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CHALLENGES OF BUSINESS MANAGEMENT TRANSFORMATION IN THE DIGITAL ECONOMY

Abstract: *In the conditions of globalization and globalized of the modern world economy, rapid changes in consumer tastes, business management environment, acceleration of digital transformation have brought revolutionary changes in the business activities of companies. New forms of digital interaction and information exchange pose various challenges to businesses and push them to adopt digital solutions. The ongoing hostilities between Russia and Ukraine in the Middle East and the resulting economic uncertainty have prompted companies to radically review the value chain in their business strategy.*

The purpose of the research is to determine the challenges in the transformation of business management in the conditions of digital business in order to avoid delays in the creation of the value chain of the business strategy of Georgian firms and to meet the rapidly changing needs of consumers.

In the paper, the methods of gathering, grouping, analysis and synthesis of materials were used to reveal the problems of digital transformation of modern business management. The method of gathering materials was used to evaluate the possibility of transformation of business management, and the method of observation was used to reveal the potential of digital transformation of business management. On the basis of which the potential of digital transformation of business management was identified and the possibilities of its implementation were analyzed.

As a result of the research, the factors hindering the digital transformation of business management were identified, the elimination of which will contribute to increasing the competitiveness of the companies operating in Georgia and raising the qualification level of the personnel employed in them.

In order to eliminate the problems arising during the digital transformation of modern business management, we have developed recommendations, the consideration of which will significantly increase the level of competitiveness and management of companies operating in modern Georgia..

Keywords: *Business management, digitization, business-wide transformation, creating more value in new business.*

JEL classification: *M11: M15: IT, M2*

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ბიზნესის მენეჯმენტის ტრანსფორმაციის გამოწვევები ციფრული ეკონომიკის პირობებში

აბსტრაქტი: თანამედროვე მსოფლიო ეკონომიკის გლობალიზაციის და გლობალიზაციის პირობებში მომხმარებელთა გემოვნების, ბიზნესის მენეჯმენტის გარემოს სწრაფმა შეცვლამ, ციფრული ტრანსფორმაციის დაჩქარებამ რევოლუციური ცვლილებები შეიტანა კომპანიების ბიზნეს-საქმიანობაში. ციფრული ინტერაქციის და ინფორმაციის გაცვლის ახალი ფორმები სხვადასხვა სახის გამოწვევას უქმნის ბიზნესს და უბიძგებს ციფრული გადაწყვეტილებების მიღებისკენ. ახლო აღმოსავლეთსა და რუსეთ-უკრაინას შორის მიმდინარე საომარმა მოქმედებებმა და შესაბამისად შექმნილმა ეკონომიკურმა გაურკვევლობამ კომპანიებს უბიძგა თავიანთ ბიზნეს-სტრატეგიაში ღირებულებების ჯაჭვის რადიკალური გადახედვისაკენ.

კვლევის მიზანია ბიზნესის მენეჯმენტის ტრანსფორმაციის კუთხით არსებულ გამოწვევების დადგენა ციფრული ბიზნესის პირობებში ქართული ფირმების ბიზნეს-სტრატეგიის ღირებულებათა ჯაჭვის შექმნაში შეფერხების აცილებისა და მომხმარებელთა სწრაფად ცვალებადი მოთხოვნილებების დაკმაყოფილების მიზნით.

ნაშრომში ბიზნესის მენეჯმენტის ციფრული ტრანსფორმაციის პრობლემების გამოსავლენად გამოყენებული იქნა მასალების თავმოყრის, დაჯგუფების, ანალიზის და სინთეზის მეთოდი. მასალის თავმოყრის მეთოდი გამოყენებული იქნა ბიზნესის მენეჯმენტის ტრანსფორმაციის შესაძლებლობის შესაფასებლად, ხოლო დაკვირვების მეთოდი - ბიზნესის ციფრული ტრანსფორმაციის პოტენციალის გამოსავლენად.

კვლევის შედეგად გამოვლინდა ბიზნესის მენეჯმენტის ციფრული ტრანსფორმაციის ხელშემშლელი ფაქტორები, რომელთა აღმოფხვრა ხელს შეუწყობს საქართველოში მოქმედი კომპანიების კონკურენტუნარიანობის ამაღლებას და მათში დასაქმებული პერსონალის კვალიფიკაციის დონის ამაღლებას.

