
THE ROLE OF DIGITAL TRANSFORMATION IN THE DEVELOPMENT OF SOCIO-ECONOMIC SYSTEMS

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ABSTRACT

This article discusses the components of the digital economy, elements of the information society and the knowledge economy, digitalization of enterprises, the benefits of digital transformation, a description of the main criteria and indicators for determining the stages.

KEYWORDS: *Modern Digital Technologies, Emarketer, Technologies, Modern Socio-Economic Systems, Digital Infrastructure, Digital Models.*

1. INTRODUCTION

The digital economy is an integral part of the economy, in which the main indicator characterizing the information society is the predominance of knowledge among subjects and intangible products. The concepts of "digital economy", "knowledge economy", "information society" and their analogues, presented in modern scientific literature, form a new socio-economic system that replaces the existing industrial paradigm.

In this regard, the developed countries of the world pay serious attention to the harmonious development of the digital economy, the information society and the basic elements of the knowledge economy. In Uzbekistan, there is also a need to transition to a digital economy, and the strategy "Digital Uzbekistan - 2030" was developed and approved by Decree of the President of the Republic of Uzbekistan dated October 5, 2020 No. PF-6079. [1]

In these difficult times, it is very important for Uzbekistan to transform the traditional economy into a modern one as soon as possible - information, intellectual, digital economy. This is the only correct way of development. Otherwise, socio-economic crises are inevitable, which will further increase the technological, socio-economic lag of the country from the leading countries of the world.

In modern market conditions, structural changes and efforts are needed to develop the digital economy at all levels of socio-economic systems. The idea of digital transformation has spread all over the world and is one of the most discussed topics today, but in fact it is not a new concept, it has been debated for decades. We agree that the digitalization of the economy is a manifestation of the basic laws of informatization of the economy in its modern form. [2]

Although this category is relatively well studied, the essence and meaning of the term "digital transformation" is still not well formed in scientific and business circles. At the same time, it should be noted that the meaning of the term "digital transformation" is enriched as technologies change and develop.

Today, there are many definitions of digital transformation. Some experts oppose a strict definition of this concept, because, in their opinion, the development of digital technologies continues, and with them the meaning of this term also develops. This is undoubtedly, however, in our opinion, limiting the essence and content of the term "digital transformation" is not only an

important, but also a vital task at the present stage of development of the digital economy, since it allows you to form a common understanding and identify key areas of digital transformation, respectively.

A study by PricewaterhouseCoopers (PwC) showed that businesses and companies understand the word "digital" differently. More than three-thirds of business and IT executives worldwide believe that the word "digital" refers to all activities related to technological innovation, 29% consider it synonymous with IT, another 14% describe digital technologies as user-centric technology activities, and another 14% said that all investments spent on integrating technology into business are in a digital company. The only clear conclusion from this survey is that there is no consensus. Only 6% of those surveyed by PwC believe digital is a way of thinking that goes beyond continuous innovation, peer-to-peer decision-making and the integration of technology into all aspects of business. [3]

Today, many companies and executive authorities pay great attention to digitalization and perceive digitalization as a new stage of automation and informatization. In this regard, it is important to distinguish between digitalization and digital transformation automation.

Automation is a scientific and technological progress that uses self-regulating technical means and mathematical methods to free a person from participation in the processes of obtaining, changing, transferring and using energy, materials, products or information, or to significantly reduce this level. participation or workload is one of the directions. Almost all spheres of human life and activity are automated. Automation allows you to increase productivity, improve product quality, optimize the management process, remove a person from production that is dangerous to his health.

Boston Consulting Group experts in their report noted that "digitalization is the use of online opportunities and innovative digital technologies by all participants in the economic system - from individuals to large companies and states."

In the new economic conditions, all subjects of the socio-economic system, striving for sustainable functioning, are forced to go through the process of digital transformation.

Digital transformation is the introduction of modern digital technologies into the business processes of socio-economic systems at all levels. This approach involves not only the installation of modern equipment or software, but also a fundamental change in approaches to management, corporate culture and external communications. As a result, the productivity of each employee and the level of customer satisfaction will increase, and the company will gain a reputation as an advanced and modern company. In practice, this means creating a transparent system of business processes, known as the digital business ecosystem.

Digitalization is relevant not only at the level of individual enterprises, but the entire industry chooses this development path for itself as the only opportunity to adapt to the rapidly changing conditions of the world. Thanks to this, the digital transformation of industry, retail, the public sector and other sectors is changing the lives of each and every company today. This requires studying the problem of digital transformation from the point of view of a systematic approach, the socio-economic structure of society and all spheres of life.

