



THE IMPACT OF DIGITAL TRANSFORMATION ON THE SOCIO-ECONOMIC DEVELOPMENT OF THE REGION

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Annotation: Digitalization is one of the key trends in the global economy. The countries with the strongest economies in the world have included a digitalization program in their economic development strategy. At the same time, the importance of monitoring the dynamics of digitalization processes and the degree of its impact on well-being is of paramount importance for all countries involved in the global community. At present, there are practically no studies that comprehensively assess the institutional, cultural, economic, educational and infrastructural consequences of digitalization. The paper attempts to assess the impact of digitalization on these drivers of socio-economic development and on welfare in a group of developed and developing countries. The relevance of determining the effects of the rapid introduction of digitalization in developed and developing countries predetermined the purpose of the study.

Keywords: digitalization of the economy, digital evolution index, e-government development index, level of digital trust, digital literacy, developed countries, developing countries

INTRODUCTION

The digitalization of the world economy has entered an active phase of implementation at the country level over the past 10–15 years. One of the practice-oriented illustrations is the active implementation of the concepts of the "third industrial revolution", "Industry 4.0" and other approaches to integration into government programs and business strategies. Thus, the effects of the dynamics of the introduction of digitalization and its impact on socio-economic results and the welfare of society become a priority for all regions involved in global sustainable development.

MATERIALS AND METHODS

Having reached only 50% coverage of the world market with the Internet, the global digital economy has become a space of great opportunities [1]. Today, integration into the digital world predetermines the success of both business and consumer transactions. According to McKinsey's research, digital data currently have a greater impact on GDP growth than traditional trade in goods and services [2]. Indeed, many countries have identified key priorities in their development strategy based on methods to increase competitiveness through achieving a digital advantage in the global marketplace. It is obvious that the openness of the digital market predetermines new rules of the game for all stakeholders of the global world, which is why innovation and trust play a decisive role in the digital development of the economy. Over the past 15 years, many works have been published on the assessment of the effects of digitalization in individual projects of states or industries, for example, the introduction of the Internet of things in healthcare, the introduction of smart city systems in a group of countries. However, there are practically no studies that comprehensively assess the institutional, cultural, economic, educational and infrastructural consequences of digitalization.

RESULTS AND DISCUSSION

Table with 2 columns: Page number (97) and Publication information (ISSN 2319-2836, ASIA PACIFIC JOURNAL OF MARKETING & MANAGEMENT REVIEW, under Volume: 11 Issue: 05 in May-2022, https://www.gejournal.net/index.php/APJMMR, Copyright (c) 2022 Author (s). This is an open-access article distributed under the terms of Creative Commons Attribution License (CC BY). To view a copy of this license, visit https://creativecommons.org/licenses/by/4.0/)

The first part of the article formalizes modern approaches to the evolution of digitalization of the world economy. The objects and factors of influence of the digital economy identified in the second part of the article became the basis for analyzing the introduction of digitalization in groups of developed and developing countries. The third part assesses the socio-economic effects and contribution of digitalization to the sustainable development of the global economy. The methodological tools are the construction of a balanced panel regression, as well as tests to verify the reliability of the data.

The history of the development of digitalization is heterogeneous, its formation depends on the level of integration of innovations in groups of countries. Researchers at the Columbia Business Institute distinguish three stages of digital evolution.

In turn, based on the results of a large-scale study, the Boston Consulting Group formalized the digital evolution in the world in terms of the availability of using the applied features of the Internet (Fig. 1).

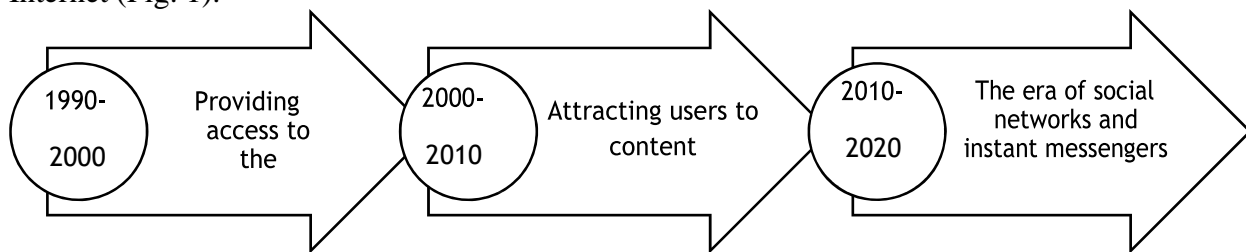


Fig.1. Stages of digital evolution in the world

In accordance with the proposed logic, the development of society is on the verge of the fourth digital evolution, which is based on connecting not only people, but also mechanisms, complex devices to the Internet, as well as the integration of business processes with artificial intelligence.