თანამედროვე ბიზნესის მენეჯმენტის ციფრული ტრანსფორმაციის დროს წარმოქმნილი პრობლემების აღმოსაფხვრელად შევიმუშავეთ რეკომენდაციები, რომელთა გათვალისწინება მნიშვნელოვნად გაზრდის თანამედროვე საქართველოში მოქმედი კომპანიების კონკურენტუნარიანობისა და მენეჯმენტის დონეს.

საკვანძო სიტყვები: ბიზნესის მენეჯმენტი, გაციფრულება, ბიზნესის მასშტაბით ტრანსფორმაცია, ახალ ბიზნესში მეტი ღირებულებების შექმნა.

JEL კლასიფიკაცია: M11; M15; IT, M21

INTRODUCTION AND REVIEW OF LITERATURE

Introduction.

The essence of the issue, the problem. Changes in consumer desires and business management conditions, as well as the rapid development of the digital environment over the last decade, have had a revolutionary impact on the global economy, as well as the economic growth of the countries and companies involved in it. New forms of digital interaction and information exchange pose a challenge to the business management of companies operating in Georgia, which pushes them to adopt various digital solutions. In the Middle East, as well as the ongoing hostilities between Russia and Ukraine, the resulting economic uncertainty has pushed this issue even further and pushed many Georgian companies to radically change their current and future strategies. In order to avoid disruptions in the creation of the value chain and to meet the ever-changing needs of customers, companies operating in Georgia are using digital technologies to create new digital services and business models, strengthening business strategies and management to support the changes. This complex combination of human resources, business processes and innovative technologies involved in constant changes is reflected in digital transformation. The researchers agreed that digital transformation refers to the holistic process of organizational, structural and cultural changes of companies operating in Georgia, which is driven by digital technologies.

The purpose of the study is to determine the challenges in the transformation of business management in the context of digital business in order to avoid delays in the creation of the value chain of the business strategy of Georgian firms and to meet the rapidly changing needs of consumers. To achieve this goal, statistical methods of material collection, grouping and analysis were used. Correctly determining the place of Georgian companies in the digital economy will help to reveal and implement the digital transformation potential of their business management in the new reality of Georgia.

Research hypothesis and task. The hypothesis of the research is that if Georgian companies make a digital transformation of their business management, then, by forming an optimal strategy, they will be able to establish a favorable place in the digital economy, reveal and implement the existing potential in the field of business. The main task of the research is to determine the ways to solve the problems in the field of digital transformation of business management of companies operating in Georgia.

The methodological basis of the paper is the works of Georgian and foreign scientists in the field of digital transformation of modern business management. Our research is based on methods of collecting, grouping and analyzing materials. In particular, the method of collecting materials is used to evaluate the possibility of transformation of business management of Georgian companies, and the method of observation is used to identify the challenges in this field, the potential of digital transformation, on the basis of which the potential of digital transformation of business management was identified and the possibilities of its implementation were analyzed. The paper examines the specifics of digital transformation of business management of modern Georgian companies using quantitative and qualitative research methods. Georgian and foreign scientists have developed many works on business management of companies, but their research is mainly focused on traditional strategies and approaches of

business management of companies. The shortcoming of their research is that, according to them, the success of companies depends on the correct selection and driving of the optimal among the existing options of traditional strategies and approaches of their business management, on the geographical location of these companies, on the complex development of many interrelated processes in international business. They argued that the geographical location of companies is a sufficient condition for them to become successful.

The potential usefulness of the proposed research lies in the fact that the problems and specifics of digital transformation of business management of companies operating in Georgia are discussed in the new reality of the world economy, against the background of the uncertain, unstable situation caused by the impact of hostilities between Russia and Ukraine.

