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VIRTUALIZATION OF ECONOMY IS THE MAIN MECHANISM OF VIRTUALIZATION OF SOCIAL LIFE

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ABSTRACT

The article analyses the trend of virtualization of the economic sphere, which is one of the important institutions of society's life, from a historical-retrospective point of view. In addition, it is explained that the virtualization of the economic sphere is also important in the virtualization of other spheres, that economic institutions appear as simulacra in the virtualization of public life.

KEYWORDS

Economy, virtualization, society, social institutions, money, market.

INTRODUCTION

In the industrialized period, society materializes endlessly in order to form a complex of social institutions - universal abstract norms. Social institutions - universal abstract norms form the mutual relations between people and turn them into social roles, directing activities based on ideas based on freedom and development. In various spheres of social life, such as economy, politics, science, art, family, the

same trend is observed, such as freedom from arbitrariness, equality, clarity and control of relations, which in turn leads to universal impersonal standards of interaction. The practice showed that as a result of institutionalization, the processes of depersonalization of individuals and the emergence of society as a historical phenomenon took place. In the process of modernization, society is formed as a system of

institutions. Society as a social integrated reality takes precedence over the social reality of individuals.

During the last decades of the 20th century, social reality became ephemeral, unstable, and changing, which is explained by the increasing role of various simulacra, or more precisely, images of reality that replace reality, in the life of people and society. This leads to more and more manifestations of virtual reality features of real society.

In this sense, virtualization is not a holistic process applied to society, but emerges as trends in the same direction manifested in its various spheres. This direction is manifested as a contrast between the previous "reality" of social institutions and the current "virtuality" of simulation of modernist institutional practices in the main institutional spheres: economy, politics, science, art, family.

It can be seen that they have become social institutions due to the market, money circulation, enterprise (firm) production and consumption increase, and the desire to free economic activity from religious, territorial and sexual regulation. This aspiration changes economic activity from a separate type of activity carried out by separate clans or different social strata and groups to "producer-consumer", "seller-buyer", "creditor-borrower", "manager/ executive/employee" and made it into a system of universal impersonal roles like others.

Economic institutions form a set of norms that determine the ways in which the problems of creation, distribution and use of wealth are formulated and solved in the imagination of people in the industrialized age. Demand, supply, labor, and competition can be identified as the main elements of this regulatory complex, which are unchanged in relation to the specific characteristics of the national economy and different stages of the modern era. Economic activity is one of the same four normative complexes. The activity is to offer the process of producing a commodity at a level that is considered a good according to the objective characteristics of the thing. At the same time, activity refers to the level of demand characterized by the ability to pay, or rather, the universal material equivalent of goods - money. Activity is labour at a level characterized by productivity, which implies participation in the creation of goods organized in a certain place and at a certain time. Finally, the activity is competition to the extent that it is innovation, which involves the development and introduction of new products or new sources of funding. The economic practice of the modern era is aimed at strict adherence to these norms, which, on the one hand, implement the ideas of Freedom and Progress, and on the other hand, as an effective management of relations to economic activity, not sacred or existential, but purely material. Solving the problems of wealth creation and its use appear as specific solutions to the existing main problem.

Institutions appear as realities that must be considered in relation to the goals of individuals. Economic practices as a purposeful activity aimed at accumulating wealth and its disposal lead to the transformation of this activity into value, creating forms of compliance with institutional norms. In this sense, everyone who complies with institutional norms is evaluated as a participant in economic activity, and according to it, the work performed by him will have value. Value means giving a certain social status to the thing being done and to the person who performs it, and this, in turn, is manifested in the relations between people as an objective characteristic of the product. In this case, it is concluded that the institutions are not only autonomous in relation to the activity, but also gain more reality when compared to it. Economy differs from non-economy not by the specific characteristics of a thing or action, but by its acquisition of a certain institutional affiliation.

In the new economy, goods, labor, innovation, money, which are considered the main elements of the modernist normative complex, are increasingly becoming a simulacrum.

Considering two centuries of technological progress, it can be observed that the production of certain goods has ceased to be a real economic problem. Due to the fact that mass production has filled the market with goods of the same quality, production is now becoming one of the next elements of the economy,

not the primary one. Based on this, it can be said that consumption, more precisely, the transformation of developed things into objects of consumption is the primary problem of today's economic development. This, in turn, presents the consumer with the problem of choosing between brands, brands and brands that show the specific characteristics of the consumer item. In this sense, in the conditions of mass production and mass consumption, first of all, signs themselves act as goods. The social status of trademarks determines how much the product costs, not the resources spent on its preparation and its actual characteristics. This situation is presented through advertising, and accordingly, advertising creates the image of a product or company. It can be seen that the market with the same characteristics is not characterized by real goods, but by images created through advertising. Consequently, the real economic process, that is, the production of value, leaves the fields, the design bureau and the assembly line, and moves to the marketer's and consultant's office, the advertising agency and the media studio. The brand produced is not a brand (shampoo, suit, car), but an image (attractiveness, confidence, style, originality, respectability). Therefore, it is not surprising that in the last decades of the 20th century, against the background of the general growth of gross domestic product, not only agricultural, but also mining and processing industries have become unprofitable, subsidized industries. The areas that create images are

those that provide the economic growth recorded in statistical data.

