

DIGITAL TRANSFORMATION OF SMES IN THE EU: SUPPORT, STRATEGIC INITIATIVES, AND CHALLENGES ON THE PATH TO SUSTAINABLE DEVELOPMENT

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Abstract. Digital technologies are changing today's business landscape, increasing operational efficiency, improving customer experience and requiring significant changes in organizational culture and skill sets. The success of digital transformation depends on the effective integration of technology with people and culture. Businesses that adapt and embrace these changes are better placed to thrive in the digital age.

The European Union (EU) plays a crucial role in supporting the digital transformation of small and medium-sized enterprises (SMEs). Let's consider the initiatives and goals of the EU in this area:

The EU's Digital Europe program provides funding for projects that are critical to digital transformation, covering areas such as artificial intelligence, cybersecurity, advanced digital skills and widespread use of digital technologies. This program aims to bridge the gap between digital technology research and market deployment, benefiting citizens and businesses, especially SMEs. It supports the EU's green transition and digital transformation goals, while strengthening sustainability and digital sovereignty.

The EU has set ambitious digital transformation goals for businesses until 2030. These include ensuring that more than 90% of SMEs reach at least a basic level of digital intensity and that 75% of EU companies use cloud computing services, big data analytics or artificial intelligence. The digital intensity of business is measured using the Digital Intensity Index (DII), which assesses the use of various digital technologies. As of 2022, 70% of EU enterprises, including SMEs, have reached

a baseline level of digital intensity, with large enterprises showing a higher level of adoption compared to SMEs.

The EU plans to support digital transformation through a network of more than 200 digital innovation centers and industrial clusters across the EU. These hubs are designed to support both innovative and non-digital SMEs by connecting them with digital suppliers and local ecosystems. The aim is to achieve a high level of digital intensity among European SMEs, promoting the development of local ecosystems and business partnerships.

The EU has initiated several educational and advisory programs to improve the digital skills of SMEs, which is crucial for their growth and competitiveness in the digital age. These initiatives are part of a broader strategy to support the digital transformation of businesses in the EU.

SME Strategy for a sustainable and digital Europe: this strategy, announced by the European Commission, focuses on building the capacity and supporting SMEs in their transition to sustainable development and digitalisation. It provides for: provision of knowledge exchange and provision of services related to sustainable development through the European Enterprise Network (EEN); facilitating access to Digital Innovation Hubs (DIH) for small and medium-sized enterprises to use advanced digital and AI tools; offering training and upskilling opportunities in digital and emerging technologies such as artificial intelligence, blockchain, the Internet of Things, etc., funded through the Digital Europe programme; supporting

businesses in obtaining a skilled workforce through initiatives such as Digital Volunteers.

European Year of Skills: this initiative aims to increase the competitiveness, participation and talent of digital SMEs. It aims to create a skilled workforce capable of understanding and

implementing new technological trends into company strategies and operations.

These initiatives demonstrate the EU's commitment to supporting SMEs on their digital transformation journey by providing them with the necessary tools, training and resources to thrive in the digital economy.

Keywords: digital transformation, small and medium-sized business, European Union, sustainable growth, Digital Europe, digital innovation centers, digital skills.

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