Review and understanding of relevant literature

Consider the opinion of some foreign researchers about the problems and specifics of digital transformation of modern business management. For decades, scientists, managers and consultants have realized that the digital transformation of companies' business management is a complex process. Therefore, they try to create such electronic business models that ensure the competitiveness of companies, their successful operation. They have created different business models of leadership that create a vision and unite employees around a common vision. They highlighted the importance of organizational culture in this process, proved the negative impact of downward communication on digital transformation and urged companies to listen to employees, involve them in changes and create an environment supportive of new ideas.

For example, in 2024, professors Eter Kharashvili, Paata Koghuashvili and Nino Shengelia published a paper in the international scientific journal "Innovative Economy and Management": "From traditional to 'smart' agriculture: advantages, challenges and perspectives of digitization", where digital transformation is assessed as a key issue for Georgian companies. The basis of modernization and progress. In the paper, the authors note that "today, digital transformation is considered as a key element in the modernization and progress of farms. The use of digital tools in business ensures an increase in competitiveness, as well as effective and sustainable use of resources, improves risk management, provides an opportunity to predict market trends and make strategic decisions." (Kharashvili E., Koghuashvili P., Shengelia N., 2024: 8).

The young Georgian scientist-worker Giorgi Abashidze published the work "Digital economy: how digitization transforms the economic structure" in the international scientific journal "Innovative Economy and Management", where the author notes that "one of the most important processes currently taking place in the modern economic system, There is a digital transformation that is leading to digitization of all economic sectors and creating a digital economy..... Every field has undergone a substantial change as a result of digital transformation. Accordingly, the economic system is moving from traditional markets to interconnected networks, from traditional consumers to active buyers, from property-based models to access-based models, and from a consumer-oriented economy to a sustainable economy" (Abashidze G., 2024: 18).

The expediency of the development of digital supply networks in the process of ensuring food security is substantiated in the paper "Food security problems under the conditions of the

development of the digital economy" published in 2023 by the young Georgian scientist-economist Lela Aduashvili in the international scientific journal "Innovative Economy and Management". In particular, against the backdrop of the uncertainty formed as a result of the Covid-19 pandemic and the accompanying crisis analysis, the shortcomings of traditional food supply chains are presented and the need for their replacement is confirmed. (Aduashvili L., 2023: 48).

Bulgarian researchers Krasimir Shishmanov and Kremena Marinova in their work "Peculiarities of digital enterprise functioning" note that "The Digital Enterprise is an organization that uses information technology (IT) to gain a competitive advantage in all aspects of its operations, including production, business processes, marketing, and customer interaction.... The idea in digital enterprises is not only to create automated systems where computers are integrated or embedded in certain physical devices or systems, but to combine and harmonize more production models with computer ones." (Shishmanov, Marinova 2023: 112)

Ukrainian scientists Ihor Halytsia, Oleksii Oleksiuk, Olha Prokopenko and Tamara Bereziako in their work "Fourth Industrial Revolution and Strategic Laws of Management and Competitiveness of Economic Subjects" note that "A virtual intellectual economy is being formed due to the Fourth Industrial Revolution. The main characteristics of this economy are the virtualization of the whole social and economic life, an increase in the share of intellectual spheres of economic management in the real economy, intellectualization of mainly non-intellectual spheres of economic management. The development of the virtual-intellectual economy transforms the management of socio-economic systems and, first of all, of economic entities. New regularities of enterprise management emerge acceleration of the impact of the subject of activity on the object of activity, the impact of the subject of management activity on the object of management activity and event-driven management densification." (Halytsia, Oleksiuk, Prokopenko, Bereziako, 2023: 40-41).

Thus, as it can be seen from the analysis of the studies carried out so far by Georgian and foreign researchers on the transformation of modern business management, if the digital transformation of business management is properly conducted, it is possible to identify and implement the existing potential in the business of modern companies, to solve the challenges in this field. According to them, proper business management has a crucial role in the successful development of modern companies. In their works, the specifics of business management transformation and aspects of competitiveness enhancement are reviewed in detail. Studies like this in business management will create favorable conditions for the development of modern companies so that the country can take its place in the region.

In the works of Georgian scientists, the challenges of digital transformation of business management of modern Georgian companies are studied in detail, during the study of which Georgian scientists came to the conclusion that the business management of companies operating in Georgia needs further improvement, introduction of digital technology. As it is clear from the analysis of the works of Georgian researchers, the demand for digital transformation of business management from Georgian companies is increasing.

