be remembered that the introduction of technical, organizational and economic innovations causes adequate changes in existing forms and methods of organization of management. This necessitates the continuity of the process of developing managerial innovations and is becoming an increasingly important condition for increasing the efficiency of enterprises. It is imperative for the Republic of Moldova to adopt a new method of entrepreneurship development, namely to focus on the digitization and automation of production processes. It is worth mentioning that the advantages that businesses can benefit from digitizing production processes, would be the flow of information and knowledge, product creation, easy connection with potential customers and access to markets. Of great importance in organizing innovation for the enterprise is the innovation infrastructure: business incubators, innovation centers, technology parks, consulting firms and other market economy entities. But the formation of the interaction of science and entrepreneurship and the formation on this basis of a qualitative new innovative entrepreneurship is impossible without the mediation of the state. Therefore, the bases of innovative development are innovative complexes of the relationship of science and entrepreneurship with the participation of government agencies.*

Keywords: *digitalization, performance, innovation, entrepreneurship, technologies*

Introduction

The orientation of the enterprise towards an innovative sector of activity will surely lead to the transformation of all the components of the economic system. Most will change the strategy of the company. Therefore, the interconnection of strategy and innovation can be considered as a beginning of the management process within the company in a situation of rapid change and unpredictability of external factors.

People are more and more inclined towards the digital domain, here the information disseminated online is reflected, the digitalization reaches to connect to the Internet and home appliances, the involvement of intellectual property in the digital environment.

The process of digital transformation of the world beyond money, markets or strategic domination is a positive competition, which focuses on efficiency in all spheres of activity. We mention that digitalization is not an industry related to a particular field, but it represents a cross-cutting approach that fundamentally changes the paradigm of life and continuously raises the quality of life.

By digitization you can get more efficiency, the orders can also be placed online, so they are available digitally, but they still need to be printed on paper to be signed, then being scanned again - so jump from the digital media to analog and back to digital. Entrepreneurship in the IT field suffers from the shortage of qualified personnel. The education system is already outdated by the accelerated dynamics of change, failing to cover the increasing demand of IT specialists.

In order to better contribute to the promotion of digitization, employees of companies must participate in a specialization course, in workshops, to identify the digitization solutions in the relations between the public and private sectors, including [2]:

- online registration and deletion of businesses,
- development of an online platform for accessing the data held by electronic public registers about economic agents,
- implementation of ICT tools in the field of healthcare,
- modification of the regulatory framework to ensure the automated access of banks to personal data, in the context of complying with the requirements imposed on personal data operators,
- elaboration and promotion of legislative changes in order to extend the application of the impact analysis on the financial field and to ensure the observance of the rigor of the impact analysis by all subjects with the right of legislative initiative.

1. Modernization of the Economy of the Republic of Moldova by the Implementation of Digitalization

The need to manage the transition of the economy to a new path of development actualizes scientific research in the field of modernization theory. In this regard, the concept of innovative modernization is becoming more widespread in economic science. According to the theory of innovative development, to achieve a new quality of economic growth, it is necessary that economic growth be based on product, process, marketing, and organizational innovations. The management of this process forms the basis of the innovative development of the economy.

The spread of modern computer technology has contributed not only to updating the technological base of production, but also to the transition to fundamentally new forms of searching, processing and converting information. Information began to be seen as a key resource for economic growth. Naturally, the accumulation of information alone cannot replace material production. But modern methods of analysis and information exchange qualitatively change the entire economic space.

The use of computer technology almost completely excludes prototyping from the design stage. Thus, the design becomes virtual in nature, which not only reduces costs, but also significantly expands the possibilities of creative search. Moreover, thanks to the global information system, knowledge sharing has accelerated dramatically. There was an opportunity to quickly learn the latest achievements and focus huge intellectual potential on the most promising areas of scientific and production progress.

In the field of scientific and industrial research, the innovation process allows for the first time in history to move from the accumulation of individual technical and organizational innovations to the systematic change of generations of engineering and technology.

Digitalization this is digitization of various types of information - text, sound, and video. All that is around us is transferred to ones and zeros, a language that computers understand. Digitalization allows you to process large amounts of data and as a result, to forgive and speed up the work. Combining various information you can get convenient services. For example, by combining your location with information about your searches, you're smart phone can determine your preferences. The digitization process has affected all areas of the business: from how you receive and retain new customers, to how you represent and manage the company's reputation on the Internet.

If in the past it was enough to build a store to create it, now consumers want to see what you can offer them before making a purchase. So there is no way to do without a digital presence. Before the advent of the Internet, a newspaper column of ads could attract new customers, but these days the target audience is consuming more and more digital data.

Combining various data, you get fundamentally new services. They can simplify life, lower costs and increase productivity. All prerequisites have already been formed, the Internet, which allows you to store and share data, Smartphone, PCs, tablets, etc. allowing to collect and digitize information. All that remains is to learn how to apply all this data to make money.