Despite the tight integration into the life of modern society, the theoretical foundations of the digital economy are still rather poorly formalized in academic research and interstate documentation.

Currently, there are several approaches to the essence of the digital economy in the scientific literature. The so-called "classical approach" says that the digital economy is an economy based on digital technologies, and at the same time it is more correct to characterize only the area of electronic goods and services [5]. "Digital Economy

is an economy based on new methods of generating, processing, storing and transmitting data, as well as digital computer technologies" [5]. The "extended approach" defines the relationship between the digital economy and digitalization; in this aspect, the "digital economy" is economic production using digital technologies [5]. The digital economy is an economy based on a qualitatively new type of information and telecommunication technologies, covering and transforming all spheres of modern industrial and social life [5]. At the same time, there is an alternative approach that considers digitalization as a system of interaction between people and technologies. So V. I. Bondarenko notes that "this is a holistic, systemic, complex problem of finding that model of relations between people that is compatible with the technologies of the fourth industrial revolution and, in its formation, development and implementation, should ensure the achievement of an objectively specified goals" [5]. "Digitalization— the path due to which aspects of human life are subject to

change and adaptation in accordance with digital communication devices and media infrastructure [5]. “Digitalization is the use of digital technologies to change the business model and create an environment for the production of products with increased value for the consumer and the company [6].

Large international organizations have also made their contribution to understanding the functioning and clarifying the framework boundaries of the digital economy. Digital Economy— an economy that allows the functioning and provision of trade in goods and services via the Internet (Organization for Economic Cooperation and Development, 2013). The digital economy is interconnected platforms that allow using a huge number of ways to reach the end user, as well as creating difficulties in excluding certain players (competitors). Digital economy - economic activities based on the use of digital knowledge for the production of modern information, using information as a driver of productivity growth and economic structural optimization (G20, "Program for Development and Cooperation in the Digital Economy", 2016). The digital economy is an economic activity in which digital data, processing large volumes and using the results of analysis to improve production efficiency are a key factor in production.

Based on the study of Uzbek and foreign literature, we have identified four key approaches to defining the phenomenon of digitalization (Table 1).

Only through a comprehensive transformation can a greater effect be achieved, deeper and more comprehensive involvement in the digitalization process of all major economic agents. The objects of influence of digitalization can also be conditionally divided into four levels. The first level is software and hardware, telecommunications [8].

*Table 1*

**Approaches to defining the digital economy**

| <b>Approach</b>         | <b>Definition of Approach</b>  |
|-------------------------|--|
| Resource approach       | The resource approach is based on the technological aspect, namely, on the technologies necessary to ensure the functioning of the digital economy   |
| Process Approach        | An approach based on the need to use information technology to ensure transactions on the Internet   |
| Structural approach     | Economic transformation based on the introduction of new information structures for the digitalization of the economy  |
| Business Model Approach | An approach at the intersection of structural and procedural approaches, based on the introduction and application of new business models, mainly this is trading on the Internet and or online business |

The second level is digital services and the platform economy (transactional platforms - Amazon, Uber, Alibaba, Airbnb, innovative platforms - Windows, Android, Salesforce) [9]. The third level includes the business areas of the sharing economy and gignomics. At the fourth level, there are digital integrated business areas - Industry 4.0 sectors, as well as the economy of streaming data processing algorithms.

Thus, we can conclude that the influence of the digital economy has gone far beyond the sphere of traditional technological industries, and, therefore, hypothetically, the digital economy can affect almost all spheres of society, depending on the degree of its development in a certain country of the world [11].

### CONCLUSION

The results of the study for a group of developing countries show that the e-government development index is a significant factor. As part of the digitalization development strategy, the following measures are required to improve well-being:

- creating the necessary institutional conditions for business;
- investing in the development and provision of information technologies for various industries that may be subject to digitalization;
- initiating educational programs to improve the digital literacy of the population.

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