

Some Features of Doing Business in a Digitally Transformed Economy

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Abstract

The main features of the information and digital economy are its global nature and the operation of intangible goods: ideas, information and relationships, and network principles in the coordination of markets and society. In the digital economy, the world of subtle technologies controls the machines, the virtual world changes the behaviour of the real world. It is these features that create new types of market and society. The article examines current issues in the formation of the digital economy in the Republic of Uzbekistan. Approaches to the definition and global trends in the development of "Digital economy", as well as the top most expensive companies in the world in 2022 by level of capitalization are studied. On this basis, the global trend of transformation of production in the information sphere is identified. The directions of digitalization at the company level are highlighted, and two main blocks of digitalization directions at the enterprise are identified: general and linking ones. The author's vision of adapting business entities to functioning in the digital economy is presented.

Keywords: *doing business, entrepreneurship, digital economy, digital infrastructure, digital transformation of management, economy of Uzbekistan.*

Introduction.

In recent years, digital technologies have spread rapidly and found new applications in many areas of our society, whether in health, education, communications, industry or government operations. The COVID-19 pandemic has accelerated this process and new digital solutions have helped households, businesses and the public sector to continue to operate under lockdown and other restrictions on movement and physical contact, for example by enabling work to be carried out remotely for long periods of time. Nevertheless, digitalisation brings with it a specific set of challenges, such as increasing inequalities caused by the digital divide, and has also given rise to a number of new issues, such as digital security, privacy and consumer protection, as well as fair competition in online markets.

The technological underpinnings of the digital economy are being built on the discoveries of the fourth industrial revolution. These include artificial intelligence, distributed data, the internet of things and for things, blockchain, mining centres, big data and cloud storage, digital platforms, 3D and then 4D printing. The technological design of different systems is used to solve specific problems. The digital economy, which grows out of the information economy, can be defined as its continuation in a new capacity after the unprecedented and disruptive technological breakthrough of the fourth industrial revolution, which is characterized by the non-linear (exponential) speed of innovation, the depth and scale of digital penetration and the power of digital complexes and

systems. Their application changes a lot in the way of thinking and motivation of decisions, i.e. not only in productivity, but also in economic behaviour, in the principles of organisation and operation of companies and the entire economic mechanism.

The technological advances of the fourth industrial revolution have had a major impact on the business environment and its participants, who have fully embraced digital technologies, combining industrial technology with digital technology.

The issue of the development of the digital sector of the national economy in Uzbekistan has been raised to the state level and wide-ranging measures are being implemented in this direction. In particular, electronic document management systems are being introduced, electronic payments are being developed and the legal framework created in the field of e-commerce is being improved. At the same time, the digital economy, operating on information technology platforms, is developing at an accelerated pace. Uzbekistan's President Shavkat Mirziyoyev, in his Address to the Oliy Majlis, set the task of introducing digital technologies in construction, energy, agriculture, water management, transport, geology, health, education, cadastre and archiving [1]. According to him, the e-government system will be critically reviewed. The Digital Uzbekistan 2030 programme will be finalised soon. The President of Uzbekistan noted that "... we must master digital knowledge and information technology in depth, which will enable us to follow the shortest path to achieving comprehensive progress. In today's world, digital technology plays a crucial role in all spheres... We have set the goal of joining the ranks of developed nations and we can only achieve it through accelerated reforms, based on science, education and innovation.

The methodological basis of the study consists of both general scientific methods of knowledge and special methods. The methods used include: deduction, induction, modelling, generalisation, description, systematic and normative analysis, comparison. Methods of different types of legal interpretation of texts of normative legal acts (grammatical, historical, logical, systematic, special-legal, teleological, functional) were used, which allowed to reveal regularities of rule-making and law-enforcement activity of public authorities in information and legal sphere.

Analysis and results.

The term "digital economy" itself was first used relatively recently, in 1995, by an American scientist from the University of Massachusetts Nicholas Negroponte to explain to colleagues the advantages of the new economy in comparison with the old one due to the intensive development of information and communication technologies. The digital economy gained international recognition in 2016 with the release of the World Bank's Global Development Report "Digital Dividends" [2]. [2].

