

Modern Tendencies of Digitalization and their Impact on Economic Development

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ABSTRACT

the article discusses the concept of digitalization and its essence, modern trends in digitalization, the importance of digitalization in economic development.

KEYWORDS: *digital economy, digitization, digital transformation, digital technologies, digital platforms, digital infrastructure.*

Introduction

The quick adoption of digital technology across all facets of human activity explains one of the key facets of modern civilization. The foundation for a profound transformation of conventional socio-economic interactions is being laid by this [1]. First, digitalization is altering production technology, socioeconomic and organizational management processes, and means of establishing reciprocal economic relationships between producers, customers, and suppliers. Second, digitalization guarantees the caliber and efficacy of major reforms meant to raise the population's standard of living[2]. This has proven to be a very important endeavor, especially given the social and economic constraints the epidemic has placed on us today.

In Uzbekistan, information technology development has advanced significantly. This increases the economy's so-called "digital" share and aids in the expansion of digitalization processes in many sectors.

The amount of development of information and communication technologies (ICT), which is often measured by a number of measures, is closely tied to the level of development of the digital economy. These metrics include how much of the GDP is accounted for by the digital economy, how much money is invested in the ICT sector, how quickly and easily people can access the Internet, how far along electronic commerce is in its development, how many public services are included in the "Electronic Government" system, and the availability of organizations with specialists in the field of ICT, and other indicators.

On the majority of these metrics, Uzbekistan has achieved considerable advancements. In instance, the gross added value produced in the "information and communication" network of the service sector expanded by 2.6 times in the past five years to reach 5.6 trillion. Up to 14.9 trillion soums (Table 1.1.1), the amount of services provided by the economic activity category "information-communication" rose by 2.2 times to 10.3 trillion soums. (Table 1.1.2) 22.9 trillion soums rose to soums.

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Table 1.1.1

Growth dynamics of the volume of services in the "information and communication" network in terms of gross added value in 2018-2022 (trillion soums)

	2018	2019	2020	2021	2022
GDP	426,6	532,7	605,5	738,4	888,3
Gross value added, incl	381,1	487,4	561,2	686,4	828,1
"Information-communication" network	6,8	7,2	9,1	11,7	14,9

Source: State Statistics Committee

Table 1.1.2

Growth dynamics of the volume of services by the type of economic activity "information-communication" in 2018-2022 (trln. soum).

	2018	2019	2020	2021	2022
Services - total	150,9	193,7	220,0	284,4	357,6
<i>growth rates (in %)</i>	<i>108,9</i>	<i>113,2</i>	<i>103,0</i>	<i>119,5</i>	<i>115,9</i>
"Information-communication" network	10,3	10,9	13,9	17,8	22,9
<i>growth rates (in %)</i>	<i>115,9</i>	<i>108,3</i>	<i>123,8</i>	<i>126,4</i>	<i>125,5</i>

Source: State Statistics Committee

Great opportunities for the development of the ICT sector were created in the period from 2018 to 2022 by a 4-fold increase in the volume of fixed capital investments in the "information-communication" activity type (from 1.2 trillion soums to 4.8 trillion soums), including a 2.5-fold increase in the volume of foreign investments and loans (from 8 trillion soums to 2.0 trillion soums).

Literature review. The concept of digital transformation has become one of the most talked-about subjects in the world today, but it is not a novel idea; there has been discussion about it for many years. The definition and meaning of the term "digitalization" have not yet been properly developed in the corporate world and the scientific community, despite the relative improvement in this category's research. For instance, the phrase "digitalization" includes several synonyms with various connotations, according to Yu.I.Gribanov. While the English titles for some of them are extremely similar to one another when written and spoken, they have very distinct meanings [3]:

- digitization - represents the transformation of information "from a physical carrier to a digital one" [4].

- digitalization - the creation of a new product in digital form from scratch.

According to the Boston Consulting Group's experts, "digitalization is the use of opportunities of online and innovative digital technologies by all participants of the economic system -- from individuals to large companies and countries" [5].

"Digitalization is a process aimed at digitizing (creating digital copies) all information resources (and even material resources), "says expert M. N. Rudenko, "and forming network platforms of interaction in order to achieve the intended and guaranteed result for any management effect using automation tools. [6].

Furthermore, V. Mesropyan's definition of digital transformation as it relates to the subject matter under consideration is noteworthy: "It is a revolutionary change of business models based on

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the use of digital platforms, which leads to a sharp increase in market size and company competitiveness" [7].

