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Research Article

THE ROLE OF THE DIGITAL ECONOMY IN THE NEW STAGE OF NATIONAL DEVELOPMENT

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Gulnora M. Musakhanova
Associate Professor Of "Innovative Education" Doctor Of Philosophy In Pedagogy, Phd. Tashkent State University Of Economics, Uzbekistan

Muslima O. Qobiljonova
2nd Year Student In Marketing And Logistics Faculty, Tashkent State University Of Economics, Uzbekistan

ABSTRACT

The digital economy – that part of economic output derived solely or primarily from digital technologies with a business model based on digital goods or services – is of increasing importance to developing countries. Yet digital economy reality is undershooting its potential in these countries, due to a series of challenges. Digital infrastructure is in part incomplete, costly, and poorly performing. The wider digital ecosystem suffers a shortfall in human capabilities, weak financing, and poor governance. Growth in the digital economy is exacerbating digital exclusion, inequality, adverse incorporation, and other digital harms. Alongside explaining these challenges, this paper overviews the policy objectives and measures, and processes and structures necessary to enhance digital economy growth and its contribution to socio-economic development.

KEYWORDS

Digital economy, corporation, model, e-business, infrastructure, digital technologies, IT, ICT, opportunities, traditional economy.

INTRODUCTION

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What is the Digital Economy? The term 'Digital Economy' was first mentioned in the 1990s. Then, later on, it was coined in Don Tapscott's 1995 book, which was named as The Digital Economy. A digital economy is an economy that focuses on digital technologies and covers all business, economic, social, cultural, etc. activities. Thus, the components of the digital economy include e-business infrastructure which deals in hardware, software, telecoms, networks, human capital, etc. E-business tells us how business is conducted, the process that an organization conducts to be digitalized, and e-commerce which is related to the transfer of goods. The digital economy is defined as the economic activity that arises as a result of billions of everyday online connections among people, businesses, devices, data, and processes. In other words, you can say that it is an economy that focuses on digital technologies that are based on digital and computing technologies. Thus, there is no specific digital economy definition. Socio-economic processes strongly depend on the state of telecommunications and digital networks, which technologically underpin the IT revolution. The digital economy is one of the main products of such a revolution. As envisaged in the Strategy for Information Society Development until 2030, digital economy means the economic activity operating digital data as a key production factor, processing Big Data, and using the outcome of analysis, which significantly enhances the efficiency of various production types, technology, equipment, storage, sale, supply of goods and services as compared with traditional modes of operations. The digital economy represents (a) a system of production relations (in the narrow meaning) in the distribution of resources during the production and data transfer through Information and Communication Technologies (ICT), (b) a system of economic agents that create added value by selling their services of production and data transfer through ICT. Whether such economic agents should constitute the digital economy is a matter of analyzing their value creation chains. They do if they create added value with digital means of production.

THE MAIN RESULTS AND FINDINGS

All economic transactions that occur on the internet involve the Digital economy, therefore it is the one collective term for all economic transactions. It is also known by different names such as the Web Economy or the Internet Economy. As we know the world is continually changing, With the advent of technology and the process of globalization, digital transformation with the digital as well as traditional economies is emerging in the world. Companies nowadays are using digital business strategies which are transforming their business, streamlining processes, and making use of technologies. They are adopting digitalization to enhance their interaction with customers and employees as well as deliver excellent customer experience.

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According to the World Bank (2016, p.10), a whole set of challenges are "preventing the digital revolution from fulfilling its transformative potential" in developing countries; including the potential outlined for digital economies. These create the backdrop of problems to which policy solutions are required; and they will here be categorized in terms of digital infrastructural challenges, digital ecosystem challenges (human, institutional), and digital economy disbenefits . The economy can be viewed as a system consisting of elements and connections. Greater connectivity among actors and ideas creates more possible combinations through the identification of existing opportunities and the discovery of new ones. —When connections change, so too does the structure of the system. When the structure changes, the dynamic properties of the system change also. This changes the conditions under which connections exist; new ones may form, and existing ones may fail or may even become strengthenedll (Potts, 2001, p. 2).