Thus, a number of scientists define the digital economy as an economy, the characteristic feature of which is the maximum satisfaction of the needs of all its participants through the use of information, including personal information. This is made possible by the development of information and communication and financial technologies, as well as the availability of infrastructure, together enabling full interaction in a hybrid world of all participants in economic activity: subjects and objects of the process of creation, distribution, exchange and consumption of goods and services [3].

In general, as defined by the World Bank, the digital economy is a system of economic, social and cultural relations based on digital information and communication technologies [4].

As global experience shows, the digital economy is a driving force for accelerating global economic development, increasing productivity of production, creating new markets and industries.

It also offers new opportunities for inclusive and sustainable economic growth [5]. However, accelerated economic development is achieved by those countries and economic associations that systematically build the foundations and mechanisms of leadership in the digital economy.

The further development of the digital economy is becoming a global trend that encompasses all areas of economic activity. Digital transformation involves the transformation of existing classic economic entities into so-called "digital companies". The functioning of these companies must be guided by new economic and managerial principles. This process of adaptation to the new business environment. This is why the topic of this study is more relevant than ever.

Thus, if in the twentieth century the competitive advantage of a business entity was a certain set and volume of economic resources, now the situation has drastically changed: information as a factor of production comes to the fore, intangible assets are growing in their value.

In the list of the largest companies included by fxssi.com in the list of the world's most expensive companies in 2023, the leading positions are occupied by representatives of the new generation - companies whose activities are focused around digital technology (Table 1). The ranking is based on market capitalization. It is calculated by multiplying the number of shares issued by a company by the value of one such share.

Table 1: Top 10 most expensive companies in the world in 2023¹

№	Наименования компании	Рыночная капитализация, млрд. долларов США
1	Apple inc.	2 431
2	Microsoft	1 920
3	Saudi Aramco	1 870
4	Alphabet Inc.	1 479
5	Amazon Inc.	1 155
6	Tesla, Inc.	746
7	Berkshire Hathaway Inc.	615
8	Johnson & Johnson	469
8	Meta Platforms Inc (Facebook)	445
10	Visa Inc.	437
11	Tencent	405
12	JPMorgan Chase	317

The table above shows that apart from the third company, Saudi Aramco, which is in the oil and gas extraction, refining and processing industry, the others are in the Internet, electronics, software development, e-commerce, and information technology industries. This suggests that businesses that focus on adapting digital tools in business have an opportunity to maximise the impact of their operations.

It's important to understand that this adaptation doesn't happen on its own - it's a process that requires a company to manage strategically. If we look in more detail at each of the digitalization areas, it is worth highlighting two types of change in the enterprise: general and connective (Table 2). Improvement of these areas should be carried out in parallel and in an integrated manner.

¹ data as at 24 February 2023

Table 2: Company changes in the digital economy

I. General areas of change	II. Linking tracks of change
<i>Production, management organisation, logistics, sales system and personnel policy (recruitment, retraining, additional education of employees).</i>	<i>Fairly blurred boundaries and fully reflective of an infrastructure ready to improve common elements</i>

Elements of the general directions have their own characteristics and can be improved with specific digital technologies: software, legal and regulatory frameworks, etc.

Discussion.

The highlighted types of changes, in our opinion, should be a priority in the first stages of digitalization of the enterprise, to maintain and improve the existing quality of the products and increase their competitiveness [7].

Of course, in a competitive economy, the digitalisation path for each business entity will be different in approach and in time, but the transformation is necessary, and the most important thing for the top management of companies is a full understanding of the feasibility and relevance of measures to actively implement innovative technologies in the production process [8].

To develop a development strategy in the context of digitalization, business entities, in our opinion, should take into account the specifics of the new economic model.

Nosova, S., and others in the article "Digital transformation as a new paradigm of economic policy" [Procedia Computer Science, 190, 657-665] distinguishes three basic components of the digital economy:

I. infrastructure including hardware, software, telecommunications, etc.;

II. electronic business transactions, encompassing the business process, realised through computer networks as part of virtual interactions between virtual market actors;

III. e-commerce, which involves the delivery of goods through the Internet and is currently the largest segment of the digital economy [9].