E Marketer describes digital transformation as a process in which business leaders use the opportunities and benefits of new technologies to digitally reshape their companies. Technology is a means of transformation, not an end.

The focus should be on setting a long-term goal and then building a strategy around it. Below are the key benefits of digital transformation for all businesses: [4]

- 1) Process optimization. New technologies allow businesses to automate simple processes and eliminate intermediate steps in complex processes. This increases the flexibility of enterprises, and now they can use their resources more efficiently.
- 2) Search for new sources of income. With the advent of new technologies, new ways of earning are opening up that were previously impossible.
- 3) Formation of a personalized and attractive service infrastructure. Current customers expect companies to listen to their opinions and fulfill their specific requirements. Modern technologies are so advanced that they can solve all these problems.

An analysis of the listed advantages shows that they are clearly reflected in the service and are determined by some characteristics of these services, such as individuality, focus on the relationship between the service provider (producer) and the customer (consumer), intangible and predominantly informational in nature. Therefore, digital transformation processes are especially active in the service sector (retail, tourism, consulting, entertainment services, etc.) and in segments of the economy that create added value through the development of services (for example, the banking sector).

The biggest challenge expected for the traditional business in the context of "digital transformation" is precisely the "transformation" - a consciously sequential restructuring. Today, digital transformation is entering all sectors of the economy at different speeds. It should be noted that the effect of digital transformation is not the same in different industries. It is obvious that high-tech, especially high-tech networks, are easily amenable to digital transformation. However, digital transformation affects all sectors of the economy.

Thus, for modern socio-economic systems of digital transformation, these are:

- 1) Encourage growth within and outside the core business of the organization; identifying and creating new digital business models; a driver of growth that allows you to create digital business models, ensuring long-term competitiveness;
- 2) Optimization of business processes at all levels and cost reduction; rational use of existing competencies and infrastructure; a tool to increase efficiency by transferring the entire value chain to digital technologies and transforming the business model of the business into digital technologies by modernizing the IT architecture;
- 3) Identify promising opportunities for future growth; early creation of conditions for the use of the latest and additional technologies; foundation for innovation, which is the basis for establishing a corporate incubator and venture capital, finding its place as a partner in the long term.

However, to effectively use digital data, organizations need to continually adopt new technologies, test them, and use the results to better adapt and prepare for future challenges. Although the introduction of new technologies is a riskier approach than the use of traditional systems and devices, the potential opportunities and returns, in our opinion, will be more significant.

There are four technological foundations of digital development, on which it is advisable to build the process of digital transformation. They are:

- "Big data", the future basis of artificial intelligence, providing for a sharp increase in the possibilities of storing and processing data in all types of computer systems;
- Sociality - the need to attract a large number of users playing different roles;
- Mobility - the ability to access information anywhere;

- The cloud is a way to store data.

Their combination allows you to significantly reduce the cost of business processes, customize products for the needs of each client (customization) and deliver goods and services at the right time and place. Particular attention should be paid to individualization, since it is a necessary condition for the acute maintenance of economic activity, which is reflected in the economies of all countries, even the least developed, is one of the main development trends in developed countries. Thus, digital transformation is closely related to the progressive development of the service sector. [5]

The top three benefits organizations around the world are citing as they embark on their digital transformation journey are lower costs, better products and services, and increased productivity. Sixty-one percent of companies say that digital technology allows them to increase competition in their business through new entrants. Today, 44.0% of companies in the world have their own digital development strategy. The survival strategy of enterprises and companies in the era of digital transformation involves the establishment of multiple partnerships with independent third parties to create a sustainable ecosystem around the digital platform.

Consider the main stages of digital transformation. Despite the differences in digital transformation processes, each individual socio-economic system has important, common stages that reflect the essence of the digital transformation process:

- 1) Planning for all the business needs of the organization. At the beginning of the digital transformation process, it is important to determine the direction of development, as well as a set of technologies that will facilitate this development. At the same time, enterprises should take inventory of their resources, identifying those that require modernization. At this stage, it may be necessary to reprioritize projects based on new business needs, as well as to identify gaps and gaps hindering digital transformation.
- 2) Training employees to work with new technologies. This process can be challenging because in traditional business models, employees only need to know certain systems, and these systems are expected to be used for many years to come. For the success of digital transformation, employees must be ready for any changes in the workflow, if these changes are necessary to increase efficiency and productivity. Such training means the ability to think creatively, to know the potential of new technologies, to use them with maximum effect.
- 3) Rejection of old technologies through the transition to innovative technologies. Too often, businesses spend a lot of money storing and maintaining outdated, unprofitable, and incapable digital processes that meet market demands. This is explained by the fact that the modernization of old technologies is quite complicated and very expensive. The preservation of old technologies also slows down the development of the enterprise.

