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Digital And Green Transformation In The Context Of Households, Markets, And Public Policies

Scientific editors

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Płock 2025

Digital and Green Transformation in the Context of Households, Markets, and Public Policies

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Introduction

The 21st century is characterized by two fundamental and mutually reinforcing transitions: the digital transformation and the green transformation. Both processes redefine the way households function, markets evolve, and public policies are designed and implemented. This monograph brings together theoretical reflections and empirical research conducted in different countries to explore how these transformations manifest across various levels of socio-economic life.

The volume is divided into three interrelated parts, reflecting a logical progression from the micro-level of households, through meso-level market structures, to macro-level public policies.

Part I – Households in the era of digital transformation examines how digitalization affects everyday life, consumption, and social practices. Contributions address, among others, the use and non-use of smart technologies in Slovak households, the role of the digital economy in shaping household sectors in Ukraine, differences in internet access across European households, and the level of household digitalization in Poland and Lithuania. This section highlights not only the opportunities brought by digital tools but also the challenges related to inequality, adaptation of displaced persons, and cultural or generational factors that shape technology adoption.

Part II – Digital economy and transforming markets moves the perspective to enterprises and industries. Here, the focus lies on the potential of digital marketing for small-scale agripreneurs in Nigeria, creative strategies in the gastronomy sector, and the digitalization of SMEs in their interactions with larger business entities. This part underlines the disruptive potential of digital tools for competitiveness, innovation, and cooperation, while also revealing persistent barriers linked to resources, skills, and structural dependencies.

Part III – Public policies towards green and digital transformation addresses the macro dimension, emphasizing how governments and central banks integrate environmental and behavioral aspects into economic management. Studies on green fiscal policy and green central banking illustrate the interplay between digital transition and ecological sustainability, showing that the transformation is not only technological but also systemic and institutional.

Taken together, the contributions provide a multidimensional picture of digital and green transformation. The household perspective reveals

inequalities in access and adaptation, the market perspective demonstrates opportunities for entrepreneurship and innovation, while the public policy perspective situates these changes within the broader framework of sustainable development and resilience.

The main conclusion that emerges from this volume is that digital and green transitions are deeply intertwined and must be analyzed jointly. Digitalization can enhance energy efficiency, promote sustainable consumption, and strengthen social inclusion, yet it may also deepen inequalities if not accompanied by appropriate policies. Similarly, green transition policies must increasingly rely on digital tools to monitor, manage, and incentivize behavioral change.

This monograph aims to contribute to academic debate by combining empirical evidence from different national and regional contexts, offering comparative insights, and emphasizing the need for interdisciplinary approaches. It is addressed to researchers, policymakers, and practitioners who are interested in the dynamic interplay between digitalization, sustainability, and socio-economic development.

PART I

HOUSEHOLDS IN THE ERA OF DIGITAL TRANSFORMATION

countries to determine whether the observed patterns are specific to Slovakia or more broadly applicable in post-socialist contexts.

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This study was supported by the National Research Agency of Slovakia [VEGA 1/0536/24 “Slovak household management and decision-making about unpaid work in the post-covid economy“] at the Faculty of Economics, Matej Bel University in Banská Bystrica, Slovakia.

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THE IMPACT OF THE DIGITAL ECONOMY ON THE HOUSEHOLD SECTOR IN UKRAINE

*Maryna Baldzhy**

Summary

The purpose of this article is to investigate the impact of the digital economy on the household sector, which serves as a key economic actor in Ukraine's economic system. The subject of the study is the role of households in the country's economic development and the integration of digital economy elements into this process. Theoretical perspectives focus on the patterns of interrelation between the development of the digital economy and the functioning of the household sector. Based on the methodology for assessing the state of the household sector, this study explores the influence of the digital economy on the financial behavior of economic agents. The analysis confirms the need to incorporate digital economy elements into the functioning of households, with particular emphasis on the necessity of implementing digital technologies in rural households.