Our vision in this paper, unlike other scholars, is to study the possibilities and advantages of digital transformation of business management of Georgian companies in the conditions of

modern, unstable world economy, against the background of hostilities between Russia and Ukraine and sanctions against Russia. The transition to the digital economy puts on the agenda the need to adapt the management of business strategies of Georgian companies to the new environment. The previously unsolved problem of digital transformation of business management of companies operating in Georgia, to which the article is devoted, is to discover new opportunities by transitioning Georgian companies to the digital economy, so that these companies can fully reveal and realize their business potential.

METHODOLOGY

The methodological basis of the work is the scientific-intellectual studies prepared by Georgian and foreign scientists in the field of digital transformation of business management. The work is built on the relevant research base of theoretical concepts and ideas in the field of electronic business models and strategies. Statistical research methods used in the research of the thesis, which correspond to the direction of research in the field of business management.

RESULTS

Challenges of business management transformation in modern Georgian companies.

In the activities of modern companies, the digital transformation of business management (digitization) is a difficult but inevitable process. Naturally, such questions are asked: how should the company's management digitize the business? What potential challenges do they face along the way? Companies that actively embrace digital technologies and implement them in their business can reap many benefits. Among them are gaining a new competitive advantage, accumulating customer experience, increasing production efficiency and, accordingly, revenues, and others, but on the way to digitalization of business management, many companies face significant challenges that prevent the transformation process and lead to its failure. What is encouraging, however, is that the challenges associated with digital transformation are fairly uniform. Accordingly, these barriers can be overcome by taking into account the experience of other companies that have gone through the transformation, by selecting effective approaches and implementing the right strategy. Similar to overcoming the challenges associated with traditional business, in this case too, it is possible for the management of the company to learn from the mistakes of others and properly plan the digitization of their business activities. By proactively addressing these common barriers to digitalization of business management, Georgian companies can create favorable conditions for successful digitalization of their business management.

Observing the business activities of companies operating in Georgia has shown that they face the following challenges in the process of digitization of business management:

1. Absence of a clear vision and strategy. The main determinant of the successful digitization of business management is the possession of a correctly selected strategy. Otherwise, managers on the way to business digitization will find themselves in an uncertain situation - what technologies should they implement? How should these technologies be used? And in general, what does digital technology serve? This lack of clarity and lack of strategic priorities is often the root cause of failure. Involvement of key stakeholders (top managers, marketers, sales managers, software package developers and other actors involved in business communications) is crucial in establishing a clear digital vision. This strategy should turn into an actionable roadmap (roadmap means dividing the long-term vision into actionable phases), more specifically: it should be

assessed how ready the company's business is for digitization, which will help its management to identify areas of strength and improvement. This will help them see what the digitalization environment of their business is like and what measures can be taken to achieve the desired goals. Georgian companies should conduct corporate seminars to generate ideas from stakeholders of different departments, to identify their digital goals, to utilize digital opportunities to optimize customer opinions. Companies operating in Georgia should define indicators of success (performance against digital goals) that correspond to the digital vision of the company's management, so that progress is measurable and the transformation process is controllable. Business managers of Georgian companies should develop a step-by-step roadmap, define clear deadlines and measures for the implementation of each step. This step-by-step approach allows flexibility and adaptability of the digital transformation process of business management;

2. Resistance to change. Employees accustomed to traditional ways of working may find themselves confused and frustrated when faced with new technologies and work processes. This resistance can lead to a decrease in productivity, which in turn affects the overall performance of the business. It is necessary to introduce effective change management practices in companies operating in Georgia. Active and open communication of the main goal of the transformation will help the employees of the companies operating in Georgia to understand the need for the process and to be involved in the transformation. Observation of the economic behavior of companies operating in Georgia has shown that for the formation of a culture supporting digitization of business management, it is necessary to:

a) Establishing correct and active business communication, through which the goal of digital transformation should be clearly explained, benefits for both the company and employees should be clearly outlined. The management of the company should present the establishment of business communication as an opportunity for professional growth and development.