Methodology. The study of contemporary digitization trends utilized scientific abstraction, analysis and synthesis, monographic research, comparison, and comparative procedures as its research approach.

Result and discussion. The use of new digital technology to partially restructure an enterprise's business model is known as digitization, and it is currently one of the key drivers of economic growth[8]. In order to fully benefit from digitization, the current structure and its processes must be completely restructured, a new way of working with partners and clients must be organized, and products and services must be adjusted to the demands of the market [9]. At the same time, digitalization enables businesses to realize significant improvements in cost efficiency and product quality[10].

In these trying times, it is crucial for Uzbekistan to quickly transition its outdated conventional economy into a contemporary informational, intellectual, and digital economy. The growth of the key components of the knowledge economy, information society, and digital economy in harmony is something that the developed nations of the globe are very concerned about. In response to the necessity to move toward a digital economy, the plan "Digital Uzbekistan - 2030" was created and authorized by Decree No. PF-6079 of the President of the Republic of Uzbekistan, dated October 5, 2020.

Individual businesses are not the only ones deciding to digitize their operations; whole sectors are doing the same since it is their best chance to keep up with the world's accelerating pace of change. Because of this, every person's and every company's life is changing today as a result of the digital transformation of business, retail, the public sector, and other sectors. This necessitates a thorough analysis of the issue of digital transformation in connection to all facets of socio-economic structure and daily life in society.

As a widespread trend, digitization is permeating more and more areas of the national economies of the nations of the world. It enables the transfer of all information to the virtual world, the creation of a new business model with the Internet as its primary tool, and the ability to lower company expenses by eliminating the need for warehouse and retail space. The way that producers of products and services engage with consumers, vendors, and governmental organizations will be dramatically altered by this new business paradigm.

The economic sphere's directions best capture the heart of the digitalization process:

The first is the division of the financial and real sectors of the economy through the use of digital technology instruments in processes of collaboration between economic organizations.

The development of financial market instruments using digital technology is the second trend.

The third strategy is to use their "images" in place of actual economic relationships.

The terms "digital economy" and "digital organization" have become common due to the development of economic relationships within the context of digital services. The digital economy differs from the traditional economy in that it operates according to its own set of rules.

The following are the key benefits of digitization for all economic entities:

1. Process improvement. Businesses may now automate straightforward procedures and cut out unnecessary stages in more complicated ones thanks to new technology. Because of this, businesses are more adaptable and can now employ their resources more effectively.

2. Identifying new revenue streams. With the introduction of new technology, new

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opportunities for employment that were previously impractical will arise.

3. Development of a distinctive and appealing infrastructure in the service industry. Customers today demand that companies take the time to understand them and their particular demands. These issues can all be resolved thanks to the sophistication of contemporary technologies.

Consequently, the primary digital developments influencing the overall economy and the service sector are as follows:

1. Modifications to the traditional models of the economic and social order, which give rise to new kinds of wants and opportunities to meet them;

2. Reconstruction of economic, social, and organizational processes connected to firm operations and technological advancements, growth of service sector potential to fulfill population's digital wants;

3. Creation of novel platforms for interactions between buyers, sellers, and providers of products and services, facilitated by the digital environment;

4. aiming for widespread Internet and social network usage, taking into mind the broader engagement of potential customers from various socioeconomic and age groups;

5. Growing chances to consider the particular preferences of the client based on the potential of digital platforms;

6. The expansion of chances to boost economic entities' competitive advantages via the usage of digital technology;

7. A notable rise in the number of Internet users, the number of people making purchases online, the amount of people using the Internet, and the amount of activity they engage in online;

8. alterations in the make-up of prospective customers as a result of drawing in elderly people (those over 55) and those from far-flung communities to the online audience;

9. An increase in the demand for internet services related to sports, entertainment, further education, and health.

Conclusion and recommendation. At the conclusion of our research, we point out that the "digitization race" is currently in full swing in the modern economy, indicating that although the digital transformation of business and society is inevitable, it will take some time. Because of this, in the near future, economic structures that begin their digital transition early will unquestionably have a competitive edge.

With the aforementioned factors in mind, we felt it essential to recommend the following ideas to speed up digitization:

1. building an electronic infrastructure to ensure the digital economy runs smoothly;
2. Enhancing the digital economy's regulatory environment;
3. broadening the breadth of employee training for the digital economy;
4. International collaboration on the digital economy must be sped up much further.

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