

DIGITAL TRANSFORMATION AS A CHANCE FOR SMALL BUSINESS DEVELOPMENT

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Abstract: Human civilization has entered a completely new era in which the digital, virtual, innovative and imaginary becomes the main driver of national and economic development. Digital transformation has become the “conditio sine qua non” of modern organizations. The issue of digital transformation of business has become the subject of interest of theoreticians and practitioners, but only in the last few years. That is why its ultimate goal is to create added business value. The use and introduction of a large number of digital technologies in a small business by itself will not provide the expected benefits in the process of innovation itself. The highlighted importance of digital transformation refers to user experience, operational processes, business models, employee experience and digital platforms, as well as to the key domains of small business operations that digitalization is changing.

The task of the work indicates the impact that digital transformation in the business process has on a small entrepreneurial venture. Bearing this in mind, the goal itself is focused on the possible directions of digital transformation of business in conditions of strong penetration of digital technologies and strong impact on small business.

Key words: digital transformation, small business, influence, business

Introduction

Much has been said about the changes that digital technologies have brought us. Everything is different. From interactions with loved ones, through our habits, to shopping and the way we work. We are aware that humanity is changing and that the world has become digital.

The speed and extent of revolutionary and innovative scientific and technological inventions, coming from research centers, startup companies and large organizations, never stop to intrigue us. What was a “science fiction” once, becomes a reality today - through new products and services, without which we cannot imagine life, let alone business.

In addition to the new opportunities, which are provided by dynamic technological progress, the way we live, work and relate to each other is also changing (Group of authors, 2020).

As digital technology developed over time, people began to create new ideas for its business use and not only to do things faster than “the old way”. That’s how the idea of digital transformation began to take shape. With the development of new technologies, suddenly, the new ways of doing business became also possible.

Due to the great fear of digitization, it is inevitable that individuals can be late in applying the social changes (in the sense of staying out of the loop) and it is inevitable to notice that the same is happening in the world of small business.

The entrepreneurs must also face the changes that overall society is facing. It is no longer enough to be “digitally present”. For example, one million of posts go through Facebook every second, while in Whatsapp’s case, we are talking about tens of millions of messages. The amount of end-user data that digital technologies provide

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to small businesses today is enormous. However, if they do not know how to use them (as well as understand their importance), the whole world of data is worthless. Employers who succeed in this, create an almost personal relationship with end users and they also understand that transparency has never been more important because (thanks to technologies), information about everything else is already at hand, and it is important to strengthen trust.

Today, you have to engage users, involve them, offer information exchange, ask them about their opinions, but also to react on their questions and demands. One cannot be so easily fascinated anymore. Thanks to digital networks, ordinary people become “influencers”, who can reach the target group (Andric, 2019).

The digital transformation of business is becoming an integral part of modern business and the question of the success of its implementation gives a measure of the general business success of the organization at the present moment and even more important in the foreseeable future, which is predominantly defined by trends in the development of digital technologies (Sofronijevic at al., 2017).

In this kind of business environment, which is unavoidably globalized, dynamic and highly competitive, the very approach to digital business transformation is almost the only way to successfully carry out these processes (the ones that have passed, that are happening now, or the ones that are expected to come) by all organizations. And we must do it in such a way that will bring positive changes in business. They must be expressed not only through quantitative indicators of business success but also through qualitative (often difficult to measure), extremely significant features of the organization, such as innovation, creativity and the ability to develop (Sofronijevic at al. 2017).

Methodological theoretical concept of digital transformation research

Business modernization is in “a full swing”. It is already noted that 70% of small business owners have a digital strategy, or are actively working on it. Digitally transformed organizations are predicted to contribute more than half of global GDP by 2023 (Republican Bureau of Statistics, 2022).

The usage of digital data and documents has become exponentially more efficient for small business owners, but the business systems and processes are (unfortunately) still largely designed around the analog-era habits of how to find, share, and use information.

Digital transformation (Djermanovic, 2019) implies a specific way of communication (with clients, customers, employees, the public, etc.). We are talking, of course, about using digital channels, but that includes not only sending sales messages, but also engagement and interaction.

The transformation itself is reflected in how a business or organization functions (from start to finish|), that is, how it fulfills its purpose. This refers to specific things such as the method of delivery of goods or services, coordination of work, points of sale or contact with users.

Digital transformation changes the way of doing business and, in some cases,

creates completely new types of organization (Djermanovic, 2019). With digital transformation, small business employers are stepping back and rethinking everything they do, from internal systems to customer interactions. In doing so, they focus on the issue of changes in their way of doing business that will enable better decision-making, greater efficiency in work, or a better user experience with greater personalization.

