



FUTURE PROSPECTS FOR ECONOMIC GROWTH IN THE DIGITAL ECONOMY IN DEVELOPED AND DEVELOPING COUNTRIES

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KEYWORDS

Digital economy, Digital modernization, Clusters, Integration

ABSTRACT

The goal of this article is to identify the peculiarities of growing a digital economy in developed and developing nations, to identify the ideal scenario for further digital modernization of the global economic system, and to offer suggestions for its practical implementation. The research is carried out at the global economy level as a whole, using the example of developed and developing nations that are leaders in their respective categories and hold middle and peripheral places. According to the findings, the basis of digital competitiveness of the economy in developed nations is a high degree of integration of information and communication technologies and devices, and the obstacle to its rise is a low interest of businesses in digital modernization. Developing nations are in the opposite scenario, with a low level of integration of information and communication technology and devices and a great desire from businesses in digital modernization.

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RIVOJLANGAN VA RIVOJLANAYOTGAN MAMLAKATLARDA RAQAMLI IQTISODIYOTNI RIVOJLANTIRISHDAGI IQTISODIY O'SISHINING KELAJAKDAGI ISTIQBOLLARI

KALIT SO'ZLAR/
КЛЮЧЕВЫЕ СЛОВА:

Raqamli iqtisodiyot,
Raqamli modernizatsiya,
Klasterlar, Integratsiya

ANNOTATSIYA/AHHOTACИЯ

Ushbu maqolaning maqsadi rivojlangan va rivojlanayotgan mamlakatlarda raqamli iqtisodiyotni rivojlantirishning o'ziga xos xususiyatlarini aniqlash, global iqtisodiy tizimni raqamli modernizatsiya qilishning ideal ssenariysini tadqiq qilish va uni amaliy amalga oshirish bo'yicha takliflar berishdir. Tadqiqot o'z toifalarida yetakchi bo'lgan, o'rta va chekka o'rinlarni egallagan rivojlangan va rivojlanayotgan davlatlar misolida butun jahon iqtisodiyoti darajasida olib boriladi. Aniqlanishicha, rivojlangan mamlakatlarda iqtisodiyotning raqamli raqobatbardoshligining asosi axborot-kommunikatsiya texnologiyalari va qurilmalarining yuqori darajada integratsiyalashuvi, uning yuksalishiga esa tadbirkorlik sub'yektlarining raqamli modernizatsiyaga qiziqishi pastligi to'sqinlik qilmoqda. Rivojlanayotgan davlatlar esa teskari ssenariyda, axborot-kommunikatsiya texnologiyalari va qurilmalari integratsiyalashuvining past darajasi va biznesning raqamli modernizatsiyaga katta istagi oqibatidadir.

INTRODUCTION

The development of the digital economy is one of the most visible and popular trends in the current global economic system, as well as one of its most paradoxical representations. External goals of digital economy formation, such as providing global competitiveness of modern economic systems, increasing effectiveness, accelerating the rate of economic growth, and increasing imports, frequently contradict internal goals of these systems, which include providing new quality of economic growth by increasing population living standards and innovative and sustainable development (Bukht and Heeks, 2017). The first function consists of maximizing the global competitiveness of the digital economy by maximizing the potential of each economic system that composes it. Thus, developed countries, which were the first to initiate the digital modernization of their economies, are interested in maintaining their leadership positions in the global markets for high technologies and high-tech goods. In order to access these markets, developing nations implement national programs of digital modernization. The second function relates to the acceleration of the global economy's growth rate, the formation of a global digital economy that would encompass all nations, and the elimination of disparities in its development (Benčič et al., 2020). This function is predicated on global objectives for sustainable development. When analyzing this function, it is essential to keep in mind that the digital economy encompasses both digital production and digital society (consumption). Therefore, even developed nations are interested in the rapid formation of digital economies in developing nations in order to expand the sales markets for their high-tech products, whose consumption requires digital competencies. Reducing the degree of differentiation between developed and developing nations in the global

economy is a guarantee of social stability and is therefore in the best interests of all of its participants. Modern economics must solve the complex problem of achieving these two functions in a balanced manner. The purpose of this paper is to determine the specifics of constructing the digital economy in developed and developing nations, to determine the optimal scenario of further digital modernization of the global economic system, and to develop recommendations for its implementation in practice.