Key words: Ukrainian households, digital economy, economic and financial behavior, household digitalization, rural households.

Streszczenie

Celem artykułu jest zbadanie wpływu gospodarki cyfrowej na sektor gospodarstw domowych, który jest wiodącym podmiotem gospodarczym w systemie gospodarczym kraju. Przedmiotem badań naukowych jest badanie roli gospodarstw domowych w rozwoju gospodarczym Ukrainy i wprowadzenie do tego procesu elementów gospodarki cyfrowej. Perspektywy teoretyczne obejmują wzorce relacji między rozwojem gospodarki cyfrowej a funkcjonowaniem sektora gospodarstw domowych. Bazując na metodologii oceny stanu sektora gospodarstw domowych przeprowadzono badanie wpływu gospodarki cyfrowej na zachowania finansowe podmiotów gospodarczych. Analiza wykazała potrzebę wprowadzenia elementów gospodarki cyfrowej do funkcjonowania gospodarstw domowych, a w szczególności potrzebę wprowadzenia technologii informacyjnych do gospodarstw wiejskich. Słowa kluczowe: ukraińskie gospodarstwa domowe, gospodarka cyfrowa, zachowania ekonomiczne i finansowe, cyfryzacja gospodarstw domowych, gospodarstwa domowe na obszarach wiejskich.

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Introduction

In the current stage of Ukraine's economic development, households play a crucial role as leading economic actors. The market-based organization of economic life is structured around the interaction of three primary institutional agents: the state, businesses, and households. Among these, households are central to the market circulation of goods and resources, with their consumption serving as a key indicator of societal well-being. Despite their importance, households remain among the least explored economic agents under modern conditions [Horodniak I. 2016: 13].

Under the influence of digitalization, service provision processes have become more streamlined, leading to substantial changes in service models for citizens. These transformations have affected both households themselves and their financial behavior. The use of modern information technologies accelerates service delivery to households and enhances service quality.

Therefore, the relevance of this issue is evident. Further research should focus on a detailed analysis of the behavioral transformation of Ukrainian households in the context of digitalization, which will enable the modeling of future household behavior.

Literature review and problem statement

The theoretical and applied foundations of household sector development in Ukraine have been explored by various scholars, including prominent sociologists, economists, and financial experts. Consumer motivation and behavior have been studied by I.V. Horodniak [2016], R.D. Blackwell et al. [2005], Ya.S. Laryna [2012], and L.O. Vasylykevych [2010]; the financial component has been addressed by O.S. Shamanska [2015]; and the impact of digitalization on household financial behavior has been examined by M.V. Dubyna, N.I. Kholyavko, O.V. Popelo [2022], as well as O.V. Popelo, N.I. Kholyavko, M.V. Dubyna, A.V. Tarasenko [2022], N.B. Dobryanska [2024], among others. Contemporary research builds on modern global theories of household studies. The new household economics theory, presented in the works of G. Becker, J. Mincer, K. Lancaster, R. Gronau, T. Schultz, and G. Gershuny, includes the following approaches: the "family as a mini-factory" model; time allocation theory; Gronau's model; partner selection theory in the marriage market; the altruistic model of intra-family distribution; specific family capital theory; fertility economic theory; and the sociological version of the new economics—the household strategies theory [Bazylevych 2006].

Within the framework of neo-institutional theory, scholars such as R. Pollak, A. Giddens, J. Hodgson, H. Simon, J. Stiglitz, R. Coase, and H. Demsetz have developed several conceptual models, including: transaction cost reduction; the concept of "moral hazard"; and bargaining models of intra-household resource distribution. These reflect modern approaches that reject the idea of absolute rationality in favor of bounded rationality, consider incomplete, imperfect, and asymmetric information, and challenge the ideality of the market system due to the predominance of transaction costs [Bazylevych. 2006; Bazylevych 2008; Pahl, 1989]. Within this theory, the household is considered a distinct institution and a management structure. Contemporary neo-institutional theorists emphasize an institutional approach to understanding households, which accounts for historical experience, traditions,

customs, economic mentality, systems of power relations, and specifics of property rights [Kataranchuk, 2018: 27].

