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Clustering of European Countries by Strategies of Digitalization of their Business Environment

Abstract. This study examines the relationship between the digitalization of the business environment and the external in-stitutional environment in the countries of the European Region, focusing on the hypothesis that countries with more favorable institutional conditions, as measured by the Legatum Prosperity Index, exhibit higher levels of business digitalization. Extending the analysis beyond traditional economic indicators such as GDP, the study examines how governance systems, public welfare and technological innovation together influence digital trans-formation in a variety of business environment. Therresults reveal different digitalization strategies in clusters of countries, each shaped by their unique macroeconomic and institutional contexts. Countries with developed digital environmentare leading the way in integrating digital technologies into various sectors, w hile others focus on modernizing traditional industries and improving infrastructure. An important link between digitalization and eco-nomic securityof business was identified, emphasizing that reliable digital infrastructures contribute to increased economic sustainability and competitiveness. Future research should examine longitudinal studies, sectorialanal-ysis, and the impact of policy frameworks to better understand how digitalization strategi es evolve and affect economic security. In addition, bridging the digital divide within and between countries r emains important to promote equitable access to technology and maximize business opportunities.Special attention is paid to the con-nection between digital transformation and the UN Sustainable Development Goals, as business environment dig-italization directly contributes to achieving SDG 8 (Decent Work and Economic Growth), SDG 9 (Industry, Inno-vation, and Infrastructure), SDG 10 (Reduced Inequalities), and SDG 17 (Partnerships for the Goals). Cluster analysis helps identify regional disparities and determine directions for balanced digital development in accord-ance with sustainable development principlesUltimately, this research aims to inform policymakers and business leaders about creating an enabling environment that uses digital technologies to promote economic growth, sus-tainability and competitive advantage

Keywords: digital transformation, European countries, digital economy, business economic security, business environment, digital strategy