



THE ROLE OF DIGITAL TRANSFORMATION IN THE SUSTAINABLE DEVELOPMENT OF COMPANIES

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Abstract

The article considers “digitalization” as one of the promising tools for continuous improvement of the modern economy as a factor of sustainable development based on improving the economic performance of the company, reducing its impact on the environment and developing relationships with other companies.

Keywords. Digitalization, development, modernization, digital economy, digital transformation.

KOMPANIYALARNI BARQAROR RIVOJLANISHIDA RAQAMLI TRANSFORMATSIYANING O`RNI

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Annotatsiya

Maqolada zamonaviy iqtisodiyotni uzluksiz takomillashtirishda istiqbolli vositalardan biri barqaror rivojlanish omili sifatida “raqamlashtirish”ni kompaniya iqtisodiy ko'rsatkichlarini yaxshilash, uni atrof-muhitga ta'sirini kamaytirish va boshqa kompaniyalar bilan munosabatlarni rivojlantirish asoslangan.

Kalit so`zlar. Raqamlashtirish, rivojlanish, modernizatsiya, raqamli iqtisodiyot, raqamli transformatsiya.

ДОКТОРАНТ ИНСТИТУТ ПОВЫШЕНИЯ КВАЛИФИКАЦИИ КАДРОВ

и статистических исследований при Государственном
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Аннотация

В статье рассматривается одним из перспективных инструментов непрерывного совершенствования современной экономики “цифровизация” как фактор устойчивого развития, основанный на улучшении экономических показателей компании, снижении ее влияния на окружающую среду и развитии отношений с другими компаниями.

Ключевые слова. Цифровизация, развитие, модернизация, цифровая экономика, цифровая трансформация.

INTRODUCTION

In the last decade, the world community has been increasingly interested in the problems of environmental impact, social and economic inequality between countries and separate segments of the population. The United Nations, under the auspices of international political and economic alliances, to develop sustainable development tools for the effective implementation of sustainable development goals aimed at solving these problems at the global and regional level, new ways of solving global problems at the level of countries and individual subjects (regions, cities and companies) search is important. One of the most promising micro-level tools is the use of digitalization as a factor of sustainable development.

Modernization and invention of new models of management are based on continuous improvement of the modern economy. In recent years, such development is directly related to the concept of "digitalization". Many authors mistakenly consider digitization as a separate process of company automation, which is only related to increasing labor productivity and modernizing production. However, the modern approach includes a comprehensive study of any process and phenomenon, therefore, theoretical and practical substantiation of the impact of digitalization on improving the company's economic performance, reducing its impact on the environment, and developing relationships with companies. Important, stakeholder relationship development and evaluation tools are becoming increasingly relevant as a factor in the sustainable development of digitization. Accordingly, according to the Decree of the President of the Republic of Uzbekistan "On approval of the strategy "Digital Uzbekistan-2030" and measures for its effective implementation" active development of the digital economy in our country, in all industries and sectors. First, comprehensive measures are being implemented for the wide introduction of modern information and communication technologies in public administration, education, health care and agriculture [1]. In particular, the implementation of more than 220





priority projects aimed at improving the electronic government system, further developing the local market of software products and information technologies, establishing IT parks in all regions of the republic, as well as providing the industry with qualified personnel, has begun.

MAIN PART

In the Address of the President of our country to the Oliy Majlis on the most important priorities for 2019 on December 28, 2018, he also mentioned the following regarding the development of the digital economy in our country: "We need to develop the "National Concept of the Digital Economy", which envisages the renewal of all sectors of the economy based on digital technologies. On this basis, it is necessary to implement the "Digital Uzbekistan - 2030" program. The digital economy allows to increase the gross domestic product of the country by at least 30%, and to reduce corruption dramatically [2].