In Ukrainian legislation, the term “household” appears only in the Law of Ukraine “On Agricultural Census,” which defines it as “a group of individuals who live together in a single dwelling or part of it, provide for themselves collectively, run a shared household, and fully or partially pool and spend resources. These individuals may be related by kinship, affinity, neither, or both. A household may also consist of a single individual” [Verkhovna Rada of Ukraine. 2008]. This definition is repeated in the “Glossary of Terms for the National Model of the Activity of State Statistics Bodies” [ukrstat.gov.ua]. Despite the narrow legal definition, statistical data collection includes quantitative assessments of the number of households and their role in the national economy.

The study of household functioning is incorporated into macroeconomics curricula, which examine their functions, consumption and investment behavior, and participation in resource markets. Households are included in circular flow models of resources, goods, and income, which illustrate their interaction with other macroeconomic agents. These models demonstrate the primary interconnections between the household sector and business sector through resource and product markets [Kataranchuk, 2018: 29].

In characterizing the functioning of households operating under modern market conditions in Ukraine, researchers consider a wide range of economic, social, political, and cultural factors. For instance, Yu.Yu. Stankevych [2015] argues that “a household is a complex multi-spatial system that simultaneously exhibits the following characteristics:

1. It is a voluntary association of individuals, typically connected by family or kinship ties, united not only by a common budget and shared goals, but also by cohabitation; sometimes, a household may consist of a single person;
2. It functions as an important economic agent within the market economy, influencing both national prosperity and the moral and spiritual well-being of the population;
3. It has the freedom to dispose of various property rights, including monetary, labor, intellectual, and material resources;
4. It encompasses all types of economic activity, both subsistence and market-based;
5. It acts as a primary source of financial resources for the family budget, addresses issues of population reproduction and individual development within the family, thereby significantly impacting the social development of society;
6. It is built on principles of mutual trust, support, cooperation, education, and the transfer of experience to future generations” [Stankevych, 2015: 48].

Households are not only consumers of goods and services but also engage in various forms of economic activity. Household members make significant contributions to production by operating businesses or engaging in independent professional activity without forming legal entities, or by providing labor to other enterprises as employees. It is generally accepted that household members engaged in individual entrepreneurial activity act not as separate units but on behalf of the entire

household [Kizyma, 2010]. Subsequent research will rely on legislative interpretations of the term “household.”

However, contemporary literature largely lacks a systematic approach to studying the impact of the digital economy on the household sector and its long-term consequences, highlighting the need for a more thorough examination of how digital technologies affect household behavior.

The assessment of the state of the household sector under the influence of elements of the digital economy is based on an appropriate methodology. This approach made it possible to study the impact of digitalization on the financial behavior of economic agents. The application of this methodology provides a current overview of the transformation processes occurring in the functioning of households under modern conditions.

Research results

The analysis of the efficiency of Ukrainian households is based on the study of the economic and financial behavior of economic agents as consumers and on the assessment of their welfare. It relies on the investigation of both external and internal environmental factors affecting Ukrainian households, within the framework of methodological approaches to statistical processing.

According to statistical indicators monitored and analyzed using a sample-based methodology [ukrstat.gov.ua] since 2010 and available from open sources until 2021, household consumption behavior depends on the size and structure of their real income (Table 1). Source: Data from 2016 onward exclude temporarily occupied territories of Donetsk and Luhansk regions, as well as the Autonomous Republic of Crimea and the city of Sevastopol. These years are marked with an asterisk (*).

As shown in Table 1, approximately 90% of all household income is received in cash form. The remainder is comprised of the value of consumed products obtained through private subsistence farming, self-harvesting, and other non-cash sources.

