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## THE OPPORTUNITIES OF DIGITAL ECONOMY AND IMPLEMENTING IT IN THE CIRCUMSTANCES OF UZBEKISTAN

**Abstract:** This article is devoted to illustrate data on the necessity and benefits of digital economy, ways to use digitalization in economy based on active use of information and communication technologies as well as the basic tendencies of change of digital business environment.

**Key words:** digital economy, production, hyper competition, innovation, investment.

**Language:** English

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### Introduction

Technology is a key part of modern business and plays a major role in business. Advanced Technology will greatly impact Government on revenue and infrastructure spending. Technology will replace human jobs at a pace not seen before. The modern world is impossible to describe without information technologies, which has modernized, developed over years and eased different spheres. There is no commonly accepted definition of digital economy. We must guide a narrow view about digital economy so its full definition is followed: Digital economy refers to the economy that is based on digital computing technologies thus it is called the Internet Economy or New Economy. The term “Digital Economy” was first mentioned in Japan by a Japanese professor and research economist in the midst of Japan’s recession of the 1990s. The digital technology has two faces: information technology (IT) and communication technology (CT). It is represented by artificial intelligence (AI) robotics, and machine learning speeds up data processing, reduces the number of tasks, and generates concentration forces for economic activities. On the other hand, CT such as the Internet and smartphones overcomes distance,

makes communication and matching easier, encourages the division of labor, and yields dispersion forces. From the viewpoint of newly developed and developing countries, while the application of IT must be tried, the immediate focus must be placed on CT.

### Main part

The World Economic Forum and the Group define the digital economy as “a broad range of economic activities comprising all jobs in the digital sector as well as digital occupations in non-digital sectors”. These include activities that use digitized information and knowledge as the key factor of production; modern information networks as an important activity space; and ICT to drive productivity growth and optimize economic structures.

Not with standing, we lose much time due to waiting in queue, possibly bureaucratic barriers along with that money or any item should be sent to us far from distances. If it is brought by a person or a transportation, it will cost highly expensive and we spend more time. In the situations like this, digital economy assets us. Not going out the house or office we have a chance to do various dealings through the Internet instantly. The result of that digital economy

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should be expanded and their directions are amplified is achieving success by this area. Furthermore, what 2020-year has been called “Development of Knowledge and Digital Economy” is not happening in Uzbekistan abruptly. Afterwards, it is noteworthy that the more different views on digital economy are being demonstrated, the more questions are being appeared.

The digital economy is a concept as a driver of innovation and competitiveness for those financial procedures, exchanges, communications, and exercises that depend on online technologies. It is an aggregate term for every single financial exchange that happens on the web. Therefore, it is called the Web Economy or Internet Economy. The term of digital economy was coined in Don Tapscott’s best-seller *The Digital Economy: Promise and Peril in the Age of Networked Intelligence* when the first books showed how the Internet could change the way of business in last 25 years.

According to Thomas Mesenbourg<sup>1</sup>, three main components of the Digital Economy concept are determined:

E-business infrastructure (hardware, software, telecom, networks, human capital);

E-business (how business is conducted, any process that an organization conducts over computer-mediated networks);

E-commerce (transfer of goods, for example when a book is sold online).

However, for digital technologies to effect economic development, appropriate policies have to get rid of the drawbacks preventing emerging economies from totally engaging in the digital economy and optimizing the merits, while decreasing the risks.

The main objectives of the project for creating an information system “e-tax services” for the provision of interactive services in the field of taxation are to increase the efficiency of the tax authorities in this direction, optimizing the provision of public services of tax authorities to the population and business, to improve the quality and accessibility of public services provided, simplify procedures and shorten their delivery time, ensure the availability and fullness of “Personal the cabinet of the taxpayers”.

