

THEORETICAL FOUNDATIONS OF THE DEVELOPMENT OF THE DIGITAL ECONOMY

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Abstract

This article will review and examine the theoretical foundations of the digital economy. In the ever-evolving landscape of the 21st century, the global economy has undergone profound transformations driven by technological advancements, globalization, and shifting geopolitical dynamics. This development brings both opportunities and challenges, requiring countries, businesses, and individuals to adopt new strategies to navigate the complexities of the modern economy. From digitalization to sustainable practices, today's economic strategies are multifaceted, reflecting a rapidly changing world.

Keywords: Digitalization, information and communication technology, innovation theory, network effects, platform economy, globalization, digital infrastructure, cloud computing.

Introduction

Digital economy is the conduct of economic activities. In this case, the main factor in production and service is data in the form of numbers, using large-scale information processing and analysis of the result of this processing, to implement more effective solutions from the previous system in the delivery of various types of production, service technologies and products. In a more understandable way, the digital economy is an activity related to the development of online services, electronic payments, online trading and other types of industries, digital computer technologies. Nowadays, thanks to the development and introduction of information technology to the public, a lot of amenities appear in our daily lives.

We will also cite other advantages of the development of the digital economy:

- increase labor efficiency in production;
- increased competitiveness of companies;
- reduced production costs;
- the emergence of new modern professions;
- overcoming poverty and the loss of social inequality.

The above are just a few advantages of the digital economy. The development of the international economy has a positive effect on our daily life, gives the ordinary user many additional opportunities, and of course also plays an important role in the growth, development of the market.

The Fund for the support of the development of the digital economy “digital trust” in the form of a public institution, which is considered one of the main tasks of attracting and consolidating investor funds for the implementation of projects in the field of development of the digital economy, including projects related to the introduction of “blockchain” Technologies, has been established.

The state share in the authorized capital of the limited liability company “Universal Mobile Systems” of the Ministry of Information Technology and communications of the Republic of Uzbekistan, the State Committee for the promotion and development of competition for privatized enterprises, the Ministry of Economy, The Ministry of finance, the state tax committee was assigned to the Fund for the support of the development of digital. Also, the property received by the foundation in accordance with this decision is not considered an object of taxation on the profit tax of legal entities, and the share in the authorized capital of Universal Mobile Systems LLC in accordance with this decision is not subject to the profit tax of legal entities and Value Added Tax.

One of the most significant forces shaping the economy today is digitalization. The digital economy refers to the integration of digital technologies into all aspects of economic activity, from commerce to communication. The rise of the internet, cloud computing, big data, artificial intelligence (AI), and blockchain has revolutionized the way businesses operate, transforming industries and creating new opportunities for growth.

E-commerce has become a cornerstone of the modern economy, allowing consumers to access goods and services from around the world with the click of a button. Companies like Amazon, Alibaba, and Shopify have capitalized on this trend, making online shopping a norm. The convenience and accessibility of digital markets have reshaped consumer behavior, with businesses now focusing on optimizing their online presence and improving customer experiences. Moreover, the gig economy, fueled by digital platforms like Uber, Airbnb, and Upwork, has opened new opportunities for individuals to participate in the economy. This decentralized workforce allows for greater flexibility and efficiency in meeting the needs of a globalized market.

The digital revolution has also spurred innovation, particularly in the realm of startups and tech companies. Venture capital investments in technology-based startups have grown exponentially, particularly in areas such as fintech, healthtech, and edtech. Governments and private entities are establishing innovation hubs and incubators to foster entrepreneurship and drive economic growth.

Artificial intelligence and automation are transforming industries by improving efficiency and reducing costs. In sectors like manufacturing, AI is being used for predictive maintenance, process optimization, and product customization. In finance, AI algorithms are streamlining risk assessments and fraud detection, while in healthcare, AI-driven tools are enhancing diagnostics and personalized medicine. However, this shift to automation has raised concerns about job displacement, particularly in sectors reliant on manual labor. As a result, policymakers are focusing on reskilling and upskilling workers to adapt to this changing landscape.

Globalization has been a key driver of economic development over the past few decades, leading to the integration of markets, cultures, and industries across borders. While it has resulted in significant economic growth, it has also posed challenges that require strategic solutions.