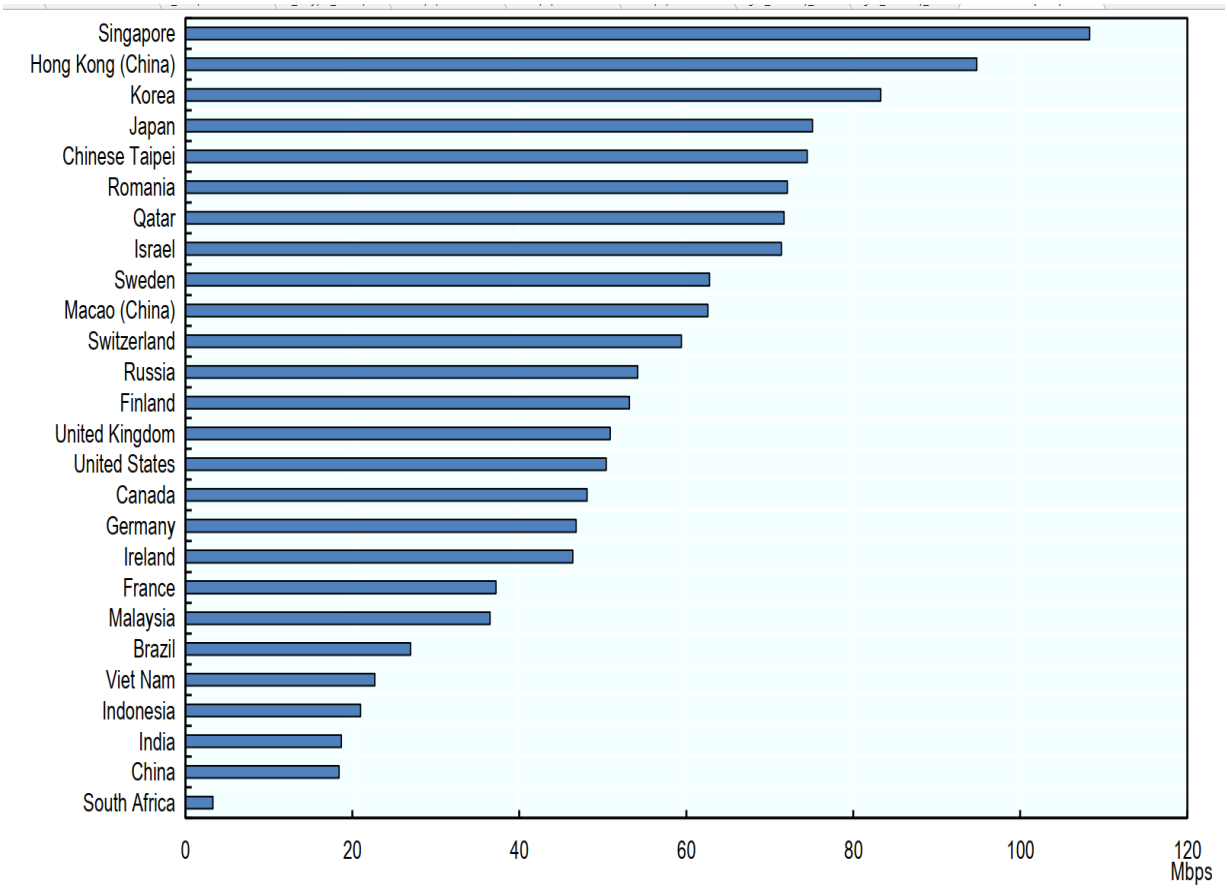

Fig 1. Many developing countries are still lagging far behind advanced countries in terms of Internet speed.