The advantages of the digital economy for developing economy are enormously great. That is way, it may have substantial competitiveness and productivity-boosting occasions belonged to access to digital products supporting to dive transaction costs

and modify supply chains. Investment and adoption of digital technologies are inspired to falling information and communication technology prices in supplying the firms with modern services at competitive prices. It is useful for consumers to be provided with a wider range of goods and services at cheaper prices. In addition, it offers new opportunities for entrepreneurship and job creation. Governments also benefit from the digital economy to the extent that they have right to technologies that asset them deliver more and better public services, enhance governance, evaluate policies and lead to better results overall. The digital economy gives a chance to achieve the followings:

-In the circumstance of digital economy different harassment is removed, time is saved, expenditure is dipped;

-In the digital economy, not people, only documents and goods act as a result many cases of corruption are reduced;

- The activities of electron government, electron shops, digital financial institutes and digital education are developed so that the actions of goods and services will develop via the Internet;

-The amount of cash money turnover declines considerably due to using electron payment system, which influences on reducing the area of the hidden economy activity, dropping the degree of inflation and growing taxable incomes of government budget;

-Digital age protecting consumers interests restrains oligopoly and monopoly positions.

A response to globalization is a greater shift in jobs to developing country cities, thereby reducing the overall relative costs of labor. Automation leads to less demand for manufacturing workers everywhere. Automation also changes the overall relationship between industrial employment and labor costs because it occurs more quickly in locations with high labor costs, assuming the incentive to reduce labor costs trumps other differences between locations.

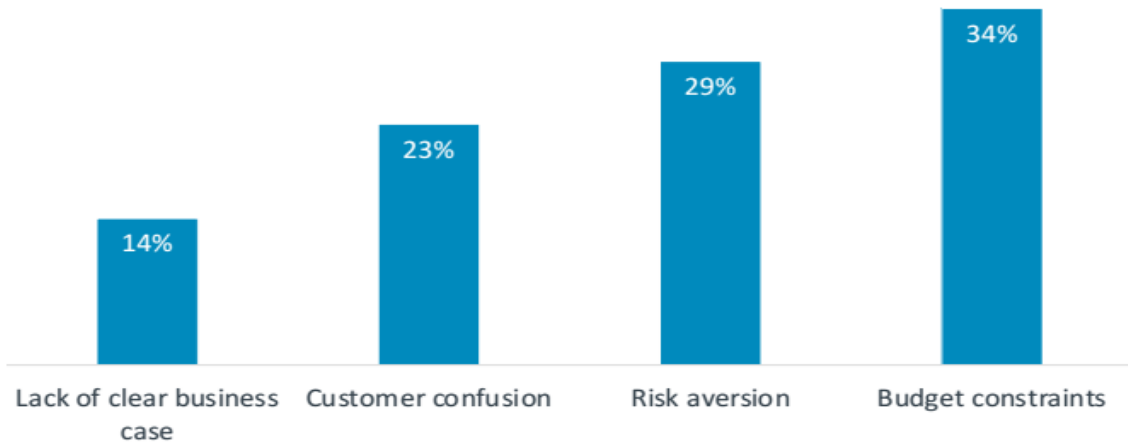
Rapid technological change in areas related to the internet and other new applications of ICTs pose challenges for statistics. As such, there has been a considerable degree of development in this area, with statistical tools being adapted to satisfy new demands for data. Indeed, statistics within this domain are reassessed on an annual basis in order to meet user needs and reflect the rapid pace of change.

## Discussion

<sup>1</sup> Thomas L. Mesenbourg, an American statistician and economist who was the acting director of the United States Census Bureau. [https://en.wikipedia.org/wiki/Digital\\_economy](https://en.wikipedia.org/wiki/Digital_economy)

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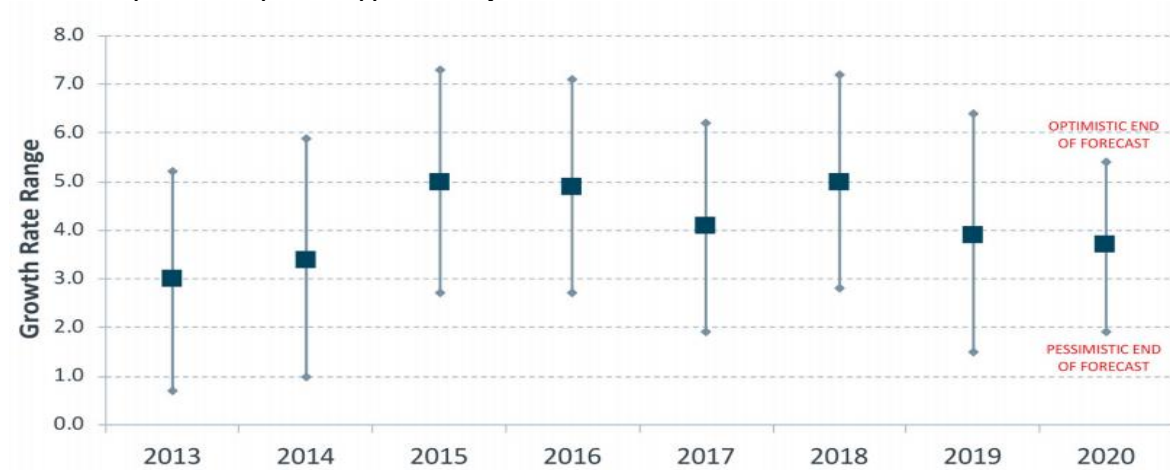
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**Figure 1: Inhibiting factors for emerging technology, 2020**