Digital transformation is a cultural, organizational and operational change of an organization, industry or ecosystem through the smart integration of digital technologies, processes and competencies at all levels and functions - conducted through a guided and strategically planned process (Kremergard, 2021). It implies the use of technologies that create added value and new types of services, innovations and the acquisition of the ability to quickly adapt to changing business circumstances. Digital transformation is not just about technology. It is about value, people, optimization and the ability to adapt quickly when needed, through the intelligent use of technology and information (Kremergaard, 2021). This profound change in business and organizational activities, processes, competencies and models, is being done in order to take full advantage of the changes and opportunities of various digital technologies and their accelerating impact on society.

Impact of digital transformation on small business and research results

The importance of small business can be explained by the following facts:

- small companies are easier to adapt to market requirements;
- they overcome the resulting disturbances in the business environment more successfully;
- they can work successfully even with a relatively small volume of invested capital;
- small businesses are more flexible compared to large businesses;
- they mostly use local resources;
- they contribute to increase in the diversity of the economic structure and employment;
- they often arise as a consequence of the commercialization of innovations, i.e. innovation is the reason for their establishment;
- they enter and leave certain economic branches relatively easily;
- very often they are in the hands of members of the immediate and extended family and that is why they are strongly interested in the survival, growth and development of the business in one of the legally available forms and, most often, in the form of a company;
- as entrepreneurial firms, they can experience exponential growth and become a generators of economic development in every country (Dostic, 2003).

It is recognized all over the world that small businesses, especially newly established ones (Milosevic, Popovic, 2019), are very important for the national economy, regardless of whether they are highly developed economies or developing economies or economies with low net profit. This is because SMEs largely contribute not only

to economic prosperity but, also, specifically to employment, gross domestic product growth, innovation, technological progress and overall development (Milosevic, Popovic, 2019).

The mentioned facts are also the reason why the small companies do not burden the social welfare funds with requests to cover losses, to take care of unemployed workers, etc. On the contrary, their economic and financial stability and satisfactory degree of profitability, emphasize the economic strength of society as a whole, and positively influence its stability and development. The main “culprits” for the formation of a small business, and for the further growth and development of business in general, are entrepreneurs.

It has always been said that there is no healthy development of the economy if there is no support for the development of small business. All large and strong economies in the West are based on the development of small businesses which, over time, turn into medium ones, and medium ones (eventually) become large ones. There is still no such possibility in our country, because small entrepreneurs struggle with various obstacles every day:

- long delays in billing for delivered goods/services;
- high levies in the form of taxes, contributions and fees;
- competition in the form of large systems (hypermarkets, factories).

All of the above, represents an aggravating circumstance in the creation of new jobs and, also, in keeping the existing ones (that pay all the legal contributions). That is why a large part of the employees in the private sector of small shops, cafes and restaurants are employed either illegally, or are registered “on the minimum wage”. With a reduction in the number of levies, small businessmen could more easily contribute to the development of the local community. and improve their own business. The importance of having a local small business is that, when you buy something from a neighbor`s shop, that money goes to the salary of a worker or workers, who will spend part of that money again in their neighborhood. In this way, the circle of support for small enterprises, which need help, is expanding.

The biggest challenge (that every small business owner faces) is completing the business activities within the given time and within their own budget. Quality is often neglected in the race to get the job done within an unrealistic deadline. Therefore, for the success of a small business of any kind, it is necessary for the owner to correctly define priorities, identify challenges, and have a clear picture of the limitations of their own resources and their maximum. Frequent pitfalls are both overestimating and underestimating the potentials of one`s capacities. The efficiency is the thing that they must strive for.

Exactly 25,816 business entities were founded in Serbia in the first six months of this year, which is 4,520 more companies and entrepreneurs who started business than in the same period last year - announced the Agency for Business Registers (APR). As stated in the report (in the first half of the year) 5,569 companies were registered, which is 12.5 percent more than in the same period last year; while 1,866 companies were, simultaneously, deleted from the register (which is 269 more than in 2021). In

the first six months of this year, 20,247 new entrepreneurs were registered (which is 23.8 percent more than at the same time in 2021), and 12,829 entrepreneurs were deleted from the register (1,586 more than last year) (Agency for Business Registers, 2022).

The majority of newly founded (and closed, too) companies were in the field of wholesale trade, computer programming, consulting activities, high-rise construction and catering. At the same time, most of the new (and also deleted) small businesses are registered in the areas of catering (restaurants and mobile catering facilities), computer programming and there are also hair and beauty salons, and road transport (Agency for Business Registers, 2022).

The world of small business is evolving. Competition, the beginning of the Internet era, mergers and acquisitions (not to mention the recession) have forced small business owners to rethink their business ventures. Competition really exists.

With the recession, it is increasingly difficult for small businesses to be competitive in the market. Many small business owners wonder how they can actually survive the recession, and the answer lies in digital transformation, which should be a priority of business processes.