Digital opportunities and challenges

The digital economy provides immense value to both developed and developing nations, but policymakers face a number of difficult challenges. By lowering production costs and exploiting returns to scale; by increasing the efficiency of existing markets, enlarging market size, and creating new markets; by creating economic opportunities in other sectors; and by yielding quality improvements that go beyond total factor productivity, technology can spur development. Nevertheless, the rate of technological change is quickening, and technological change frequently outpaces regulation. Instead of merely reacting to the effects of the digital economy, one of the greatest challenges for policymakers is to design policies that capitalize on it. Failure to proactively leverage the digital revolution will have negative effects in a variety of domains, including countries' growth prospects, regional competitiveness, incorporation into high-value global production chains, and desirability as a destination for highly qualified labor (Al-kasasbeh, 2022). Policymakers must recognize that inaction is a policy choice in and of itself, and that exploiting the digital revolution proactively requires strategic planning. Moreover, because the rate of technological change is accelerating, countries cannot afford to ignore this issue even in the near future. Accessibility of the digital economy and the digital divide between various groups within countries (rural-urban, elderly people-younger people, etc.) is a significant challenge that will be discussed in greater detail below.

The greatest obstacle for a number of developing nations will be establishing a foundational level of ICT infrastructure, upon which the remainder of the digital economy will be built. It is not merely a matter of the appropriate quantity of public and private financing, but also of the technical and institutional expertise required to invest it. The diffusion of digital technologies within developing nations poses a significant challenge for both income convergence across nations and accessibility. While developing nations have become more proficient at adopting new technologies in terms of reducing the initial adoption lag, they are falling behind in terms of pervasive technological diffusion within their respective nations. 82% of the increase in the income disparity between Western and non-Western countries since 1820 can be attributed to differences in long-term penetration rates after technologies are adopted (D'Cruz, 2017). Slowing technological penetration in developing nations is problematic because it exacerbates the digital divide between urban and rural communities, educated and less educated individuals, and younger and elderly individuals. This situation must be rectified by investing in ICT infrastructure in remote areas, reskilling workers, and equipping IT-illiterate individuals with the skills necessary to thrive in the digital economy.

The impact of digitalization and automation on the composition of employment spans all talent levels. The swiftly evolving digital economy raises concerns regarding the process of creative destruction and its effects on the redistribution of employment and income. Robotics and automation have been viewed as a threat to repetitive manual labor, such as warehouse inventory and agricultural sowing, for quite some time. Recent developments in digital technologies, on the

other hand, pose a growing threat to the cognitive aspects of white-collar occupations (Al-kasasbeh et al., 2022).

The combination of robust data analytics, machine learning, and the Internet of Things is elevating computer performance to rival that of humans in both routine tasks and tasks, such as pattern recognition, where humans were believed to have a persistent cognitive advantage (Aloisi, 2015). Computers are currently capable of both writing and manufacturing objects. Similarly, discovery software is displacing paralegals in increasing numbers. Other traditionally white-collar occupations, such as accounting and tax preparation, are also at risk of being automated. According to Al-Kasasbeh (2022), the occupations of 47% of the US labor force are at risk of computerization within the next two decades.

The globalization of production has resulted in the construction of complex and dynamic 'cross-border production networks' (Gereffi et al., 2005). The digitalization of the economy may have an effect on the structure of the global value chain (GVC) by decreasing costs and providing firms with affordable services (OECD, 2016). For example, although the level of participation of small and medium-sized enterprises (SMEs) in the global value chain (GVC) remains low, the digitalization of the economy may enable businesses to rely more heavily on technology to advertise products, develop direct access to buyers by eliminating the middleman, facilitate coordination mechanisms between buyers and sellers, and increase sales, as well as use artificial intelligence and the Internet of Things (IoT) to promote and sustain efficiency and effectiveness (Khaddam et al., 2023). The development of the digital economy generates both benefits and polarising processes. These effects cannot be attributed solely to the digitalization of the economy and the growth of the freelance economy within it. One cannot deny, however, that technological advancement and the consequent delocalization of labor have a number of national and international repercussions.