Development is carried out at the global, world level, as well as within the framework of a separate country, enterprise and even a department in a company. Such a large-scale development is directly related to the concept of "digitization". The main difficulty in studying the phenomenon of digitalization is the lack of a developed methodological and scientific basis. The article tries to form a general idea about data structure, digitization and its properties. The economic nature of digitization as a concept or process should be defined by a number of relevant terms: digital economy, Industry 4.0, Economy 4.0, digital transformation, digitalization. In this regard, it is necessary to understand each concept consistently, to determine a certain sequence of processes and events, and to distinguish them from each other. This allows us to provide an independent definition of digitalization. Attempts to transition to a digital economy are an important trend for the state and business, but it cannot be shaped according to a predetermined algorithm. All over the world, economists, businesspersons and IT specialists are creating new technologies and models for the transition to the digital economy. In this regard, within the framework of economic research, they tried to scientifically assess the state and level of the establishment of the knowledge economy in Uzbekistan. It became clear from the studies that S. Gulomov, B. Begalov, T. Shodiyev, A. Abdug'afforov, R. Alimov, A. Aripov, B. Ataniyazov, B. Khodiyev, N. Mahmudov, Sh. Methodological aspects of IT technologies and econometric modeling of economic processes have been researched by Kholmo'minov, Kh.Nabiyev, T.Iminov, Kh.Mukhiddinov and others [3], but today there is no common understanding of this term. In foreign countries, S.P. The group of authors under the general name of the Sretensky Club named after Kurdyumova





defines the digital economy as a new stage of the development of the socio-economic system. The basis of the development of the digital economy, in their opinion, is digital technologies that use various information, including personal information. According to the authors, it is possible to achieve maximum transparency of processes by fully meeting the needs of consumers with such a large-scale use of information and its openness [4].

When defining the digital economy, A.E. Zubarev focuses on the "techno-digital" form of the existence of the company's products, because of which saving resources for production, that is, the phenomenon of the digital economy is presented as the digitalization of physical products [5]. In my opinion, such definition limits the scope of the digital economy too much, because not all products can be converted into digital form, and simple digitization is a step towards the development of the digital economy.

According to T.V. Romashkin, the digital economy is seen as a way to expand the resource base of the national economy by attracting new types of resources, including artificially created ones. At the same time, in his opinion, it is possible to produce new types of goods and services, create new enterprises, jobs and professions [6].

Today, it is customary to talk about Industry 4.0 as a transition to a new technological order in the real economy. The question of how to do this is on everyone's mind, and falling behind in this race for digital superiority, which is the main engine of development, is tantamount to losing competitiveness and leaving the market. "Industry 4.0" - as a transformation of production, industry, production networks based on the rapid development of the production process, includes the introduction of innovations, the use and analysis of Big Data, and the construction of a transparent chain of production and value creation.

Thus, according to the authors of the Sretensky Club, "Industry 4.0" is the era of the "industrial Internet of things" as part of the digital economy, in which every stage of production will be fully accessible with the help of global networks and sensors [4].

"Industry 4.0" is a complete transformation of production, affecting both management mechanisms from the supply of raw materials to sales, and the production process itself (Figure 1).

