# Section 2. SOCIAL, HUMANITARIAN AND ECONOMIC PROBLEMS OF EDUCATION AND SCIENCE DEVELOPMENT IN THE 21TH CENTURY

UDC 331.1; JEL Classification: J300

## LLABOUR COSTS IN THE ORGANIZATION IN A DIGITAL ECONOMY

# ЗАТРАТЫ НА ПЕРСОНАЛ В ОРГАНИЗАЦИИ В ЦИФРОВОЙ ЭКОНОМИКЕ

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#### **ABSTRACT**

LABOUR COSTS, LABOUR COSTS STRUCTURE, LABOUR COSTS MANAGEMENT, DIGITAL TRANSFORMATION, DIGITAL ECONOMY

This article discusses the key prerequisites, technologies and processes of digital transformation taking place at enterprises, as well as the issues of their impact on labour costs at the micro level in the context of building a digital economy in Belarus. Based on a generalization of the experience of digital transformation of Russian enterprises, taking into account foreign experts research, the author concludes that digital transformation is gradual process, it requires investment and staff readiness, and, contrary to expectations, does not lead to a significant reduction in staff. To successfully completion the digital transformation, it is necessary

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ЗАТРАТЫ НА ПЕРСОНАЛ, СТРУКТУРА ЗА-ТРАТ НА ПЕРСОНАЛ, УПРАВЛЕНИЕ ЗАТРАТАМИ НА ПЕРСОНАЛ, ЦИФРОВАЯ ТРАНСФОРМАЦИЯ, ЦИФРОВАЯ ЭКОНОМИКА

В статье рассматриваются ключевые предпосылки, технологии и процессы цифровой трансформации, происходящие на предприятиях, а также вопросы их влияния на затраты на персонал на микроуровне в контексте построения цифровой экономики в Беларуси. На основе обобщения опыта цифровой трансформации российских предприятий, а также исследований зарубежных специалистов автор приходит к выводу, что цифровая трансформация происходит постепенно, требует инвестиций и готовности сотрудников и, вопреки ожиданиям, не приводит к значительному сокращению персонала. Для успешного завершения цифровой трансформации необходимо консоли-

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to consolidate the efforts of enterprises and personnel, as well as to develop hybrid work skills based on the complementarity of machines and people. дировать усилия предприятий и персонала, а также формировать навыки гибридной работы на основе взаимодополняемости машин и людей

The digital transformation of the economy is currently considered as one of the key means for economic growth stimulating in a number of developed and developing countries. Digital transformation refers to all economic activities using the Internet as a platform and digital information and knowledge as key inputs for the process of producing, marketing and distributing goods and services. The concept is also defined as the economic processes made possible thanks to the existence of, and interaction with, the Internet, mobile networks and information technologies [1].

The key prerequisites for digital transformation and the diffusion of digital technologies in all areas of the economy are the progressive growth of the capabilities and power of computer technology while reducing its cost; increased availability of high-speed data transmission. Digital transformation is based on advanced digital technologies such as big data analytics, artificial intelligence, robotics, augmented reality, mobile technologies, the Internet of things (IoT), additive technologies, cloud technologies and other. A complex of these technologies arises the synergy effect and ensures a significant increase in the company's competitiveness. However, the application of these technologies requires enterprises investment and employees training in their practical use.

The Republic of Belarus has chosen a course towards a digital economy, which is in line with global trends. On December 21, 2017, the Decree of the President of the Republic of Belarus No. 8 "On the development of the digital economy" was signed, according to it the High-Tech Park became a pilot project for the country in the field of digitalization of the economy. In accordance with the Decree of the Government of Belarus No. 167 of February 28, 2018, the Republic of Belarus created the Council for the Digital Economy Development, that defines the goals and objectives of the digital transformation of the national economy and sets the priorities for the introduction of digital technologies for the manufacturing sectors, trade and services, and the social sphere as well, taking into account the latest ICT achievements and the development of the global digital space. The Council's tasks also include: a favorable legal and regulatory environment supporting for the development of the national digital economy; stimulating the advanced digital technologies transition in various fields of economy and public relations.

Digital transformation has a significant impact on the labour relations and workplace: jobs and professions of people whose work can be programmed disappear; professions related to creativity, research, innovation, etc. come in their place; a person is released from the sphere of monotonous labor into the sphere of creative activity; labor becomes hybrid (involves the

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interaction of man and machine to obtain a new quality and productivity of processes). New forms of labor relations are appearing, its existence is possible only thanks to the advent of geolocation, ICT-based digital platforms and mobile applications: crowd working, gig working, virtual work, on-call work and so on. Thus, the effective interaction of man and digital technologies becomes the key to maintaining his competitiveness in the labor market, as well as a condition for the successful completion of digital transformation [2, 3].

According to the results of a global study conducted in 2018 by one of the largest audit firms in the world KPMG, 95 % of the industrial enterprises CEOs consider digital transformation as an opportunity to increase labor productivity and business development. Similar results are presented in a joint study by Hitachi Data Systems and the OSP Data analytical group, conducted at the end of 2016 in the Russian Federation (95% of respondents use or study the possibilities of using digital technologies in business) [4].

It should be noted that the above-mentioned studies were mainly attended by representatives of large businesses, occupying a leading position in the industries. So, according to the KPMG survey, about 60 % of industrial enterprises in the world already have a developed digital transformation program. A quarter of them expect to implement such a program in less than a year, the rest in a period of up to 3 years.

The enterprises mainly carry out digital transformation gradually, accumulate potential by testing the digital technologies in several processes or pilot projects. Only 19 % of respondents said that they are implementing a digital transformation throughout the enterprise. Thus, the digital transformation in practice rather serves as a means of sustainable development and long-term survival, than forms the basis for economic growth.

Small and medium-sized enterprises (SMEs), according to experts, lag behind market leaders and large players in digital transformation for the following reasons: lack of competencies in the field of digital technologies; the effect of economies of scale on industry that works against SMEs; lack of funds to finance the implementation of digital technologies, etc. Digital transformation at the micro level is the process of an enterprise transfer to a "flexible" state from the current one. For its successful completion, not only financial resources are needed, but also the competence of using digital technologies in daily work.

Numerous fears about reducing need for staff in the context of digital transformation are not justified in practice. According to Valenduc, Vendramin, "although this new technological order has resulted in a shift in the boundary between human and machine capabilities, it would be at the very least premature, if not entirely wrong, to conclude that human labour will soon be replaced by machines; instead, the future should be envisaged and built on the basis of complementarity" [3].

Business leaders note that the emergence of new jobs as a result of digital transformation exceeds the number of employees freed up by reducing the complexity of automated operations and processes. However, digital transformation requires new competencies from

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employees. Thus, staff costs may even increase, especially during the transition period.

However, many employees involved in labor processes today do not have the knowledge, skills and competencies necessary to build up a digital economy. Joint efforts of workers and employers are required, as well as additional investments from enterprises to attract and retain highly qualified personnel, create conditions for their development and maintain high productivity. Therefore, digital transformation must include the development of new competencies of employees, as well as incentives for their self-development by staff.

The working time freed up as a result of the digital transformation may be used to the digital skills development, which can then be used in other processes. This approach will minimize the loss of personnel during the transformation and at the same time use the economic effect of the transformation for a gradual transition to a digital model of the enterprise.

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