b) Empathy - the management of the company should focus on emotions and take into account the frustration of employees towards changes. At this time, it is important for people to have the perception that the company's management takes into account their feelings and emotions, evaluates the perspective of career advancement of each employee and the common interests of the transformation process.

c) Support - Company management should involve employees in the decision-making process and encourage their feedback. This creates a sense of belonging, motivates employees to be involved and increases their contribution to the digitization process.

d) Continuous development - the company's management should conduct trainings, develop training programs to make sure that the employees own new technologies. It is important for business managers to implement a mentoring system, to provide continuous support for its development, which will help reduce resistance, develop a culture of learning and adaptation in the company.

e) Acknowledgment of achievements - business management should periodically recognize individual and team achievements (at first glance, even small, insignificant ones) in the process of digitization. Sharing success stories increases interest in the transformation and makes the transformation process clearer.

3. Inadequate budget and resources. There are many cases when the company's management clearly declares the desire for digital transformation and justifies the need for it, but often this business requirement is not accompanied by appropriate next steps. The process of digital transformation requires investments in technology, increasing the competence of employees and potentially the support of external expertise. Securing sufficient financing and effectively allocating resources is often a challenge for companies operating in Georgia. Company management must carefully assess budget constraints and prioritize areas that align with the digital goals that support their business strategy. Correctly assessed digital readiness will help them to define their strategic priorities, it is the digital development roadmap that should be supported with appropriate budget and resources for a better allocation of resources in the digitization process:

a) Digitization budget - it is necessary to include in the budget the funds needed to achieve the digital goals of business management for the appropriate period of time, because innovation and digital transformation are impossible without incurring financial costs.

b) Cost optimization - cost optimization of business management digitization may include renegotiation of software licenses with providers, consolidation of suppliers or elimination of unnecessary costs.

c) Cost-Benefit analysis - it is necessary for business management to analyze the costs to be incurred in order to realize digital initiatives and the acceptable, expected benefits from these incurred costs, in order to prioritize the initiatives bringing the greatest value.

d) Resource allocation - Company management must plan how to allocate budget, human capital and technological resources, taking into account the team's skills, workload capacity and potential for upskilling of existing employees.

e) Budget flexibility - the company's management should take into account in the budget the amount to be paid to cover unplanned expenses or to absorb opportunities. The compliance of the budget with the priorities should be regularly monitored.

4. Inappropriate IT infrastructure. Legacy technologies can create interoperability issues with new digital tools, limiting the scalability and agility needed for transformation. At the same time, an inadequate IT infrastructure is a severe stressor for a company's team undergoing digitization. This contributes to people's frustration. Modernizing legacy technologies can be an important prerequisite for any digital initiative. Therefore, the company's management should consider the following aspects:

a) Legacy Infrastructure Assessment - Company management should reassess legacy hardware, evaluate all software packages and applications, and analyze their compatibility with digital goals. It is necessary to modernize critical systems, and phase out non-critical systems.

b) Modernization Roadmap - Company management should develop a step-by-step plan taking into account budget, environmental factors, barriers and operational impacts.

c) Modernization options - the company's management should explore replacements of existing programs with solutions based on cloud systems, through the integration of APIs or using a virtual environment. Company management should also explore the possibility of migrating legacy systems to cloud systems in terms of scalability, cost effectiveness, and data archiving or restoring access to systems.

d) Data Migration - Company management should develop a secure and efficient data transfer strategy (taking into account data cleaning, mapping and downtime).

e) Support system - the company's management should develop a systematic approach to solving employee problems and providing the necessary training module to work in a modernized environment.

5. "Bunker" databases and security problems. Data scattered across different systems can hinder its effective use. In practice, there are often cases when there is no unified approach to data storage and processing in the company. As the observation of the business behavior of companies operating in Georgia has shown, there are often cases when sensitive information is stored only on the hard disk of the laptops of different co-workers. Furthermore, ensuring data security in a digital environment is paramount and often one of the least-considered aspects of transformation. Therefore, in order to properly manage data and reduce security risks, the management of Georgian companies should consider the following aspects:

a) Data Mapping - Company management must identify all data sources, formats and locations in order to understand current data processing practices in the company and discover "data bunkers";

b) Data management - the company's management must establish a policy for access, access and use of data, as well as security protocols for responsible data management;

c) data integration - the company's management must "break down data bunkers" to make integrative decisions, to facilitate the continuous flow of information exchange and processing, to strengthen data-based decision-making practices;

d) Cyber security - Company management should invest in robust security tools, conduct regular assessments, and raise employee awareness of data security best practices.

e) Continuous improvement - Company management must continuously monitor, review and update governance policies, security protocols to adapt to potential threats and regulations.