The systematization and generalization of the existing in theory and practice ideas about the essence and content of digital transformation made it possible to form the author's understanding and interpretation of the modern phenomenon of "digital transformation".

Firstly, it should be noted that the digital transformation of the socio-economic system of any level is a complex and time-consuming process, and its payback is also long-term. This requires rethinking strategies, business models and processes, new infrastructure, new software, an optimal set of services, effective implementation mechanisms, training programs and reliable ongoing support. Second, digital transformation requires strong and skilled leadership, as such leadership can be the driving force behind major change. Thirdly, it is necessary to clearly understand which elements of the socio-economic system require change. Companies around the world are struggling to experiment and are reaping the benefits of digital transformation.

In our opinion, digital transformation is a process of fundamental change in the concept and format of socio-economic systems at all levels, that is, digitalization in order to achieve sustainable and long-term functioning in the dynamic conditions of the digital space - digitalization, the introduction of digital technologies and the formation and digitalization - through the creation network platforms for the integration and interaction of digital technology users. Digital transformation is an element of the global trend of servicing the economy, since relations within the digital segments of the economy are realized through the exchange of a large number of services and their joint production (services). [6]

The author's views on the structure of the digital transformation process outlined above are shown in Fig. one.

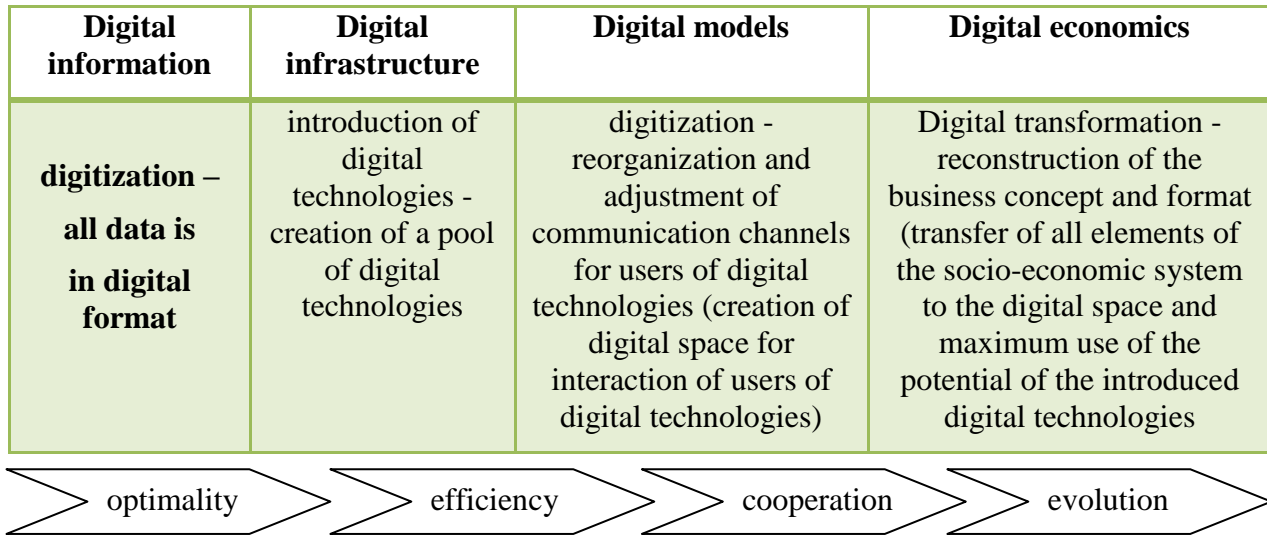


Figure 1 The structure of the digital transformation process

At the end of our analysis, we note that the “digitalization race” in the modern economy is in full swing, which means that the digital transformation of business and society is inevitable, but this will take some time. Therefore, the economic structures that will be the first to start digital transformation will undoubtedly have a competitive advantage in the near future.

New technologies that characterize digital transformation and the fourth industrial revolution combine many factors from the material, digital and scientific world, affecting all sectors of the economy without exception. These processes have the potential to change global income levels and improve the quality of life. Consumers will have quick and easy access to the digital world. [7]

Today, the formation of a digital economy is a priority for the development of any country that claims leadership in the global world. In many developed countries, changes are already taking place in organizational models due to the emergence and use of digital technologies in the business community and the social sphere. Such a change is another global challenge facing the whole country and especially everyone. Future changes will require people to participate in the creation and dissemination of digital technologies, as well as in the development of modern professional skills and competencies necessary for their use in everyday life. In this context, additional research is needed in the field of the formation and development of human capital, its radical transformation due to the impact of digitalization, as well as the relevance of raising the question of its important role in the development of the digital economy.

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