The main features of the digital economy are defined as follows:

- economic activity focuses on digital economy platforms;
- personalised service models;
- direct interaction between producers and consumers;
- proliferation of the sharing economy;
- the significant role of the contribution of individual actors.

Clearly, the digital economy is creating new markets for goods and services. Both commercial and public services and goods are becoming more accessible: not only inhabitants of megacities are now able to use the necessary service or purchase the desired product [10,11].

In general, the content provided by the digital economy is more information-rich, diverse, of higher quality and faster. Information and intangible assets are growing in importance [12].

Digital assets can be used by an unlimited number of people, easily copied and distributed. It is now much more accessible and faster to bring a product to the global marketplace, and there is no

attachment to suppliers from local regions [13]. It is also worth noting that tangible assets have a tendency to wear and tear, which digital in operation does not.

Human capital gains value. The level of digital literacy of the staff becomes one of the important factors for the further development of the company [14]. The changes brought by the digital economy should be taken into account by company management when making management decisions, adapting to them is an integral part of the company's adaptation process. In order to ensure their competitive advantage, companies seek to actively shape and implement new strategic decisions based on the conditions of the new economy [15,16].

Based on these features, let us formulate some advantages of the digital economy:

- The cost of providing services in the on-line space is lower than in the off-line environment. Thus, the enterprise has the opportunity to save on costs. Production efficiency increases.
- New markets for goods and services open up new prospects for income generation.
- Entrepreneurs have the opportunity to enter the global marketplace and the speed of scaling increases. Company is no longer dependent on local suppliers.
- Much more information can be collected, stored and processed than before. It is used, among other things, for business communications and working on management decisions. Overall, the digital economy has brought about a number of qualitative changes, allowing for the resolution of organisational and managerial problems that were not easy to resolve before. The topic of the digital economy is being actively discussed not only in the business community, but also in academia.

We have reviewed sources that focus on the problem of adapting modern companies to the digital economy.

Synthesis of the obtained knowledge helped to identify the main areas of influence of the development of the digital economy on the enterprise. The identification of these areas and the justification of the criteria for the elaboration of the company's further development strategy constitute the significance of this study. The key conclusions were the criteria for building a strategy for a company adapting to the digital economy.

The first criterion was customer orientation, working to increase customer loyalty to the product being produced.

The second point is that the company should pay special attention to the development and implementation of an HR strategy. In the new environment, there is a need for continuous education and development of digital skills of the company's employees.

The third point is introduction of innovative products and technologies. In large corporations, new units are formed for this purpose. The presence of employees responsible for the implementation and development of innovative products is one of the indicators of the level of digitalisation of the enterprise.

Finally, the main conclusion of this study is that the strategy of modern companies in a digitalised environment is a strategy in a changing environment, and its specificity lies in its flexibility. The volatility of the external environment should also be taken into account, as exposure to change during implementation is one of the important features of a digital enterprise strategy.

Conclusion.

To summarise, we emphasise that the process of digitalisation goes beyond streamlining business processes by introducing ICT into a firm's operations. Digital business implies the formation of a new ecosystem, which in addition to the implementation of digital business models in the activities of the firm, includes the presence of a clear digital strategy, the selection and continuous intra-firm development of human resources, risk taking as a feature of the intra-firm culture.

Thus, the developed world is characterised by the dominance of the service economy and the emergence of information technology on its basis. The emergence of the Internet and reduction of the cost of access to the global network have become a real information (digital) revolution, which has changed the life of humanity as a whole, and the economy in particular. With the transition of major world economies to the fifth technological mode and the beginning of the formation of components of the sixth, the role of information as a factor of production is critically increasing. Competent company management in the context of the implementation of the new economic model consists in establishing harmony between business and digital transformations. Adapting to the new environment dictates a number of conditions that need to be met for a company to remain competitive. At the same time, this does not mean that the company's changes need to be radical, replacing its previous state. The digital economy complements and enables a company to evolve and take it to the next level. The company's goal is to bring together new technology and previous experience.

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