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Average Peak Connection Speed in Second Quarter 2015 (Mbps)

Notes: The average peak connection speed is computed from the highest connection speed from each unique IP address determined in a specific country region, or state in the United States. While the average peak connection speed is reflective of the Internet connection capacity, it does not reflect the connection speed during "normal" usage conditions, which are also influenced by the

types of activities that the average user in the country or region engages in.

Source: Akamai Technologies, Inc. (2015), Akamai's State of the Internet Q2 2015 Report, https://www.akamai.com/us/en/ourthinking/state-of-the-Internet-report/.

What is the difference between the digital economy from the ordinary economy?

For example, the buyer needs shoes. If it falls into the market and itself is directly recognized and bought for cash, it is a traditional economy. Choosing a suitable token through any trading bot in Telegram, the owner of the commodity is called a digital economy – to pay money through an electronic payment system and receive it through a service of delivery of the token. This is an explanation of the issue by the simplest household example. We are all already in the digital economy, using its convenience. For example, our monthly ones fall on plastic cards, through electronic payment we pay for utilities, telephone, Internet, and other products and services, electronically file a tax declaration, transfer money from card to card, order food to home, etc. The economy can be viewed as a system consisting of elements and connections. Greater connectivity among actors and ideas creates more possible combinations through the identification of existing opportunities and the discovery of new ones. —When connections change, so too does the structure of the system. When the structure changes, the dynamic properties of the system change also. This changes the conditions under which connections exist; new ones may form, and existing ones may fail or may even become strengthenedll (Potts, 2001, p. 2).

Technological change occurs when the relationships among elements change or when new connections are established. The probability of discovering new combinations increases with the number of connections. Densely connected systems give rise to a large set of technical possibilities (a large state space), while more sparsely connected systems create fewer possibilities. —In essence, the defining characteristic of the modern economy is extremely rapid technological, organizational, and institutional change, all embedded within broader patterns of social change (Potts, 2001, p. 4). This understanding of the modern economy is imbedded in Eliasson 's concept of the

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experimentally organized economy which incorporates a virtually unlimited set of technical possibilities as well as bounded cognition and rationality on the part of each actor. This combination makes it impossible to identify all possibilities (optimization is not possible); mistakes are therefore common; and more experiments lead to a larger number of technical possibilities (Eliasson and Eliasson, 1996).

Hence, the concept of digital economy seems uncertain and blurred. Therefore, we suggest construing the digital economy as a system of production relations for distributing investment resources while creating tangible products, services, and technology through the generation, processing, and/or transfer of digital data, information, and/or knowledge and attainment of their new quality and/or production methods by doing this among other things with ICT within the single innovation and investment environment. Furthermore, digital data, information, and/or knowledge can be processed inter alia analytically and massively with the given technologies, while the personnel is to maintain the process. It is especially important to reconcile the concepts of innovative economy and digital economy. They are neither synonyms nor names of the same phenomenon. An innovative economy means a system of production relations pursuing the creation of knowledge capital, fundamental scientific knowledge, and/or innovation and economic agents that create value added by generating and running the knowledge capital. Growing rapidly, the digital economy requires more and more innovations and, therefore, fundamental scientific knowledge for their production. Any new type of economy, which human history has ever seen, needs many products of the innovative economy, though staying aside from it.

Currently, considering the existing development level of the digital economy, there can be some opportunities for creating and implementing organizational and managerial innovation pointed out, which should be in place to raise the efficiency and quality of the digital economy:

1) higher mobility and expansion of information and knowledge channels due to new digital communication networks;

2) adoption of the digital data transfer standard to seriously reduce specific costs for knowledge dissemination. However, the very knowledge-sharing technologies are significantly transformed, thus slightly modifying the specifics of knowledge as special types of goods and the nature of the know-how market, making it more network-oriented;

3) generating codified data sets that may serve to increase the robustness of analysis, planning, and control of business;

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4) access of private parties to communication channels, markets, and sources of information that the State or international corporations previously controlled;

5) substantial modification of channels used to distribute products, technologies, and services in the media sector;

6) spreading cybercrime in the digital economy, revealing social development patterns. Cyber-attacks undermine the digital economy in areas prioritized by investors and innovators.