The barriers of using technology in firms include main four reasons: lack of clear business case, customer confusion, risk aversion and budget constraints. The figure gives comparable information on the percentage of the factors which affect the financial and social condition of organizations. In general, it can be seen from the bar chart that budget constraints experiences the highest divide, which is 34%, in the whole chart. This means that the companies have not sufficient money to finance the costs of electronisation of all events. It is actually clear from the diagram that risk aversion, having a substantial position, expresses approximately a third

of all the drawbacks in front of the companies. Following this, customer confusion and lack of clear business case place in the latter roles. It is shown that risk aversion is more 9% than customer confusion, which means that companies have more difficulties in declining risks. Subsequently, it is crystally clear from the diagram that it is easier for firms to make clear, reliable business case, which constitutes well under more a tenth of the whole causes mentioned. Simultaneously, they should pay more attention on involving customers to their products, which protect customers be challenged due to technologies.



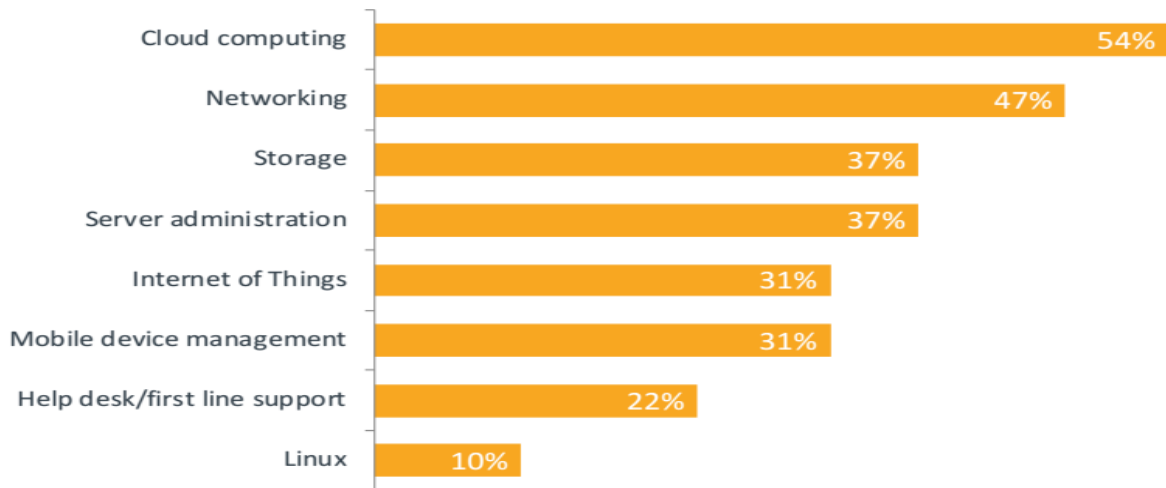
**Figure 2: Global ICT industry growth, 2020**

The figure demonstrates information about how degree global ICT industry reached in terms of optimistic end of forecast and pessimistic end of forecast over a seven year period from 2013 to 2020. Overall, what stands out from that the figure

expressing a moderate fluctuation experienced a noticeable increase in the period of 2015 and 2018 when there was a more marked drop in the beginning period from 2013 to 2014 than the one at the end of the period, 2019 and 2020.