The improvement of the customer services, finance sector and business development, must not be left out but (during a recession) nothing is more important than digitizing all processes used in managing of small businesses. Digitization effectively drives operations in the small business world. What's more important, during a recession, digitization often decides whether you will go out of business or achieve great results. During the difficult times, it is necessary to learn how to stretch the budget in order to invest more in digitalization. New digital techniques simply help small businesses thrive, thanks to their digital tools. As a result of that, the market becomes immune to economic trends, and there are greater chances to increase the reach, regardless of the environment (Jacob, 2019).

Of all business people, small business owners have the largest need for the use of available technologies. The reason is simple. Every small business is full of resources. At least in the beginning. Moving to cloud technology can be a good idea to increase efficiency.

The biggest expenses are (certainly) in human resources. Thoughtfully assigned tasks and monitoring the employee's productivity, helps to get the most out of the minimum. There are a handful of online tools used by successful small business employers. And communication with outsourced collaborators and in-house employees via the Internet also shortens time and reduces costs.

Discussion through small business digital solutions

In order to implement organizational digital transformation in a small business, every organization must focus on the following three areas (regardless of the activity it is engaged in):

- Resource allocation: How will you decide what to invest in? Are you able to discard initiatives and parts of the business that have no potential for

the future? Can you leverage resources from existing lines of business to support new investments?

- Changing the measured values: What results are measured by senior management and decision makers? Do they only apply to existing business practices or can they also support new directions of development? What should be measured in the different stages of the transition to a new business model?
- Establishing impulses: What behavior is allowed, supported and rewarded in the organization? What are the managers responsible for? How are they assigned to new positions? Do compensation and recognition support or hinder necessary changes in strategy? (Krahovic, 2021)

A common mistake is that small business organizations focus on the technological component of the digital transformation framework. This happens because it is the most widespread trigger for starting such a transformation. While technology is a vital component, overlooking other steps will quickly prevent transformation.

Similarly, even if all streams are working towards a common goal, if there is no cooperation, the program will be crippled. If knowledge and insights are not shared, duplication will occur and progress will slow down. The solution to this is to ensure the existence of regular communication meetings at all levels of the organization, for those who lead the transformation, as well as for those who deal with the program on a day-to-day basis. This method of regular communication and team engagement also reflects a different way of working for many organizations. Nevertheless, joint cooperation is one of the desired outcomes of any digital transformation framework (Krahovic, 2021).

The sooner this way of working becomes part of the organizational culture of small businesses, the faster they will advance in their transformation.

A member of the Association of Young Businessmen of Serbia (AYBS) who has launched the SDR Hire platform (which deals with the provision of digital services) points out that a distinction should be made between the digital sale of products and the sale of digital products. He goes on to say that a small business owner can move their school supply store online, for example, and introduce online shopping. And this is an example of traditional entrepreneurship being transferred to the digital channel (Association of Young Businessmen of Serbia, 2022).

On the other hand, the digital employer of a small business venture, creates a software, a digital service or a digital product, which is then (most often) marketed through digital channels. Some examples of digital products are Ebooks, online courses, live lectures, webinars and the like.

Also, the digital business of small businesses includes digital services, such as programming, web design, SEO services, writing articles, writing e-mail marketing campaigns and many others. Most often, the offer and demand for such services are found on sites such as Upwork, Fiverr, Freelancer.

In Serbia, there is an extremely large potential for the development and implementation of digital transformation in small business, because most of the new employers see

it as the first and right option for modern business.

From the perspective of desire, ambition and innovation, there is no shortage of small business employers ready to embark on digital transformation. But, on the other hand, it is largely systemically prevented for employers who are generally engaged in entrepreneurship to be successful in it, and digital entrepreneurs even less so. There are no educations on entrepreneurship, on the tax system. Banks look at entrepreneurs as credit-unfit individuals, while the subscription business model does not work in Serbia.

Although it has great potential for employment, digital transformation in small businesses in Serbia is still not sufficiently recognized as a business model.

The majority of entrepreneurs and owners of small businesses in Serbia are young people, people in their twenties, thirties, and even forties. Generally speaking, it can be said that young people in Serbia are involved in digital transformation, but to an insufficient extent as far as the business world is concerned.

The main problems of implementing digital transformation in small business in Serbia is that this way of doing business is insufficiently promoted as a career path.

On the one hand, being an entrepreneur is anathematized as a difficult and unstable life and, on the other hand, it is reserved for some people whose circumstances are completely different from ours. In primary and secondary schools, entrepreneurship and small business as a vocation are rarely discussed, and even less so in colleges.