6. Lack of digital literacy skills at company level. In addition to the need for specific technical expertise, the successful digital transformation of business management significantly requires a high level of digital literacy skills of the company's team. This means that employees at all levels—from top management to front-line staff—must be comfortable using digital tools and platforms. The absence of these fundamental digital skills can create significant barriers to digitization, which often become the cause of potential failure in Georgian companies. To improve digital literacy skills, it is important for company management to consider the following aspects:

a) Analysis of digital skills - the management of the company should assess the level of digital literacy, as well as identify areas for improvement and prioritize the improvement of competencies.

b) Multi-level training system - the company's management should develop training programs for people with different levels of digital skills, starting with basic computer knowledge and ending with complex tools.

c) **Micro-learning and gamification** - the company's management should use small modules and gamification to increase employee engagement, which will allow it to develop an interactive learning process and increase employee enthusiasm and motivation.

d) **Mentorship programs** - Company management should encourage a culture of knowledge sharing and mentoring to promote collaboration and effective use of the core competencies of the company's team.

e) **Ongoing support** - Company management must create a digital knowledge base to decode the knowledge and skills of the company's team, as well as training in the use of digital platforms and systems that provide continuous employee support with minimal input.

7. A prerequisite for failure is the absence of a digital transformation team. The most common barriers more or less include the challenges that companies operating in Georgia face on the way to digitalization, but the most common (and, one might say, classic) mistake is when their management tries to implement digital transformation only with internal resources. The process of digital transformation is complex and requires a holistic approach across the entire company. Therefore, it needs a transformational team composed of people with relevant expert competencies and cross-industry experience who understand business objectives and technology capabilities equally well. A smooth digital transformation requires a clear vision, effective communication and an understanding of the responsibility to create the necessary capabilities for the company.

Analysis of the results of observing the challenges in the way of digitalization of business management of Georgian companies.

From the analysis of the results of the research on the challenges in the way of digitization of business management of Georgian companies, it is clear that the majority of their management does not properly take into account and, therefore, does not fully share the practical experience gained by the management of other companies that are ahead of the way of business digitization. It is important for change managers how to manage the digital transformation of their company's business in a specific context. Understanding and analyzing different approaches to digital transformation is a good foundation for managing the changes brought about by the digital context.

The analysis of the results obtained from our observation showed that the challenges of business management transformation of Georgian companies are divided into three categories: 1. Problems caused by digitization; 2. Problems caused by business scale transformation; and 3. Challenges related to creating more value in the new business. Georgian companies face difficulties in all three stages, and if they move to each subsequent stage in case of incomplete completion of the previous stage, the failure rate will increase even more. Consequently, two out of every three attempts at digital transformation of their business management end in failure.

Simplification of business processes related to supply chain, automation of human resource management processes, provision of service portal of companies operating in Georgia requires digitization with the help of so-called ERP systems (supplier relationship management software package - SRM, customer relationship improvement application - CRM). Although the introduction of digital programs is not enough for the transformation of Georgian companies, this step is the basis for a quick return on the capital invested by them, which, in turn, will enable

companies operating in Georgia to make more complex investments on the path of digital transformation.

Business-wide transformations of Georgian companies are aimed at improving existing operations, but once successful they open up new opportunities to create value, for example by discovering new markets or finding new efficient ways of doing business. Therefore, business-wide transformation is functional and difficult for Georgian companies. The knowledge and experience gained in this way will be crucial for them on the path of digital transformation. Georgian companies on the way to create value through digital transformation will use new opportunities in terms of improving customer relations, this may be the creation of a new business model, such as sales of products and services, a subscription-based business model. This can be related to the progress of products, the operational performance of systems or the accurate forecasting of data related to other business processes.