Prior to digitizing data, the offline mode represented the transmission of information, but now consumers through their pages on social networks instantly disseminate information to hundreds and thousands of people. This will lead in the near future to the fact that the entire business will retain and manage customers 100% in digital form, having the following advantages:

- high competitiveness;
- simplification of work with information;
- approval of a positive image;
- improving customer loyalty to the brand;
- saving money.

The digitization of the sectors of the national economy will increase productivity, innovation and connection to external markets, as well as create new jobs, by opening up digital startups. It is imperative for the Republic of Moldova to adopt a new method of entrepreneurship development, namely to focus on the digitization and automation of production processes. The phenomenon of digitization of companies is absolutely necessary on the economic market and this is because companies that use information technologies in production, development and other activities have control over the market. The digitization process can bring new challenges for entrepreneurs; however, they will bring great benefits in the long run by developing new products and services, new technologies and process chains, new business models and higher production efficiency.

The rivalry in the materialization of new ideas and discoveries, in the speed and effectiveness of their commercial implementation displaces traditional price competition. In an innovative economy, scientific and technical research, industrial design and planning, investment activities, the organization of experimental and mass production, commercial implementation are closely interconnected.

Entrepreneurs are forced to be guided not only by product quality criteria, but also by the concept of “life cycle” of each product, based on the fact that no innovation can ensure commercial success for a long period of time. Many types of products become obsolete already at an early stage of mass sales. Therefore, the urgent tasks are to build a flexible production system based on the constant updating of the technological base and product range, accelerated implementation of the results of scientific, technical and development research.

Only knowing the business from the inside can you correctly set a goal and develop a promising digital strategy. Also, on the way to digitalization, you need to be prepared for mistakes and turns and try to take it calmly. As the saying goes, "the one who does nothing is not mistaken," so these problems should not be scary - anyway, sooner or later you will have to switch to digital.

First you need to analyze all the business processes and strategic assets of the company: to determine the effectiveness of all its departments, production, internal and external communications, and think about how it can be improved with the help of digital technologies. At this stage, it is necessary to set a clear goal, which the company should come to with the help of digitalization, and form an approximate strategy for achieving this goal. To minimize risks, it is necessary to approach this extremely carefully and responsibly. Of course, not without the help of third-party specialists.

When drafting a strategy, remember that new technologies should not completely change a business their main goal is to simplify business processes.

When you outline a clear plan of action, you will find specialists who are ready to help you put it into practice, and choose the necessary digital tools, you can get to work. You will need time to introduce new technologies - testing, correcting technical errors, training staff / clients to work with services, etc. Therefore, in order to wait for any results, you will need to wait.

After the implementation of each digital solution, you need to analyze its effectiveness and make sure that it brings additional income or any other benefit to the company without prejudice to the budget. If

this does not happen, you should reconsider your approach to implementing a specific digital technology or abandon it altogether.

The dangers of digitalization of production do not stop companies from upgrading it. New ways to automatically control, increase efficiency, predictive analytics and save resources that digitalization opens outweigh the potential problems of its installation.

But technologies are not implemented in a vacuum; they must be introduced into the business through experiments. Digitalization tools and their implementation:

1. Data processing technologies: machines help to process data and make effective, but not obvious decisions.
2. Automation.
3. Cloud technology: the power of the cloud IT system is rapidly expanding, so you can experiment with testing a business model of any complexity without risky capital investments.

Unless companies make drastic changes to their investment programs, they simply cannot provide an advanced level of digitalization, especially if we take into account the continued rapid advancement in this field, which the companies that are already leaders are counting on. The investments that will be required to catch up with the leaders are likely to be too costly. At the same time, more dynamic companies will have a significant advantage when it comes to positioning their offers of goods and services as the “best platform” within digital ecosystems.

2. Digital Processes and Traditional Jobs

Digital processes challenge traditional jobs. In business, a lot is said about the role of HR-digitalization in the stages of personnel management. The main goals are to reduce the burden on HR specialists in the mass hiring and training of personnel. At the same time achieve a higher KPI indicators. To achieve these goals, several HR-digitalization tools have been identified that interact with employees and candidates using mobile applications, social networks and cloud technologies. It is difficult and not habitual for a modern person to write a lot with a pen, it's much simpler, more familiar and faster to check and electronic questionnaire. The employer also gets the opportunity to process the received data faster and more efficiently.

Such automation is introduced at all stages of hiring and training:

1. Instead of a group presentation, a video presentation is being introduced;
2. Instead of interviews and other assessments of competencies, the candidate is invited to go through a quest in which he has the opportunity to demonstrate his skills;
3. All employees undergo training through special portals that systematize training.

