

DIGITAL TRANSFORMATION IN COMMERCE: SOLUTION TO THE PROBLEM OF POVERTY

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Abstract

This review paper explores the potential of digital transformation in commerce to alleviate poverty by synthesizing existing research. It delineates the multifaceted nature of poverty, including its economic and social dimensions, and identifies the root causes such as economic inequality and limited access to resources. Through an extensive literature review, it analyzes how digital technologies can empower marginalized communities by fostering inclusive economic growth, expanding market access, and enhancing financial inclusion. The review also addresses challenges such as digital literacy, infrastructure, and regulatory barriers. By identifying success factors and potential pitfalls based on past research, it offers insights for policymakers and practitioners. Ultimately, it advocates for a holistic approach to leveraging digital transformation in commerce to combat poverty, emphasizing equity and sustainability. This review underscores the imperative of embracing technology-driven innovations to create more equitable and prosperous futures for all, based on the collective knowledge gleaned from past studies.

Keyword: Digital Transformation, E-commerce, commerce, Poverty.

1. INTRODUCTION

Digital transformation is the process of creating new technology to run a business smoothly. Under digital transformation, business and commerce are developed and expanded through upgrading existing system or creating new system [1]. Modified products or services creates monetary gains and positive balance of payment. Electronic commerce supports supply chain and big data personalization. E-commerce has provided a win-win situation to both consumers and sellers. While on one hand the traders are getting the benefit of reduction in the cost of production, on the other hand the consumers have also got access to the market in less time, which is not only saving time but also expanding the global market. Through digital transformation in the field of commerce, customers get more and more variety of goods in less time [2]. The use of digital technology works to connect the major economies of the world. Increased agility, better collaboration, ensuring compliance, optimizing inventory, business process automation and improved customer experience are some major importance of digital transformation and through which not only the national economy expands but also positive results are seen in the international context. The problem of the poverty can be solved by adopting the option of digital transformation in the field of commerce. Without adopting digital transformation in the field of commerce, the demand of customers and supply of sellers could not be matched, due to which the area of the market would shrink. With the adoption of the digital transformation, the market has expanded and more and more people have been able to get employment, which has made it possible to solve the problem of poverty. [3]

i. POVERTY AS A GLOBAL CHALLENGE

Nowadays poverty is a global problem and this problem has weakened the nations economically. The problem of poverty not only lowers a person's economic condition but it also lowers his educational and intellectual level. Underdeveloped and developing nations as well as developed nations are not free from the problem of poverty [4]. The problem of poverty can be solved only by getting employment or self-employment. In a populous nation like India, the ratio of employment to population is very low. In such a situation, it is impossible for every person to get a job, hence the second option is self-employment and entrepreneurship. The option of doing commerce and business frees a person from job dependence and helps in generating income successfully. In the field of commerce, digital transformation is not only capable of crossing new boundaries but it also helps small entrepreneurs to fight with the problem of poverty and emerge as economic pillars of the nation. E-commerce promotes innovation and digital culture and plays an important role in reducing the global problem of poverty. In the field of commerce digital transformation is capable to coordinate global demand and supply and is also able to control the problem of poverty as much as possible by creating employment. [5]

ii. VOCAL FOR LOCAL: AN E-COMMERCE PROGRAMME FOR POVERTY REDUCTION

'Vocal for local' is a scheme launched by the Government of India in the year 2020 under which small entrepreneurs earn livelihood by adopting e-commerce. Small entrepreneurs are not associated with any brand and used to face the problem of being poor as they are unable to run their enterprise successfully. In such a situation, by adopting the medium of e-commerce, they are able to sell their local goods successfully and are able to solve the problem of poverty [6]. The e-commerce platform is beneficial for both customers and sellers. E-commerce provides customers a wide range of commodity in minimum time and also monetary gain to the sellers. In this way e-commerce has not only expanded the business area but also changed its mode of doing business. E-commerce has not only reduced the cost of production but also increased the number of customers. Due to vocal for local, a situation of competition has arisen in international trade and India's position has become economically stronger. E-commerce has reduced the amount of poverty by increasing per capita income. [7]

iii. IMPORTANCE OF DIGITAL TRANSFORMATION IN COMMERCE

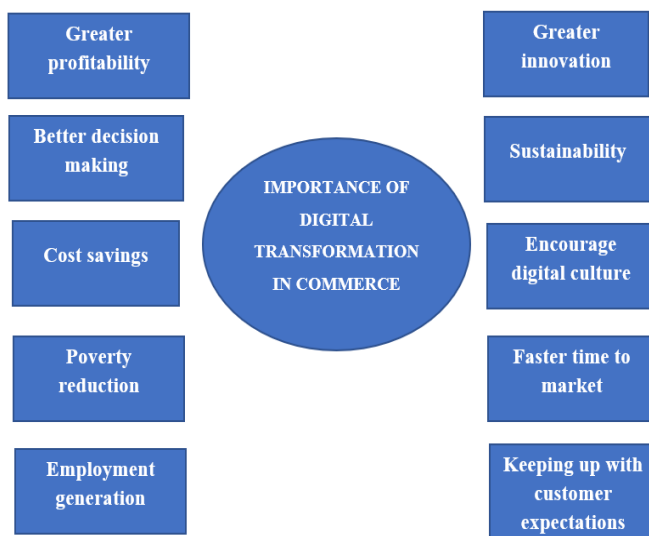
Digital transformation enables business to enhance the customer experience, upliftment of supply chain management, competitive advantage and digital technology that helps in understanding the current market demand and supply, and also expands the market globally. [8]

There are some importance of digital transformation in commerce, which are as follows: [9]