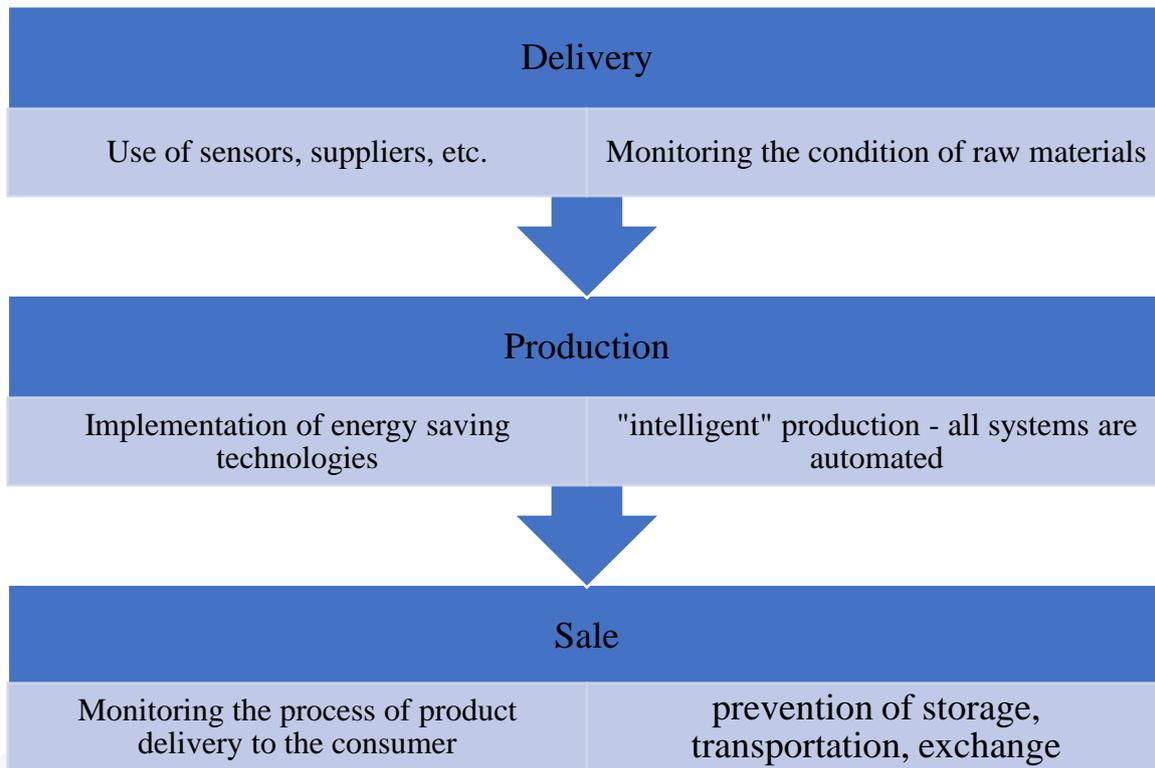


Figure 1. Industry 4.0 tools at the main stages of production

"Industry 4.0" includes the digital transformation of production, the concept and essence of which should be understood at this stage. N.S. Verkhovsky, director of the digital transformation center of the Skolkovo business school, talks about two directions of digital business transformation:

- Transformation of operational activities - increasing labor productivity, achieving new efficiency indicators through the development of digitization;
- Changing the relationship with the customer and the market - new ways to generate income during the product life cycle.

In his opinion, stabilization of the general economic situation without taking into account the digital transformation leaves the company far behind in terms of competitiveness and production efficiency [7].

We can see digital transformation as one of the outcomes of digitalization. Thus, there will be no digital transformation if the activity is not digitalized. If the process has changed dramatically, it is common among researchers to talk about digital transformation, that is, more than 80% efficiency has been achieved, and other results are usually related to simple digitization [7]. Let us find out what the term digitization means in this work, having studied the opinions of various authors and researchers on this topic. In Smart Business: What Alibaba's Success Reveals About the Future of Strategy, Ming Zeng, director of strategy at Chinese technology company Alibaba, says



that as business digitization advances, competition is usually no longer the basis of development strategy. Coordination of processes and creation of a dynamic management system comes to the fore [8]. Thus, digitalization is understood as a means of business transformation, converting routine processes into automated processes, so that it is possible to direct the company to create more flexible business models.

N.S. Verkhovsky said that following the trend of digitalization is not a fashion, but a necessity for the company to ensure a stable position in the market [7]. At the same time, the author as the introduction of modern technologies into the company's operations understands the event itself. Thus, digitization can be understood as a concept or a process. In the first case, digitalization is the idea of developing the economy by automating the production process. In the second, it represents the necessary steps to move to a new era, digital economy, using specific technologies and inventions. A separate consideration of all concepts made it possible to form a generalized scheme of the stages of development of the digital economy, including the stages of digitization and digital transformation. This scheme is shown in Figure 2.