In our country, measures are being taken to ensure the active development of the digital economy, and the broad introduction of modern information and communication technologies in all sectors and spheres, primarily public administration, education, health, and agriculture. In particular, the implementation of more than 220 priority projects aimed at improving the system of e-government, further development of the local market of software products and information technologies, Organization of IT parks in all regions of the Republic, as well as providing qualified personnel of the sphere has begun.

In addition, the program "Digital Tashkent", which provides for the launch of Geoportal integrated with more than 40 information systems, the creation of an information system for the management of public and municipal infrastructure, the digitization of the social sphere, and the subsequent introduction of this experience in other regions, is being implemented.

"We're going to be left behind if we don't move into the digital economy. We need to develop a national concept of the digital economy, which implies the renewal of all spheres of the economy based on digital technologies. On this basis, we must implement the program "Digital Uzbekistan-2030" – said the president of Uzbekistan Shavkat Mirziyoyev. (5.10.2020 ПФ-6079)

The digital economy allows to growth of the gross domestic product by at least 30 percent, sharply reducing corruption. The analysis conducted by influential international organizations also confirms this. Therefore, it is necessary to carry out digital transformation in the spheres of economy, develop national information technologies and attract investments in this direction.

A wide range of activities is planned as part of the strategy implementation:

In the course of the digital transformation of regions and industries in 2020-2022.

- it is expected to increase the level of connection of localities to the Internet from 78% to 95%, including by increasing up to 2.5 million broadband access ports, laying 20 thousand km of fiber-optic communication

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lines, and developing mobile communication networks;

- implementation of more than 400 information systems, electronic services, and other software products in various areas of socio-economic development of regions;

-training 587 thousand people in the basics of computer programming, including by attracting 500 thousand young people in the framework of the project "One million programmers";

- implementation of more than 280 information systems and software products for automation of management, production, and logistics processes at enterprises of the real sector of the economy;

-consolidation of higher education institutions in the regions to improve the digital literacy and skills of "khokims" (governors), employees of state bodies and organizations, training them in information technologies and information security, and training 12 thousand of their employees in information technologies.

29 model districts (cities) will be the first to undergo digital transformation – in 2020 and by the end of the first quarter of 2021. They will be assigned representatives of the Ministry of Finance, its subordinate organizations, and territorial administrations. Regional working groups have been formed to coordinate the work and evaluate the effectiveness of projects implemented every 10 days.

Furthermore:

a) by the end of 2020, the digitalization of preschool education, health care, and General education schools will be completed. They will be provided with the necessary IT infrastructure, computer equipment, and information systems, and employees will be sent for training in 13 model districts;

b) Uzbekistan's diplomatic missions abroad will help the regions and industries assigned to them in transferring advanced technologies and IT solutions, attracting leading companies to jointly implement projects in the digital economy.

What will the development of the digital economy give us? The digital economy significantly increases the standard of living of people, which is its main benefit. The digital economy is the main pillar of corruption and the "black economy". Because the numbers seal everything, store it in memory, and provide information quickly when you need it. Under these circumstances, it is impossible to hide any information, make secret transactions, do not give full information about this or that activity, the computer will show it all. The abundance and systematization of data does not allow lies and Gypsy work, because it is impossible to deceive the system. As a result, it is not possible to wash" dirty money", steal funds, spend inefficient and

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aimlessly, increase or hide. This will increase the flow of legal funds into the economy, taxes will be paid on time and correctly, the distribution of the budget will be open, funds directed to the social sphere will not be stolen, the money allocated to schools, hospitals, roads will be fully reached, etc.

The fact that the state chooses the path to the development of the digital economy opens up new directions in the field of Information Technology and, in general, the turnover of electronic documents. The turn towards "digital technology" was the reason for the development of the World Internet network and quality communication.

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