- **Greater profitability** – Companies that adopts digital transformation creates greater profitability and also market share. From small entrepreneurs to big entrepreneurs get benefits by adopting digital transformation.
- **Better decision making** - Digital transformation provides sellers with the ability to make better decisions. Better business decisions provide sellers with surprising profits in the long run.
- **Cost savings** – New innovations and digital transformation reduce the cost of goods which leads to cost savings. Savings in the cost of goods creates profit, which leads to growth in business.
- **Poverty reduction** – Use of technology in the field of commerce creates capital and employment opportunities. Capital and employment increase per capita income as a result of which, problems like poverty are also solved.
- **Employment generation** - Digital transformation in commerce has great importance in creating employment. Digital transformation creates capital and this capital creates even more employment opportunities.
- **Greater innovation** - Through digital transformation, huge innovation tasks can be completed which provides a new direction in expanding the size of market.
- **Sustainability** - Digital transformation provides sustainability to commerce and business, which not only expands the market in the present but also opens the way for its progress in the future.
- **Encourage digital culture** - Digital transformation encourages digital culture. The use of digital technology leads to the development of digital culture, which includes behaviour, practices and values.
- **Faster time to market** - Digital transformation influence all aspects of business and market.

Through digital transformation a company can start generating profit from their goods sooner and this will help sellers to expand their business.

- **Keeping up with customer expectations** – Through digital transformation in commerce, customers are now expecting sellers to be able to meet their demands quickly. They also expect to access a digital platform from anywhere and at any time.



Importance of digital transformation in commerce

II. REVIEW OF LITERATURE

The purpose of the paper is to review research on digital transformation from a multidisciplinary viewpoint and provide insights into several key domains—Internet-of-Things, social media, mobile apps, artificial intelligence, augmented and virtual reality, the metaverse, and corporate digital responsibility—that are poised to fuel the pace of digital transformation. Each domain is analyzed through a lens of introduction, role, importance, multifaceted impact, and conclusions. Future research directions are suggested. [10]

This paper contributes to understanding the relationship between ICT deployment and poverty alleviation in developing countries. It assesses the digital technologies contribution to poverty reduction, through different channels of impact, like education, labor market, income and ICT-trade related activities. Using the sample of 40 developing countries between 1990 and 2019, it relies on macro data extracted from the World Bank Development Indicators (2021) and the World Telecommunication/ICT Indicators Database (2020). Methodological framework combines time

trend analysis and locally weighted polynomial smoother, logistic growth model, and panel regression modelling techniques. Our major findings suggest growing ICT deployment, school enrolments, and increases in material wealth are significant drivers of poverty eradication in developing economies. However, the impact of digitalization on poverty is neither direct nor immediate. Therefore, we claim that national and local authorities, together with civil society must consider ICT as a key element of their broad development strategies. [11]

The thesis addresses the main challenges faced by restaurants during their digital transformation journey. A qualitative research method with semi-structured interviews has been used to investigate digital transformation challenges in the restaurant industry in the following countries: Sweden, Sri Lanka, Australia, and Korea. Our findings show that restaurants mostly face a lack of resources, culture change, and lack of knowledge. This study has a double contribution. On the one hand, this thesis provides practitioners with the main challenges restaurants face during their digital transformation journey, on the other hand, this study provides literature to fill the gap that exists in digital transformation challenges. [12]

The exploratory paper, by the researcher, focuses on the Digital transformation of the rural India. It focuses on the different schemes and facilities which the Internet and automated machine culture has affected the rural population and their mode of survival in agriculture. Also, an in-depth study has been made towards the economic and budgetary allocation of financial resources to boost the Digitalization of the rural India. Needless to mention, these aspects today are changing [13]

This is a theoretical study that relied on secondary data from journals, textbooks, internet sites, and government documents in order to conduct a literature review and identify our research problem. We took interest in different contexts based on country approach, we selected recent studies conducted in several developing countries such as India, Nigeria and KwaZulu-Natal province as a base to our research. In this study, we are interested in exploring the correlation between digitization, entrepreneurship, we also examine how the adoption of digital technologies by the vulnerable entrepreneurs will enhance their social inclusion and reduce their poverty. [14]

This paper explores the evolution and current status of e-government in post-Soviet transition countries, focusing on Uzbekistan. Past research highlighted the benefits of e-

government in developing nations, such as improved services and governance transparency. However, transition economies face challenges hindering the full benefits of digital transformation in the public sector. Using a multidimensional framework, this study assesses the state, challenges, and opportunities of e-government systems. Data from a survey of 94 Uzbek citizens, interviews, and policy reviews reveal progress in e-government indicators but highlight gaps in infrastructure and government interoperability. Transactional services and citizen engagement remain underdeveloped. The study suggests policy options to address these barriers, drawing insights from other post-Soviet countries. [15]

The paper addresses the role that digitalization has played during the (coronavirus disease) COVID-19 pandemic is addressed. Indeed, digital technologies have been critical in addressing the health and economic crisis and enabling resilience. The challenges faced in harnessing digital solutions to cope with the pandemic are discussed, and lessons to be learned from policy responses are highlighted. Ways in which digitalization can function in recovery, for inclusive and sustainable development and development of resilience against potential future shocks, are also explored. It is critical to strengthen international cooperation for digitalization that works for a better future. [16]

III. CONCLUSION

The review shows how digital advancements in commerce can help reduce poverty by summarizing past studies. It explains how digital tools can empower marginalized groups and boost economic growth for everyone. Yet, it also points out challenges like not everyone being skilled with digital tech, lacking proper infrastructure, and dealing with complicated rules. To overcome these hurdles, it suggests that governments, businesses, and communities need to work together. By focusing on fairness, long-term thinking, and making sure everyone benefits, the review argues for a complete approach to using technology to fight poverty. By learning from past research, societies can make the most of digital commerce to create fairer and more prosperous futures for everyone.

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