Table 1. Dynamics of the size and structure of total household resources in Ukraine, 2010–2021

Indicator	2010	2013	2016*	2018*	2021*
Average monthly total resources per one household, UAH	3481,0	4470,5	6238,8	9904,1	14490,6
Structure of household total resources, %					
Cash income	89,1	90,8	86,0	89,9	93,9
Value of consumed products that were produced at private subsistence	5,0	3,9	4,8	3,8	3,0
Non-cash benefits and subsidies	0,6	0,4	4,7	2,8	0,1
Non-cash benefits	0,5	0,5	0,4	0,4	0,3
Other receipts	4,8	4,4	4,1	3,1	2,7

Source: [ukrstat.gov.ua]

The development of information technologies across all sectors of society has led to the active digitalization of the economy, engaging various economic agents,

including households. Households increasingly utilize digital technologies for personal needs such as education, income generation, self-realization, purchasing goods, and obtaining services.

The financial behavior of digitalized households is characterized by the following: conducting financial transactions via digital devices (smartphones, tablets, etc.); using innovative information technologies (electronic payment systems, payment cards, self-service terminals, ATMs, cashback withdrawals at cashier desks, internet banking, mobile banking, SMS banking, telephone banking, digital insurance); employing cardless payment through mobile applications; predominantly using self-service for financial services; seeking consultations on financial products and services through online communication, including robotic advisors; using online media for constant access to financial services; involving previously excluded household members in financial services (e.g., teenagers, pensioners); preferring cashless transactions; utilizing predominantly remote service formats; increased investment activity by households as non-professional private investors; accelerated, simplified, and optimized decision-making processes for saving and budgeting using FinTech; improved income, expense, and debt management due to seamless account access; simplified monitoring of payments; pragmatic fund allocation; enhanced activity in deposit, credit, and other financial operations; use of new types of financial services; preference for individualized services; personalization of financial services; improved financial literacy [Popelo, Kholiavko, Dubyna, & Tarasenko 2022: 110]; and acquisition of digital competencies and skills.

Household well-being significantly varies depending on objective characteristics such as the number of adults and children in the family (Table 2).

Table 2. Household characteristics in Ukraine, 2010–2021

Indicator	2010	2013	2016*	2018*	2021*
Average size of household, persons	2,59	2,58	2,58	2,58	2,58
Average size of household per conventional adult, persons	2,12	2,11	2,11	2,11	2,10
Households, by number of persons within it (%)					
one person	23,4	22,6	19,7	19,7	18,2
two persons	28,3	29,1	32,3	32,8	35,4
three persons	25,5	26,9	26,9	26,5	26,6
four persons and more	22,8	21,4	21,1	21,0	19,8
Share of households with children under 18 years old	37,9	38,0	38,2	37,8	37,8
Share of households without children	62,1	62,0	61,8	62,2	62,2
Households with children (%), by number of children within it					
one child	72,6	75,4	76,0	75,1	79,3
two children	23,4	22,4	21,4	21,4	18,8
three children and more	3,0	2,2	2,6	3,5	1,9

Source: [ukrstat.gov.ua].