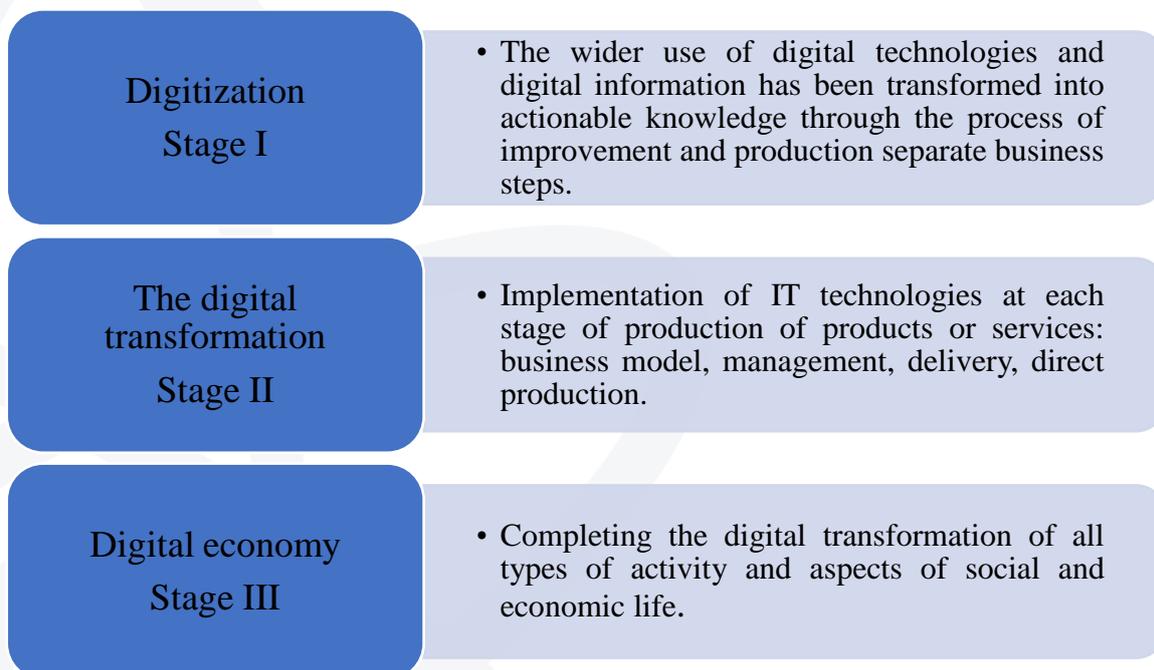


Figure 2. Stages of implementation of digital technologies in business processes

As can be seen from Figure 2, there are three conditional stages of digital economy development. At the first and most difficult stage - digitization, which leads to significant qualitative changes in business processes and encourages the transformation of the entire economic system. Digitization serves as a means of



changing the organization at various levels: management, production, control, etc., but each of them can be used. Digitalization involves a complex technological process: at this stage, completely new developments based on IT solutions and innovations are often created.

Digitization leads to an increase in labor productivity and production efficiency in general, and can affect various parties: suppliers, consumers, contacts with the state or internal corporate relations.

ANALYSIS AND RESULTS

A summary of the 2021 International Digital Economy and Society Index (DESI) is presented in Figure 3, which shows values for the 24 leading economies used for comparison with EU member countries.