The change in the process of creating value in industries that were previously considered ineffective is also confirmed by changes in the structure of

employment. As a result, the share of those employed directly in the “real” production sector (primary and secondary sectors of the economy) decreases, and the share of those working in the service sector, which, on the contrary, includes the media, marketing, consulting and advertising businesses, is growing (fig.1)

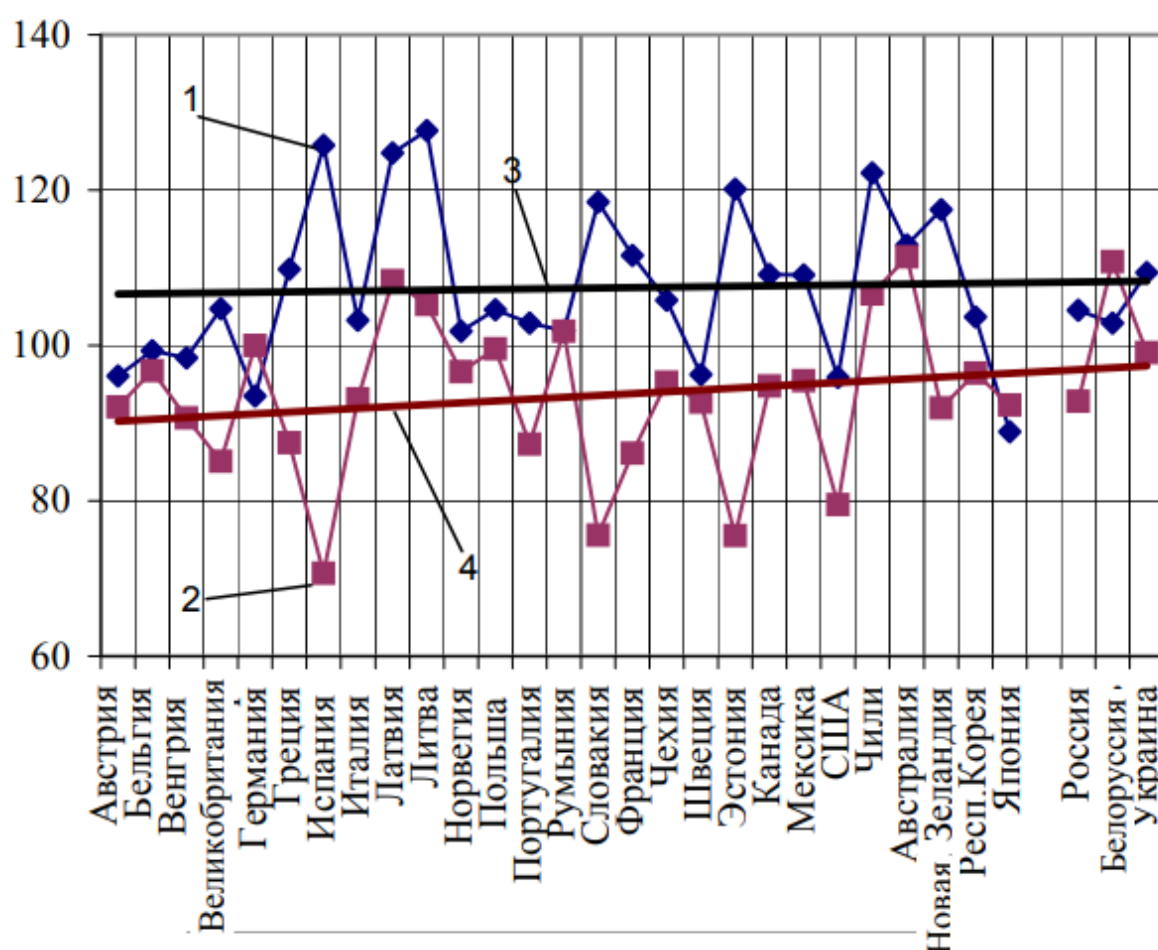


Figure 1. Growth rate of employment in the industry economy sector, %:

1 - 2000-2007; 2-2007-2010; 3 - trend line 2000-2007; trend line 4-2007-2010

"The simulation of modernist practices of creating goods and innovations leads to the virtualization of market and entrepreneurial institutions. In this, market agents that meet demand with a proposal acquire a virtual look, acting the roles of competing manufacturers. Economic agents acting as entrepreneurs also take on a virtual form. The basis of the content of the activities of such economic agents and material benefits is innovation."