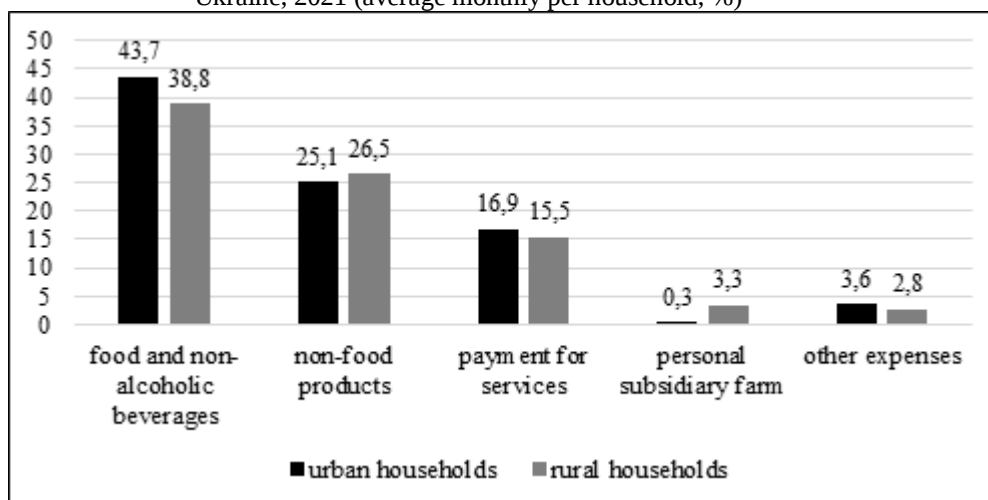
Household digitalization often depends on the presence of children, as it may begin with the educational process. At the same time, an increase in the number of children in a family may reduce its financial capacity, potentially leading to limited use of digital technology.

Nonetheless, the development of digital technologies has opened a new “window of opportunity” for improving household welfare and enhancing the quality of life for household members. Through digital technologies, household members in Ukraine can more easily capitalize on their knowledge, skills, and competencies to improve their financial standing — for instance, by creating, developing, and selling their ideas, products, and services via online platforms, digital personal avatars, or bots without intermediaries or employers; and by conveniently starting businesses from scratch and monetizing their creative and intellectual potential.

According to the data, rural households spend significantly less than urban ones, except for non-food items and expenditures related to maintaining subsistence farming. This disparity may be due to the limited availability of innovation-driven services in rural areas. For example, in 2021, rural households spent more on transportation and communication (+3.0% and +0.6%, respectively), as well as on education and cultural recreation (+0.9% and +1.1%, respectively).

Digitalization has also significantly affected rural households. There is a notable difference in expenditures between rural and urban households (Diagram 1).

Diagram 1. Structure of household monetary expenditures in urban and rural areas of Ukraine, 2021 (average monthly per household, %)



Source: [ukrstat.gov.ua].

Household financial behavior is strongly influenced by trends in the development of the digital economy and the widespread adoption of digital technologies in decision-making processes. These trends enhance access to financial products, accelerate decision-making, and give rise to new risks, ultimately affecting the nature of financial behavior and the structure of household expenditures (Table 3).

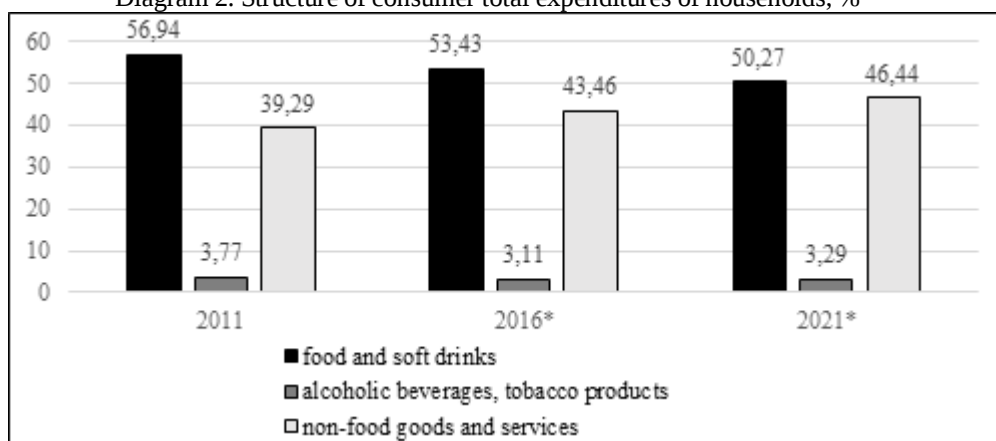
Table 3. Average monthly household expenditures and their structure in Ukraine, 2011, 2016, and 2021, %

Expenditures	2011	2016*	2021*
Середні витрати за місяць у розрахунку на одне домогосподарство, грн.	3458,0	5720,4	11243,4
	100%	100%	100%
Споживчі сукупні витрати, %	90,1	93,2	91,3
Неспоживчі сукупні витрати, %	9,9	6,8	8,7

Source: [ukrstat.gov.ua].