Georgian companies' business-wide transformations are focused on improving existing operations, but once successful, they open up new opportunities for value creation, for example by discovering new markets or finding new efficient ways of doing business. Therefore, business-wide transformation is functional and difficult for Georgian companies. The knowledge and experience gained in this way will be decisive for Georgian companies on the way to digital transformation. With digital transformation, Georgian companies on the way to value creation will seize new opportunities in terms of improving customer relations, this can be the creation of a new business model, such as product and service sales, subscription-based business model, in the business operations part, it can be related to the advancement of products, operational work of systems or other processes. Accurate forecasting of related data.

Nevertheless, the analysis of the research results showed that in the majority of companies operating in Georgia, two out of every three initiatives of digital transformation of business management end in failure. Therefore, in order to transform business management into a digital format, they must make certain changes in the awareness of their staff. These changes should be implemented consistently, following certain regularities known as the "7C's for Change" model. It is important for managers of Georgian companies to take into account how digital skills are formed and how the brain of the staff reacts when changing habits. For that, companies operating in Georgia should use the 7C's (7 habits for change) model, which implies:

Scheme 1. 7C's for Change



Source: <https://www.act-global.com/ka/georgia/insight/rogor-vmartot-tsifruli-transformatsia>

Scheme No. 1 shows the seven skills that employees of Georgian companies should possess in order to implement changes in terms of digital transformation of business management. In particular, these skills are: communication, clarity, confidence, continuity, cooperation, persuasiveness and consistency.

1. Communication. Communication should be a key habit when it comes to digital transformation of business management. Employees want to feel that they have a voice and that their voice is understood. When introducing changes, it is necessary to create platforms where employees will have the opportunity to share their opinions and be involved in the changes as much as possible. Leaders must show empathy during stressful times and connect with employees on an emotional level. This communication can be in the form of surveys, feedback sessions or one-on-one conversations.

2. Clarity. Everything should be clear and certain when going through the transformation process. To reduce risks, the role of business management needs to be clearly defined. The goals of digital transformation should also be clear. Unclear goals can add to already existing anxiety because employees will not know if they have reached the goal or how to measure their progress toward the goal. This means that goals must be specific and measurable.

3. Confidence. Many people may feel uncomfortable in a turbulent environment when a company changes. They may question their competence, question their abilities, etc. This can lead to increased anxiety and depression. In contrast to these feelings, leaders must ensure that their employees' self-esteem is raised. They need to show that the employees themselves control the processes, make the choice of what tactics to be guided to achieve the goal, etc.

4. Continuity. For effective digital transformation, this process must be continuous. This means that the transformation doesn't stop once it's started. Companies operating in Georgia should plan for the next change and receive feedback on the previous change. Employees often need time to process new information, because the human brain quickly forgets most of the received information. If the information is reviewed after a few days, it is much easier to store it. Therefore, when digital products are introduced across the organization, training needs to be done continuously to get the maximum benefit from them.

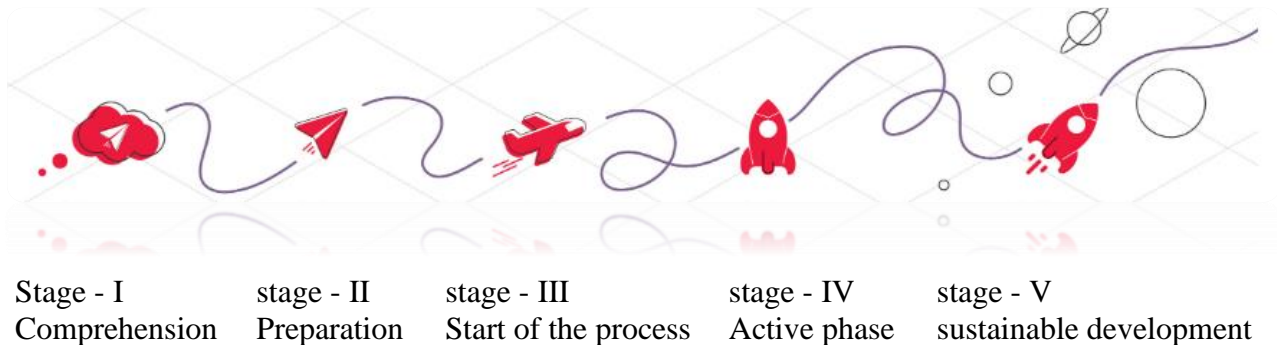
5. Cooperation. Because the brain is a social organ, people can find comfort in interacting with others. In companies operating in Georgia, leaders can provide additional opportunities for employees to develop work-oriented teams. In addition, it is necessary to involve them in the process of digital transformation. Employees are more adaptable if they feel they are the decision makers.