The digital economy provides developed and developing nations with opportunities to accelerate economic growth and connect citizens. However, there is a risk of the digital divide widening, which could leave developing nations behind. Figure 1 shows the big divides that challenge the digital economy. To harness the digital economy's potential for inclusive and sustainable growth, developing countries must build capacity in multiple areas, including finance, private sector development, education, labor, and social protection. Digital Economy for Africa, Digital Economy for Latin America and the Caribbean, and other initiatives assist national authorities in identifying reform and investment opportunities to accelerate the transition to an inclusive digital economy. In emerging nations, the digital economy can increase productivity and income, generate sustainable development, and reduce inequality.



Figure 1. Divides that challenge the digital economy

In the existing research literature, the topic of the digital economy is examined in depth. The works of Negrea et al. (2019), Bogoviz et al. (2019a), González and Nuchera (2019), and Bogoviz et al. (2019b), examine the theoretical foundations and practical experience of the formation of the digital economy in modern economic systems, as well as the advantages obtained from the development of high-tech productions and their emergence as a growth pole of the modern economy. Popkova et al. (2019), Sun et al. (2018), Popkova (2019) and Long and Ji (2019), investigate the scientific and methodological aspects of evaluating the character of growth of economic systems under contemporary economic conditions. As a result of a content analysis of the extant literature on the selected topic, we reached the conclusion that the topic of the interconnection between the digital economy and the quality of development of modern economic systems has not been sufficiently developed

What are the main challenges faced by developed and developing countries in adopting digital economy?

Developing countries face several challenges in adopting the digital economy. One of the main challenges is inequitable access to digital development opportunities, resulting in a digital divide (Yamin et al., 2023). Developing countries need to improve their digital infrastructure, introduce favorable digital infrastructure policies, and promote scientific and technological innovation to provide strong guarantees for the realization of high-quality digital technology innovation. Another challenge is adapting to the rapid adoption of digital technologies (Alzghoul et al., 2023). The World Bank provides an extensive range of services and solutions to help client countries harness the power of digital development. The tools for solving the problems of the digital society include digital platforms for the development of a "share economy" (Alkasasbeh & Alkasasbeh, 2022). The free flow of people, information, and capital is also essential for a successful digital economy. Developing countries need to create a digital economy that prioritizes the creation of intellectual assets, the increasing importance of data, the network organization of business, the widespread adoption of the Internet, and the global nature of data exchange (Abueid et al., 2018).

However, it can be inferred that developed countries may face challenges in adapting to the rapid changes brought about by digital technologies, just like developing countries (Kasasbeh, 2021). Additionally, developed countries may need to address issues related to the digital divide, such as ensuring equitable access to digital development opportunities. Building the foundations of the digital economy requires capacity in multiple other fields, including finance, private sector

development, education, labor, and social protection, among others. The World Economic Forum fosters a sustainable and inclusive digital economy by exploring ways to establish a robust digital economy in emerging countries. The digital economy is considered the main driver of economic growth in both developed and developing countries.

CONCLUSIONS

As a result of the research, it was determined that the foundation of digital competitiveness in developed economies is a high level of integration of information and communication technologies and devices, and that low business interest in digital modernization is a barrier to its growth. In contrast, developing countries have a low level of integration of information and communication technologies and devices, despite a strong corporate interest in digital modernization. In the short term, the optimal scenario for the development of the global digital economy is the integration of developed and developing countries, which entails their close interaction and cooperation in the creation and development of digital infrastructure, and the implementation of digital technologies into the activities of business structures based on the clustering mechanism. This will facilitate the narrowing of the digital competitiveness disparity between developed and developing economies.

The digital economy provides countries with an exceptional opportunity to accelerate economic development and connect citizens. However, both developed and developing countries encounter obstacles in adopting the digital economy, including adjusting to the rapid adoption of digital technologies, addressing issues related to the digital divide, and laying the foundations for the digital economy. Developing nations must establish a digital economy that prioritizes the production of intellectual capital, the growing significance of data, the network organization of business, the widespread adoption of the Internet, and the global character of data exchange. The World Bank offers a vast array of services and solutions to assist client nations in harnessing the potential of digital development. In both developed and developing nations, the digital economy is considered the primary driver of economic development. Redefining digital development strategies and the future contours of globalization requires a shrewd adoption of new technologies, enhanced partnerships, and increased intellectual leadership. Short-term is the integration of developed and developing nations, which entails their close interaction and cooperation in the creation and development of digital infrastructure, as well as the implementation of digital technologies into the activities of business structures based on the clustering mechanism. This will facilitate the narrowing of the digital competitiveness disparity between developed and developing economies.

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