A leading role belongs to consumer total expenditures, which include food, non-food items such as clothing and footwear; housing, water, electricity, gas, and other fuels; household equipment, appliances, and maintenance; healthcare; transport; communication; recreation and culture; education; restaurants and hotels; and various goods and services. Non-consumer total expenditures demonstrate variability, comprising 9,9% in 2011; 6,8% in 2016, and 8,7% in 2021.

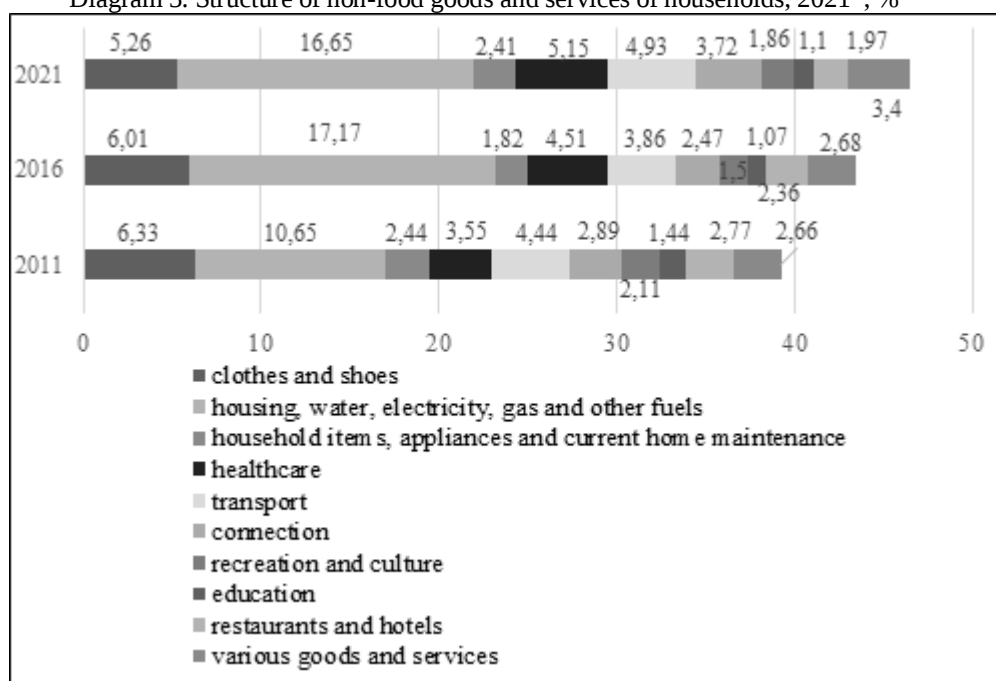
Diagram 2. Structure of consumer total expenditures of households, %



Source: State Statistics Service of Ukraine

The largest share of total average monthly expenditures per Ukrainian household is accounted for by food and non-alcoholic beverages. However, this share has gradually decreased (from 56.94% in 2011 to 50.27% in 2021) in favor of increased spending on non-food goods and services, which rose from 39.29% to 46.44%, respectively.

Diagram 3. Structure of non-food goods and services of households, 2021*, %



Source: State Statistics Service of Ukraine

Changes in the structure of non-food goods and services reflect significant trends characteristic of the digital economy. Against the background of declining service costs delivered via the global network, their quantity and scope are increasing. Accordingly, the share of expenditures on communication grew (from 2.89% in 2011 to 3.72% in 2021), as did spending on various goods and services (from 2.66% to 3.40%, respectively), which includes internet access and the purchase of necessary equipment.