All this leads to the fact that a small number of people dare to try their luck at entrepreneurship and small business. Those people, then, encounter infrastructural difficulties that further deter them from this path, and we end up with a handful of individuals trying to persevere with their ideas and ambitions. What is often forgotten is that all companies that employ people with this profession (as a default career path) were just born out of the entrepreneurial ventures of their founders - some five, 10, 20 or maybe even 100 years earlier.

Business Central for small business includes licenses for a business system (Microsoft Dynamics 365 Business Central) and a package of services to introduce a customized area of business to make the employer's system function properly. Business Central for Small Business enables employers to use their own resources by empowering them to set up the system themselves, with simple instructions, templates and easy guidelines. Created in response to the need for a new kind of business system and setup and setup that makes sense for small businesses.

Small businesses can greatly benefit from a powerful system like Microsoft Dynamics 365 Business Central, as they don't need the extensive reporting and setup required for larger, more complex companies.

Small businesses are resourceful, adaptable and without a large administration and, as such, benefit from a quick, affordable introduction of such a system. They need:

- system introduction plan,
- guidelines and
- tools,

so that they can use the system smoothly and see the benefits it brings.

Business Central for Small Business is backed by years of GoPro company experience and fully tailored to the needs of small, growing businesses. The packages are exclusively designed for small and medium-sized businesses that have someone on their team who is familiar with accounting and is comfortable using technology. This implementation concept makes the business more proactive in the process itself, and, at the same time, it is supported by the extensive experience of the GoPro company. This enables the usage of the maximum potential for more precise analysis and management of the organization's performance.

In order to provide support to the SME sector in Serbia, on the path of digital transformation OTP Bank, together with the Association of Serbian Banks, will organize a series of educational activities based on the financial education of vulnerable groups which, due to the crisis caused by the pandemic, include micro, small and medium-sized organizations, which they represent the key to the development of the community and the growth of the domestic economy.

Although the infrastructure in Serbia sometimes does not offer favorable conditions for small businessmen who are starting their business, the possibilities of the digital world are, on the other hand, almost unlimited. Digital processes in a small business represent a form of business that enables the founder to sell digital products (that is, services) in the domestic or foreign markets.

Conclusion

In order to achieve the possible realization of ideas and accomplish success, it is necessary to have digital knowledge. If you wish that your ideas can be concretized and to have the possibility of realization, you must know:

- the new technologies that are used,
- distribution channels,
- suppliers,
- customers and their needs,
- production and distribution costs,
- margins,
- monopolies,
- dominant market "players" and their strong and weak points.

It is known that "no one is born experienced", which is also true for digital transformation in small business. There is the possibility of training and courses that will help to master some of the innovative skills and gain knowledge, but the vast majority will be acquired exclusively through experience, constant contacts with customers and suppliers, and constant monitoring of new technologies. Digital transformation will enable small businesses to improve their existing business segments.

The development of new competencies directs companies to be more agile, people- and customer-oriented, innovative, focused, efficient and to be able to take advantage of opportunities to change the existing conditions and use new data sources. Here are some of the main benefits of digital transformation that can become a reality for

any small business:

- Saving time by automating manual processes;
- Creation of a serious customer database;
- Business resilience to future uncertainties;
- Identification of the vision that guides the entire business;
- Focusing on user experience;
- Identification of all aspects of the organization that slow down or hinder work with clients;
- Ranking the potential value of each strategy;
- Making decisions based on quality data.

Digital technologies and the ways we use them in our personal lives, work and society are forever changing the face of business. In short, digital transformation is no longer just a futuristic idea. The necessity of its application can not be ignored, certainly not if the organization has any interest in success or profit.

Whether small business owners are ready to innovate or not, it is certain that digital transformation will not bypass them. Information has become a basic tool for understanding how the world works in the 21st century. If the available data is used and analyzed in the right way, it can be an excellent tailwind and it can influence strategic changes in any business. According to some researches, the world market of digital transformation will be worth 798 billion dollars by 2025. But it is clear that it will not stop there, because the world of artificial intelligence has just begun to develop and it is also not possible without digital transformation, which will lead to new technological breakthroughs in all spheres of life.

Although adapting business models is a challenging process, turning to the digital arena undoubtedly enables small business growth. The most common reasons for this are:

- Attracting new customers - For any company that wants to do business successfully, it is important to understand and adapt to consumer demands and “listen” to changes in the market. By moving business to the digital sphere, retailers show interest in customer needs and build a loyal base, but also attract new categories which (in the long term) means maximizing profits.
- Cooperation with international companies - Companies that intend to cooperate with the foreign market and thus increase their profits, can not take this step without digitalization. The transformation significantly accelerates and modernizes procedures, and it is a prerequisite for cooperation with world-renowned.
- New products and services - Improvements brought by modern tools increase the efficiency of the entire company. Additionally, modernization of the work process provides motivation to employees, opens space for innovation and contributes to the development of new products and services (Djermanovic, 2019).

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