Product virtualization necessitates an absolute reorganization of the labor process. Especially this necessity is increasing today, which makes it possible for workers to organize a working environment anywhere, even in transport, at home, in a hotel, in places of rest. The organization of labor in the form of a "working day" as a procedure for staying in the office or a schedule for performing technological operations, although it loses its economic content, retains its social significance, and therefore it does not disappear, but turns into a simulacr. By maintaining the image of this organization, the structural accuracy and role of the economic sphere, its separation from the "non-economic" are simulated, the practicality of cost calculation is supported on the basis of labor theory or the theory of value factors. On the other hand, the image of a particular firm or company also has a serious impact on the image of the good that is produced in it or the service it provides. Therefore, when the "non-economic" aspects of the Labor Organization process,

such as office design, social and socio-psychological, consisting of an employee of the organization and workers in the organization, are exaggerated in PR activities, they acquire a direct economic meaning. In this sense, these aspects, originally considered as a non-economic aspect, become a structural element of the creation of the image of a firm or company that determines the value of the goods or services offered by it. Based on this, these non-economic structural elements in the creation of the image of a company or firm themselves have become independent sectors of the economy and are considered as products that attract the attention of corporate clients to office design, corporate image, PR-shares.

Based on this, it can be said that the non-economic aspects listed above are becoming a decisive factor, and not just one of the factors influencing the formation of the value of a good.

From the point of view of simulating labor as a production activity organized in a certain place at a given time, the appearance of this organizational form, which is called a "virtual Corporation" (next - VK), looks very symptomatic. Virtual corporations are temporary alliances of independent companies or individual agents united to solve a single strategic issue. Alliance, according to the supporters of the concept of VK, should exist as a communication network based on computer technologies, where companies coordinate their efforts. VK usually lacks

the vertical integration, central office, work hierarchy, and other such attributes of a "real" corporation. After solving the task, the network can easily change its configuration or completely break down .

In the mid-1990s, large industrial corporations and banks form "one-off" alliances to create and promote products and open virtual offices on the Internet. For example, IBM, the giant of the computer industry, develops all new projects on the basis of temporary strategic alliances. At the same time, a quarter of IBM's employees spend 80% of their working time at home or on the road, forming a virtual component of the company's organization. In addition, large corporations can operate as a network of dynamic and flexible small firms operating on the basis of licenses and subcontracts. Chains like McDonald's or Benetton are virtual global corporations - they are a network of autonomous market agents united by a brand and a way of working. Thus, from a marginal economic form, VC becomes a common, generally accepted practice.

Replacing the material attributes and practices of traditional labor organization with their images means simulating the social roles of manager, employee, client, etc. The firm (corporation) as a social institution is virtualized to the extent that compliance with the norms that made the organization of production a social institution becomes virtual.

In the modern economy, not only production, that is, supply, but also demand acquires a virtual appearance. At this stage of social development, the process of virtualization covers both goods and money, and money is not a material substitute for goods, but a right to borrow money. If money is a material substitute for goods, then according to its existence, it serves to provide people with necessary things regardless of their affiliation. If money appears as a right to borrow money, people have to provide a large amount of metal, paper or plastic to pay. A credit system that paradoxically reverses the processes of production and consumption (for an individual) makes the "origin" of demand an important condition. There is a differentiation of demand which, from a probabilistic point of view, appears to be equal in size, but has certain differences in "origin". For example, credit and insurance institutions distinguish between the solvency of customers, according to which they can have the same amount of real money, but have different financial and insurance reputations.

Virtual product, virtual production, virtual corporation, virtual money are driving computer networks, allowing them to become not only basic tools, but also an environment of economic activity. The virtualization of the economy is now leading to the commercialization of cyberspace, where the full cycle of transactions is often performed and where virtual supermarkets and virtual banks operate, operating in their own virtual

currency. In 2000, total Internet sales reached 500 billion dollars. In 1995, Internet sales amounted to 350

million dollars, in 1997 they exceeded 1 billion dollars, and - the milestone of 10 billion dollars.

Table 15. Income of companies from trading on the Internet, billion dollars

Company \ Year	1997	2000
Amazon	0.25	2.75
Yahoo!	0.10	1.10
EBay	0.05	0.42

Based on the analysis based on the observation of operations carried out with the help of a virtual wallet in virtual stores, it can be said that they are not information in the form of rational denotation, more precisely, information in the form of information transfer about the characteristics of products and services, but affective meanings. means a beneficial image embodied in it.

Concluding the review of new trends in the economy, it can be concluded that in the new economy, product production, innovation, labor organization, money ownership are simulated, and as a result, the market, entrepreneurship, firm (corporation), financial institutions are virtualized.

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