Currently, Ukraine is experiencing an active manifestation of digital economy trends, characterized by the emergence of various innovations and the rapid spread of information technologies. Ukrainian households increasingly use payment cards, ATMs, self-service terminals, and mobile applications, which eliminate the need for direct contact with financial institution staff and enable independent financial operations, including cashless transactions. The popularity of these tools continues to grow due to faster service delivery. In 2018, the share of internet users in Ukraine stood at 58%, increasing to nearly 72% by 2022 [surl.li/ieohjo]. This dynamic was driven not only by the rapid development of the digital economy but also by the COVID-19 pandemic and Russia's military aggression against Ukraine. These factors led to increased internet usage, a heightened need for constant news monitoring, the use of alternative service and communication channels, and efficient business operations.

Overall, it is worth noting that households engaged in economic activity are currently addressing the following strategic objectives to maintain competitive positions and digitize their operations:

- First, establishing closer relationships with suppliers and customers;
- Second, enhancing their own operational efficiency;
- Third, improving the quality of produced goods.

It is evident that fulfilling all three tasks is impossible without integrating information systems and digital technologies into household economic activity. Hence, there is a growing need to create online sales platforms (e-commerce) and adopt innovative internet solutions, which help reduce costs and maintain revenue at least at a minimal level.

Table 4. Digital technologies for use in households

Digital technologies and tools	Application in household economic activity
Supply Chain Management (SCM)	Supply chain management is the coordination of a business' entire production flow, from sourcing raw materials to delivering a finished item. The global supply chain is a complex network of suppliers, manufacturers, distributors, retailers, wholesalers and customers [surli.cc/zrfsea].
Customer Relationships Management (CRM)	CRM (customer relationship management) is the combination of practices, strategies and technologies that companies use to manage and analyze customer interactions and data throughout the customer lifecycle. The goal is to improve customer service relationships, assist with customer retention and drive sales growth [surl.li/vftdfy].
Business process management (BPM)	A management approach in which activities are viewed as a set of interrelated processes aimed at delivering a target outcome (product or service) that provides value to the consumer and generates income overall. The result of the activity is assessed not by the quality of individual functions performed by each unit of the organization, but by the overall outcome achieved through the execution of all functions across the entire value chain [surl.lu/fnezzc].
Social media marketing (SMM)	The strategic use of social platforms to achieve household goals, including networks such as Facebook, Twitter, Instagram, and others [salu.li/e0F2014].

Source: compiled by the author.

Modern Ukrainian households possess all the necessary capabilities and prerequisites for actively utilizing advanced information and communication technologies in their activities. This is enabled by simplified business processes, operational flexibility, rational cost structures, established client communication, and strong motivation.

Conclusion

Digitalization enables broad population engagement in new types of entrepreneurial activity, stimulating economic development and facilitating the implementation of programs aimed at improving well-being and reducing poverty. The use of new technologies helps to overcome one of the main drawbacks often attributed to social programs—namely, the provision of aid rather than education

[Blackwell R.D., Miniard P.W. & Engel J. F. 2005]. For any initiative to have a long-term and sustainable impact, it must be used beyond the implementation period.

Moreover, digitalization can foster the development of small businesses, which is recognized as one of the key drivers of long-term economic growth. When combined with improved financial behavior of households, it becomes feasible to integrate wider population groups into the economic and social fabric.

Household digitalization also has a positive influence on various societal aspects. It offers educational opportunities, alternatives to traditional employment, sources of additional income, and enhances the accessibility of goods and services.

To broaden the scope of services available to users of information technologies, an effective system for ensuring digital literacy and competence has been developed, particularly for rural residents. This includes the use of modern digital tools. The creation of a unified information space for rural households provides an opportunity for comprehensive use of digital information resources.

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