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ASSESSING THE IMPACT OF DIGITALIZATION ON INTERNATIONAL BUSINESS TRANSFORMATION: CHALLENGES FOR THE SMART ECONOMY

In the 21st century, digitalisation has emerged as a principal driver of transformative processes within the international economy. It fundamentally reshapes the mechanisms of interaction among states, corporations, and consumers, expanding access to global markets and accelerating the circulation of capital, information, and services. Digital technologies not only streamline international trade but also foster the emergence of novel business models, thereby redefining the traditional foundations of the global economy. Contemporary international business increasingly relies on the capacity to effectively harness the potential of e-commerce, digital platforms, and cloud technologies, necessitating rapid adaptability and continuous enhancement of digital competencies [1].

The digitalisation of the global economy is accompanied by profound changes in the structure of international trade. E-commerce, which has experienced exponential growth over the past decade, plays a pivotal role in this transformation. According to UNCTAD, the global e-commerce market surpassed USD 3.9 trillion in 2022, underscoring a paradigm shift in international trade [2, p. 46]. The utilisation of digital platforms enables small and medium-sized enterprises (SMEs) to access international markets without substantial investments in physical infrastructure, significantly lowering barriers to global business development. However, this concurrently intensifies competition, heightens demands for innovation, and requires swift responses to evolving consumer preferences [3, p. 10].

The transformation of international business under the influence of digitalisation directly contributes to the advancement of the smart economy. The smart economy, characterised by the integration of digital technologies into production, management, and service processes, compels economic entities to continually refine business models and optimise customer interactions through electronic channels [4, pp. 1–3]. The proliferation of big data, artificial intelligence, and the Internet of Things drives organisational restructuring, enhances process flexibility, and facilitates the

transition to networked collaboration models. The smart economy represents a new reality for international business, imposing specific requirements for companies' digital maturity.

A critical challenge for the smart economy amidst global digitalisation is digital inequality. According to the OECD, significant disparities in access to high-speed internet persist between urban and rural areas. For instance, in 2019, only 59% of rural households in Europe had access to fixed broadband with a minimum speed of 30 Mbps, compared to 86% of all households. In Canada, the figures were 93% overall and 67% in rural areas, while in the United States, 94.4% of households had access compared to 77.7% in rural regions [5, p. 7]. Such disparities create additional barriers to integrating rural regions into the global digital economy, hindering the equitable development of the smart economy. Uneven access to technology exacerbates economic divides and constrains the growth of innovative enterprises in less developed countries. Furthermore, the automation of traditional production and service processes is reshaping labour markets, necessitating workforce retraining and the development of new digital competencies.

Cybersecurity constitutes another strategic challenge. According to ENISA, in 2022, 39% of small and medium-sized enterprises in the European Union experienced at least one cyber incident [6]. This highlights the increasing vulnerability of businesses amid widespread adoption of digital technologies. Companies are compelled to bolster investments in safeguarding their information systems, develop comprehensive cybersecurity policies, and establish mechanisms for rapid response to cyber threats. Unaddressed security issues pose risks not only to individual enterprises but also to the stability of the broader international economic system.

The legal regulation of digital trade remains inadequately harmonised at the global level. The absence of unified standards for personal data protection, cross-border data transfers, and dispute resolution introduces additional risks to the development of international business [7]. The harmonisation of legislation across jurisdictions and the establishment of multilateral agreements on digital trade are of particular urgency.

International experience demonstrates that successful adaptation to the digital economy requires a holistic approach. In the United States, programmes supporting the digitalisation of small businesses focus on fostering innovative technologies and enhancing entrepreneurs' digital literacy. The European Union's Digital Compass 2030 strategy aims to achieve digital maturity for 75% of companies by 2030 [1, p. 16]. In Singapore, the SMEs Go Digital initiative actively promotes support programmes for micro, small, and medium-sized enterprises, enabling even the smallest firms to effectively integrate digital solutions into their operations.

In conclusion, digitalisation fundamentally reshapes the dynamics of international business, catalysing the development of the smart economy. Successfully translating digitalisation opportunities into tangible competitive advantages requires comprehensive state policies, robust support for innovative businesses, infrastructure development, and enhanced digital literacy across all levels of the economic system. Addressing cybersecurity challenges, bridging digital inequalities, and harmonising the international legal framework are essential prerequisites for the sustainable development of the global digital economy.

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