Trade agreements play a crucial role in shaping economic strategies today. Regional partnerships like the European Union, United States-Mexico-Canada Agreement, and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership facilitate trade by reducing tariffs and encouraging cooperation. As the global trade landscape evolves, countries are increasingly focusing on forming strategic alliances to promote trade and investment while navigating trade disputes and protectionism.

Sustainability has emerged as a central theme in the development of the modern economy. Climate change, resource depletion, and environmental degradation have led to a growing emphasis on the transition to a green economy one that prioritizes environmentally sustainable practices while fostering economic growth.

The energy sector is undergoing a transformation as governments and businesses alike shift towards renewable energy sources such as solar, wind, and hydropower. Investment in clean technology is rising, driven by the need to reduce carbon emissions and combat climate change. Countries like Germany and Denmark are leading the way in renewable energy adoption, while corporations like Tesla are at the forefront of clean technology innovation.

Governments are offering incentives such as tax credits and subsidies to encourage the adoption of renewable energy and the development of green technologies. These initiatives not only contribute to environmental sustainability but also create new economic opportunities in industries like electric vehicles (EVs) and energy storage.

The concept of the circular economy is gaining traction as businesses seek to reduce waste and promote sustainability. In a circular economy, products and materials are reused, refurbished, or recycled to minimize environmental impact. This shift away from the traditional linear model of "take, make, dispose" is helping businesses reduce costs and enhance their sustainability credentials. While technological advancements and globalization have driven significant economic growth, they have also widened the gap between rich and poor. Addressing income inequality and ensuring inclusive growth is essential for sustainable economic development.

Governments are exploring ways to provide stronger social safety nets, including the introduction of Universal Basic Income programs. UBI aims to provide individuals with a guaranteed income to ensure basic financial security, regardless of employment status. Pilot UBI programs in countries like Finland, Spain, and the United States have generated significant debate on their potential to reduce poverty and address income inequality in the digital age.

Investing in education and workforce development is another crucial strategy for fostering inclusive growth. As the economy becomes increasingly reliant on digital skills, governments are focusing on reskilling and upskilling programs to ensure that workers can

adapt to changing job requirements. Public-private partnerships, apprenticeship programs, and online education platforms are playing key roles in providing workers with the skills needed to thrive in the modern economy.

Geopolitical tensions and shifting alliances are influencing economic strategies worldwide. The ongoing rivalry between the United States and China, as well as regional conflicts, has created uncertainty in global markets, prompting countries to reevaluate their economic strategies.

Everything has a bad side, as well as a good side of course. The development of the digital economy also carries a number of risks. For example, several areas and professions may disappear after the risk of cyber attack, problems with personal data, “digital slavery”, the use of data from millions of people to control their behavior later, increased unemployment, the development of Information Technology and its implementation. The number of developed countries with a digital economy is also increasing. The "digital" States today are Norway, Sweden and Switzerland. The 10 countries with a developed digital economy include the United States, Britain, Denmark, Finland, Singapore, South Korea and Hong Kong.

As a result of the study of the world experience, it is clear that in developed countries of the digital economy, the state Market “game” rules in the digital economy are created by creating the same, equal and possible conditions for all participants in the game. That is, whether there is a large company on the market or small, they are all equal. Therefore, in the development of the digital economy, it is necessary that the state creates equal conditions for everyone, as much as possible, market rules, laws, contracts are transparent, laws give freedom for Game participants based on market demand, that is, be able to determine development trends in the market in advance and accept the necessary regulatory documents.

Like the countries of the world, Uzbekistan is developing a digital economy. Many opportunities are being created for ordinary people after the introduction of information and technology into our daily lives. But it is also worth noting that the digital economy in Uzbekistan is developing several times slower. That is, there is an opportunity, there are the necessary resources, but the level of development is much lower than in other countries.

Conclusion

When we find a solution to the problems we have listed above, based on step-by-step world experience, Uzbekistan will certainly also be among the developed countries with a digital economy. The development of the global economy today is shaped by a complex interplay of digitalization, globalization, sustainability, inclusivity, and geopolitics. To navigate this dynamic environment, countries, businesses, and individuals must adopt forward-thinking strategies that embrace innovation, resilience, and sustainability. By doing so, the global economy can continue to grow and adapt to the challenges and opportunities of the modern world.

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