

# THE IMPACT OF DIGITAL TRANSFORMATION ON MULTINATIONAL COMPANIES

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The digital economy is becoming an integral part of global economic processes. It is turning into one of the main drivers of growth and development of companies. There has even appeared such a category of business entities as digital companies, digital transnational corporations (TNCs), digital multinational enterprises (MNE).

The study revealed the features of transnationalization in the activities of digital companies, which, first of all, include the following: a change in the role of foreign direct investment, since the digital economy allows companies to work on a global scale and operate in foreign markets with virtually no physical presence, the need for a limited amount of foreign assets for doing business, the concentration of investments of digital companies, their parent companies and foreign branches in several developed countries. The introduction of digital technologies leads to a change in the content of international commercial operations: completely new multinational business models emerge, a radical transformation of international operations takes place, as a result the digitalization fundamentally changes the nature of international activities of companies. The new technologies are expected to have a significant impact, primarily on the supply chain, for these partially digital companies. The new forms of intercompany collaboration based on cloud computing and open source platforms are emerging. Supply chain

cooperation will presumably shift towards collaboration on a platform such as joint procurement and information-gathering services and the sharing of vehicles and storage facilities [1].

At the same time as technological investment increases, the corporate digital transformation raises other basic needs to be completed successfully. For example, a change in corporate culture. The reform of the set of beliefs, values, habits and experiences that define a company through its workers is one of the greatest challenges in the digital age. This is because the corporate culture reflects the spirit of the company, its way of thinking and acting, its values, its ethics, its corporate purpose. Digitalization must be a progressive and constant process, driven by the development of technology and the claims of consumers and employees, who demand more agility and personalization from companies [3].

Today, digital technologies have not yet had a serious impact on the international positions of traditional MNCs (foreign assets, sales volume and number of employees), however, the tendency to switch to the models of international production that do not require expensive assets and alternative management methods is already gaining momentum. The introduction of digital technologies fundamentally changes the nature of the international activities of MNCs and the influence of their foreign branches on host countries. The nature of the companies selling their goods and services abroad, as well as the nature of production, is changing. Using international technologies, international corporations are able to contact foreign consumers and sell their products to them without serious investments in real infrastructure in foreign markets [1].

Digitalization creates additional opportunities for increasing the efficiency of TNCs by reducing “input costs”, lowering prices, stimulating sales using online network services, expanding opportunities for communication with audiences of different markets at the same time, additional opportunities to reach contact audiences in different markets appear. consumer motivation research. There is a fundamentally new approach to the perception of innovation, if earlier innovations were “embodied” mainly in goods and technologies of their manufacture, now more and more production of innovations is becoming an independent activity, the sphere of attracting capital from TNCs. New creative industries are emerging in R&D.

One of the important factors of leadership is the high concentration of innovation due to the base and operation of the largest TNCs in the world. According to the 2020 EU Industrial Research and Development Scoreboard: EU companies remain robust and increase investment amidst stiff global competition, in the ranking of 2,500 worldwide largest R&D investors, the US comes first with 775 companies (€348 billion), followed

by 421 EU-based companies (€189 billion) and China 536 companies (€119 billion). The 421 EU-based companies employ more than 16.8 million people, an increase of 0.2% over the previous year. The continued increase of the number of Chinese companies in the Scoreboard and the exit of UK companies from the EU figures weakens the EU representation among the top corporate R&D Investors, pointing to strategic specialisations and gaps in industrial R&D capacities. Global R&D growth was driven by the US ICT sector (14.5%) followed by the health sector (13.7%). EU R&D growth was driven by automobiles (4.2%), ICT (8.6%) and health (5%). EU companies are competing with the US in aerospace and defence and in the chemicals sector where Japan takes the lead [2].

Consequently, in order for TNCs to remain the market leader, digitalisation is needed. The introduction of digital technologies transforms business models, develops new products and services, creates new business processes, creates more usefulness and introduces a new management culture.

### **References:**

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