

THE ROLE OF DIGITALIZATION IN THE MODERNIZATION OF THE ECONOMY OF COUNTRIES IN THE CONTEXT OF GLOBALIZATION

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Abstract: Digitalization has become a key driver of economic modernization in the context of globalization. The rapid advancement of digital technologies has transformed various sectors, reshaping business operations and enhancing productivity. This article examines the crucial role of digitalization in the modernization of economies within the framework of globalization. It highlights how digitalization improves connectivity and market access, enhances efficiency and productivity, fosters innovation and entrepreneurship, transforms international trade dynamics, and promotes data-driven decision-making. Embracing digital transformation enables countries to unlock new economic opportunities, improve competitiveness, and drive sustainable economic growth.

Key words: Digitalization, ICT sphere, digital economy, digital sector, block chain, Artificial intelligence.

Introduction: In today's interconnected world, digitalization has emerged as a driving force behind the modernization of economies, particularly in the context of globalization. The rapid advancements in digital technologies have revolutionized various sectors, transforming business operations, enhancing productivity, and reshaping international trade. This article explores the crucial role of digitalization in the modernization of economies within the framework of globalization.

Considering the term "digital economy", one can find various interpretations in the world literature. As Stanley Kaplan wrote in an article for the journal Risk Analysis, 50% of the problems in the world arise from situations when the same words are used to denote different concepts, and the same number appears because the same concepts are interpreted in different words¹. The digital economy is interpreted as a special stage in the development of the modern economy, which is based on digital technologies and knowledge that form digital skills and open up new opportunities for society, business and the state through their use; as a form of economic activity that arises through the network interaction of people; as an economy dependent on digital technologies². According to the definition of the World Bank, the digital economy is understood as a system of economic, social and cultural relations based on the use of ICT.

Thus, the digital economy is a worldwide network of economic activities, commercial transactions and professional interactions that are supported by information and communication technologies (ICT). So, it can be briefly described as an economy based on digital technologies.

¹ Kaplan S. The Words of Risk Analysis // Risk Analysis. 1997. N17(4). P. 407–417.

² Развитие цифровой экономики в России. Всемирный банк, 2016. www.vsemirnyjbank.org/ru/events/2016/12/20/developing-the-digital-economy-inrussiainternational-seminar1.

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The perception and approach to the economy has changed with the development of information technologies and their introduction into various aspects of life. The digital economy goes far beyond digitalization and automation. The core of the digital economy is the "digital sector": the information technology/ICT industry, which produces basic digital goods and services. This "digital economy" is defined as "a part of the economic result obtained exclusively or mainly through digital technologies with a business model based on digital goods or services" – consists of the digital sector, as well as new digital services and platforms. The increasing use is the use of ICT in all sectors of the economy, this is the "digital economy"

Table 1. Factors affecting the digital economy³.

Internal factors	External factors
scientific research and mechanisms of their stimulation	increased competition at the international level
training and retraining of personnel	the scale of investments and investment changes
integration of practice and improvement of the quality of education	the rapid development of information and communication technologies
potential personnel who are able to work in innovative technologies	

Developed countries have been focused for quite a long time on the evolutionary transition to a new economic structure – the digital economy, although they have not yet adequately solved the problems of the previous economies: the information economy and the knowledge economy. Despite the fact that the introduction of digital technologies in recent years in many countries, including Uzbekistan, has acquired the status of a "traditional and promising" direction of state and corporate development, the current stage of development of the formation of the digital economy generates fundamentally new scientific, technological, organizational and managerial challenges. Considering the activities of economic entities at the moment, they have a problem that is directly related to the digital network. Such enterprises cannot resist competitors, as they have an undeveloped digital network with consumers. The result of not solving this problem will be the exclusion of enterprises from the world market. Thus, companies that actively interact with customers via the Internet have an average of 22% more sales than those that do not pay due attention to digital technologies or have completely abandoned them⁴.

Predicting the economic impact of artificial intelligence or any other breakthrough technology is highly speculative. A world of almost continuous heterogeneity. Many analyses have already emphasized that the scale and pace of automation adoption depends on several variables — some of them are more predictable than others — including technical feasibility, the cost of developing and implementing technologies for specific purposes in the workplace, labor market dynamics, including the quality and quantity of labor and related wages, the benefits of automation go

³ М. К. Абдуллаев, Д. Б. Бегалова ТЕНДЕНЦИИ РАЗВИТИЯ ЦИФРОВОЙ ЭКОНОМИКИ В РЕСПУБЛИКЕ УЗБЕКИСТАН // "Iqtisodiyot va innovatsion texnologiyalar" ilmiy elektron jurnali. № 1, 2021.

⁴ Scott Likens: Eight emerging technologies and six convergence themes you need to know about. <https://www.pwc.com/us/en/tech-effect/emerging-tech/essential-eight-technologies.html> (2020).

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beyond the replacement of labor, as well as recognition by regulators and society. Similar factors are likely to determine the pace of artificial intelligence adoption. One can consider, for example, that just ten years ago China accounted for 1% of global e-commerce transactions, but today its share is more than 40%. Technology has accelerated and strengthened the natural forces of market competition, and the changes that are taking place are extremely difficult to read.

Statistics show that in the period 2016-2022, the revenue of the global artificial intelligence market increased from \$3221.8 million to \$37987.17 million (Fig.1). Revenue is expected to grow to \$89847.26 million by 2025.



Fig.1 Revenue from the global artificial intelligence market from 2016 to 2025, million \$⁵

The next technology is blockchain. Blockchain is a peer-to-peer distributed transaction registry stored in a block chain and allowing records to be shared with all network nodes without a central authority. Blockchain transactions include any data or digital asset applied to some state and values and stored as an address in the blockchain. Each transaction in the blockchain must be verified by most nodes of the system so that it can be added to the blockchain. The nodes must come to an agreement, and only then can the transaction be added. This process is known as consensus.

Conclusion: Digitalization plays a pivotal role in the modernization of economies within the context of globalization. It facilitates connectivity, enhances efficiency and productivity, fosters innovation and entrepreneurship, and transforms international trade dynamics. Countries that embrace digitalization can unlock new economic opportunities, improve competitiveness, and drive sustainable economic growth. To fully harness the potential of digitalization, governments must invest in digital infrastructure, promote digital literacy, and create an enabling regulatory environment. By embracing digital transformation, countries can position themselves.

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