The implementation of digitalization in HR technology gives good results. The burden on recruiters is reduced, the recruitment funnel is improved, staff turnover is reduced, and as a result, the company begins to save money. The segment of IT solutions dominates and this trend can be explained by the rapid development of the latest technologies.

Financial and accounting calculations require highly qualified IT specialists who can optimize business processes. Now more and more financial companies are investing in digital technology to increase the efficiency of operations and to earn additional profit.

Digital technologies will provide a more comfortable and faster interaction between the client and the company. Such a transformation will improve the quality of products and services automate production and simplify internal and external communications.

Over the past few years, the banking system has undergone great changes. The emphasis on the provision of digital services and exceptional interaction with customers was caused by the restructuring of the financial market, in particular the development of crypto currency, bit coins and block chains.

3. The Modern Banking System

We present the main directions of the modern banking system in the context of digitalization:

1. Digital transformation of bank transfers. This process becomes automated: now, to complete a transaction, bank personnel are not needed.
2. Rethinking the banking business model. A good example is the use of “block chain” technology, which reduces fraud in the banking sector. It is already used in operations such as payments, direct investment transfers, management of trading, expense, mortgage, credit reports, etc.
3. Cloud technology in the banking sector. Thanks to the provision of network access, banks have many new opportunities: cooperation with partners for the development of digital products, optimization of business processes, and implementation of AI.

It is noteworthy that a strong, competitive economy will also have a high degree of digitalization, with new B2B purchasing behaviors of the Y or Z generation managers, will offer a new perspective on digital marketing strategies and will draw for companies modalities to accelerate sales that do not require additional costs. So, by significantly personalizing online interactions with potential customers, marketing specialists can create a prized shopping experience that will result in higher revenue for the business.

The digitization as a direction of ensuring the increase of the financial performances of the companies, which operates in the Republic of Moldova, through the Service «Electronic Reporting, offers a series of facilities, among which we highlight [1]:

- Reduction of time and costs for the preparation and presentation of fiscal and statistical reports for public authorities and economic agents;
- Exemption of the taxpayer from going to the tax inspectorates to present the paper reports;
- The interaction of the economic agents with a single public authority (SFS), compared to the current situation in which the economic agents interact with 4 different authorities in order to present the reports (MF, SFS, CNAS, CNAM, NBS);
- Access of users to the platform 24/24, without days off;
- Optimization of the data processing process.

Several changes are proposed regarding the implementation of digitization in the Republic of Moldova, with the inclusion in the Government Action Plan, discussed on the Economic Council platform some refer to:

1. Integration of the last three statistical and financial electronic reports (out of 26 existing ones) on the platform of the one-stop shop in reporting [2] and identifying the priority measures for increasing the share of electronic payments;
2. Amending the legislation to ensure access to dispute settlement councils for all persons subject to fiscal and customs control, by excluding the minimum ceilings of tax and customs obligations that can be examined within them;
3. The optimization of the customs valuation mode by approving the Regulation on the way of declaring the customs value of the goods;
4. Simplification of the export procedures for the postal items of goods whose invoiced value per delivery does not exceed the amount of 1,000 Euros, by submitting a single customs declaration for all transactions operated within one month.

Technological trends are current trends in the development of technologies in a particular area. Today they are associated with the development of artificial intelligence, block chain, the Internet of things and other technologies. The areas in which technological trends are observed can vary from education and agriculture to business and security.

Conclusions

In an era of such rapid changes, a business cannot work according to old models - it must change, otherwise there is a big risk to stay behind competitors, or even stagnate. Therefore, sooner or later, companies will have to accept the new rules of the game and experience the digitalization process.

In a few years, digital transformation will become a vital necessity for business, so company leaders need to think about switching to digital right now. There are a number of advantages of switching to digital: high competitiveness, cost savings, simplification of working with data, building a positive image of the company, increasing customer loyalty to the brand.

The use of modern digital technologies to one degree or another is necessary for each type of business; the necessary minimum for any company now is the presence of a website and accounts on social networks. Those brands that want to take another step closer to customers can also develop a mobile application / catboat and use other promotion channels, and this can take them to a new level.

But if we talk about a more thorough digital transformation, it should affect work with clients, production, personnel management, and internal communications. To carry out such a transformation, serious, energy-intensive work must be carried out, which can be based on technologies such as big data analysis, cloud and mobile services, and agile development.

Therefore, digitalization is fully relevant for medium and large businesses - small businesses may well be limited to using several digital tools. At the same time, both B2C and B2B and B2G segments need it.

More specifically, the type of business that needs digitalization most is retail: retail; banks; E-commerce, print media, which with the advent of the Internet and online publications have sharply lost interest in themselves. Companies related to these niches are waiting for digitalization or bankruptcy.

Digitalization in business is in full swing, so you need to follow this trend, otherwise you may find yourself on the technological side.

References

[1] <https://consecon.gov.md/>

[2] <https://raportare.gov.md/>