6. Persuasiveness. Leaders in companies operating in Georgia need to instill a sense of confidence that digital transformation is inevitable and that their company will continue to operate successfully. Business managers of Georgian companies should often provide information about these facts to employees. As a result, the staff will be assured that their workplace is not in danger. Feeling safe and confident will lower the threat alarm in the brain. Communication and a sense of security will keep employees of companies operating in Georgia engaged in the process of change, which increases the chances of success.

7. Consistency. Forming a new habit takes time. Changes happen more easily when it is done consistently and in small doses. Leaders may want to make big changes in companies

operating in Georgia, but if they are only focused on achieving the final goal from the beginning and do not start implementing these changes in small steps, the process of change can turn out to be very difficult and painful.

Scheme 2. Stages of digital transformation of business management



Source: <https://bdodigital.ge/tsiphruli-transphormatsiis-etapebi-da-tsiphruli-simtsiphis-machveneblebi-biznesshi/>

As can be seen from chart #2, the process of digital transformation of business management is carried out in five stages.

In stage I of digitization, the company faces challenges related to flexibility and adaptability. Based on customer demands, competition and changes in the industry itself, the need for transformation using modern technologies becomes clear. However, at the current stage, there is no active work in the company.

In the II stage of digitization, business management appears as the initiator of digital transformation, the search for resources within the company or with the help of partner companies begins. Active preparatory work is underway to prepare the digital transformation strategy.

At the III stage of digitization of business management, the "map" of digital transformation is ready. At this stage, the company is implementing and using modern technologies. Individual departments and business lines are already using the new capabilities, but integration between them is still limited.

At the IV stage of digitalization of business management, the digital transformation process is actively underway in the company. Basic changes have been made, and business management in specific areas is already clearly seeing the benefits of transformation. Business management ensures the integration of different areas of business into a single business process. The necessary resources are allocated in the company to bring the process to the end.

In the fifth stage of digitization of business management, the process of digital development in the company does not stop, the transformation of all the main processes has been carried out. Sharing information between different lines of business promotes innovation and business growth. Business management, like the rest of the employees, is constantly thinking about ways to improve the business.

CONCLUSIONS

In order to increase the chances of success during the digital transformation of business management, companies operating in Georgia can take the following measures:

1. Reorganization of workplaces: Successful digitization of business management requires both savvy leaders with digital savvy and human capital to implement digital transformation changes. Of course, in order to develop radically different skills and abilities for employees or to acquire new talent, Georgian companies will need to invest in intellectual capital, because without capital investment, changes cannot be implemented. One important step for companies operating in Georgia is to develop clear working capital strategies to help identify the digital skills and capabilities their employees currently have and will need to achieve their future goals.

2. Updating the culture of the organization. As the digital transformation of business management requires new ways of working as well as changes in the organizational culture of Georgian companies, employees must be empowered to work differently and maintain a faster pace of business. The introduction of digital tools and the modernization of processes, together with the development of an agile operating model, will facilitate these changes.

3. Changing the old communication channels. Good business communication has always been a key success factor in traditional business management change efforts. It is equally important in the digital transformation of business management. Companies operating in Georgia, in the digital context, must use more creative channels to introduce new, faster ways of working, faster thinking and behavioral changes that the digital transformation of business management requires. One such change is the shift from traditional channels that support only one-way communication (such as company-wide e-mail) to more interactive platforms (such as internal social media) that pave the way for open dialogue between business managers and employees of Georgian companies.

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