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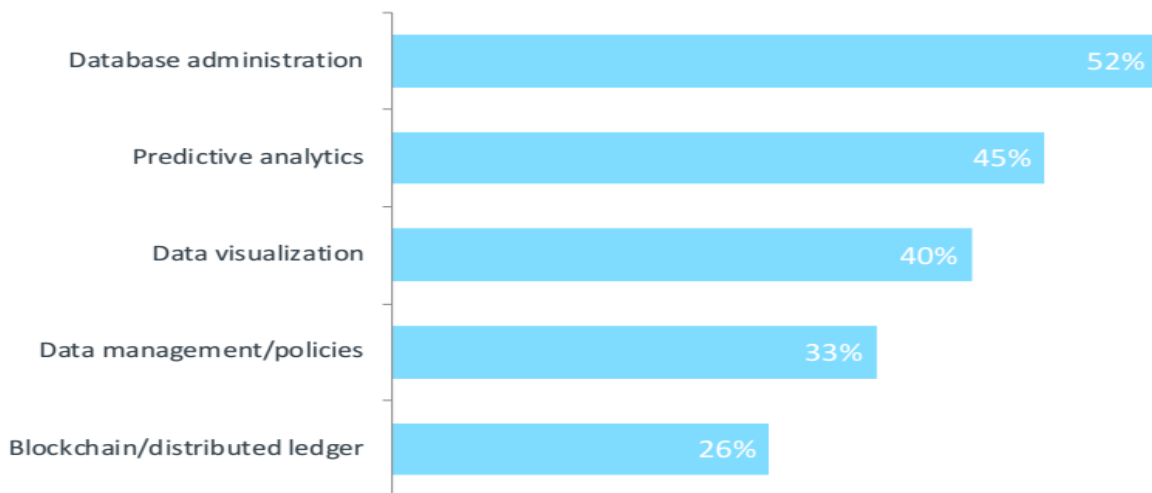


**Figure 3: Critical area within infrastructure, 2020**

The figure illustrates data on a paramount area of infrastructure the usage of digital technologies concerning their directions in that year. Overall, it can be shown that cloud computing covering 54% is the greatest fraction of the bar chart whereas 10% matches for Linux. Networking and storage include 47% and 37%. Likewise, server administration reaches at 37%. The others of the directions account for about 30%.

Aforementioned, digital platforms are increasingly important in the world economy. The combined value of the platform companies with a market capitalization of the platform companies with

a market capitalization of more than \$100 million was estimated at more than \$7 trillion in 2017 – 67 percent higher than in 2015. Some global digital platforms have achieved very strong market positions in certain areas. For example, Google has some 90 % of the market for Internet searches. Facebook accounts for two thirds of the global social media market, and is the top social media platform in more than 90% of the world’s economies. Amazon boasts an almost 40% share of the world’s online retail activity, and its Amazon Web Services accounts for a similar share of the global cloud infrastructure services market.



**Figure 4: Critical area in Data, 2020**

The figure gives a chance to compare the percentages of 5 sectors of utilizing data in technology. It can be seen from the chart that database administration constitutes the highest percentage, which is 52%, while blockchain/distributed ledger witnessed the most minimal column in the whole chart.

**Conclusion and suggestions**

To sum up, it will be necessary for new countries to have flexible and smart form of agreement in order to expand the role of digital economy and learn how to cooperate in policy design and implementation. Influencing the society, digital economy will exchange its status positive. The followings will happen as a result of digital economy:

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-firstly, digital economy creates new demand by new products, enabled by digital technology. The advances in ICT have a enormous chance for the production of new products;

-secondly, the digital economy permits more flexible economic structures. With ICT, the entry and exit of companies, which can start their business with a small amount of labour and capital, become more easier as well as consumers, who can directly contact with producers by sending messages via the Internet, play an significant role in e-markets;

-thirdly, the digital economy releases price fluctuation. For example, in the USA, ICT goods and services asset to decline inflation rate. Without ICT inflation rate would be 3,1%. However, with substantial price decrease of ICT production, the overall inflation rate has dipped to 2%;

-fourthly, the digital economy transforms the structure of firms and employment type, and makes new jobs. E-commuting and flexible working schedules make fixed places and time of work unnecessary, which trigger the creation of various goods and small business. More flexible working conditions enable by-out-off office businesses such as e-commerce contributes to the changes of employment structures;

-finally, the digital economy impels the emergency of the digital generation. It is potential that digital generation is clearly distinguished from other generations in the matter of values and lifestyle, that is way, it is the first generation that grow with the development of the digital media.

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