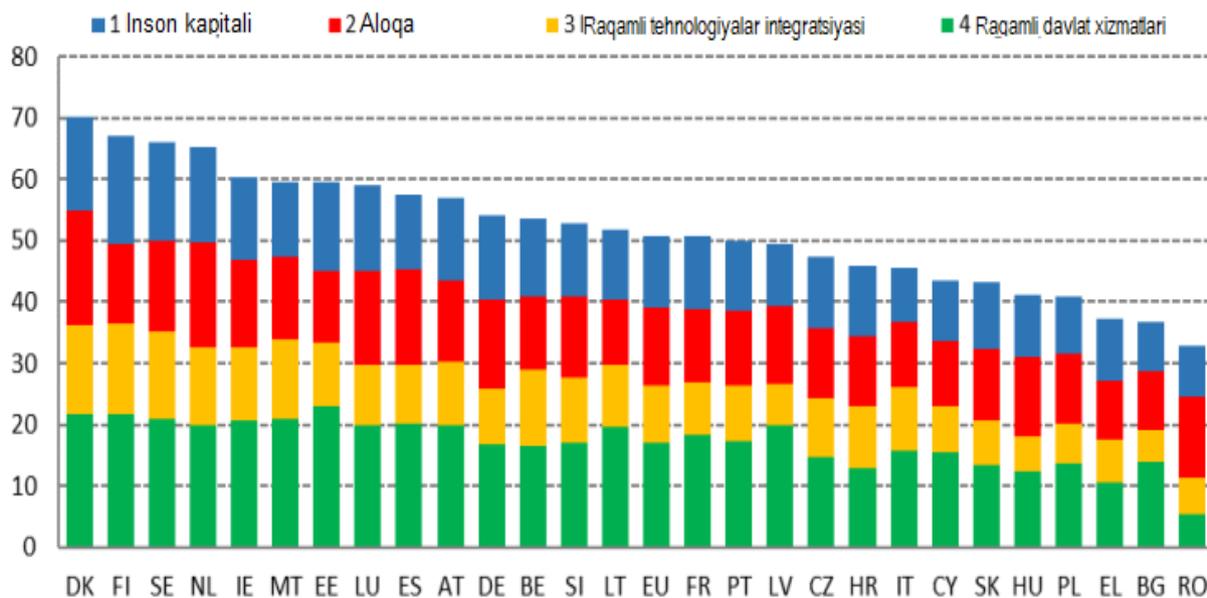


Figure 3. Value of "International Digital Economy and Society Index" (DESI) in 2021 [9]

In the DESI 2021 ranking of Member States, Denmark, Finland, Sweden and the Netherlands have the most advanced digital economies in the EU, followed by Ireland, Malta and Estonia, Romania, Bulgaria and Greece with the lowest DESI scores [9].

In relation to digital skills, 56% of individuals in the EU have at least basic digital skills. The data shows a slight increase in IT professionals in employment: in 2020, there were 7.8 million IT professionals in the EU, compared to 8.4 million a year ago. Given that 55% of businesses reported difficulties in recruiting IT professionals in 2020, the lack of employees with advanced digital skills is slowing the digital transformation of businesses in many Member States. The data shows that in order to



reach the targets of the digital decade (to have 80% of the population with basic digital skills and 20 million IT professionals); there is a need to increase the educational offer and opportunities. Significant improvements are expected in the coming years, as 17% of digital investment is dedicated to digital skills in the recovery and resilience plans adopted by the Council (€20 billion out of an estimated €117 billion). In general, the highest indicators of the index are characteristic of the most developed countries in terms of public administration. These countries achieved such positions mainly due to the development of digitalization, because the index of sustainable development of countries takes into account the development of infrastructure, the level of education and the level of innovative development, that is, the aspects of life that depend on digital technologies [9].

CONCLUSIONS AND SUGGESTIONS

An analysis of digitalization development trends and methods for its evaluation revealed important intersections with sustainable development. This made it possible to confirm the assumption that digitalization is becoming an integral part of the sustainable development of companies. Specifically, the following conclusions were drawn:

- Digitization penetrates into all aspects of socio-economic life, changes the processes of interaction between subjects: state and society, state and business, society and business;
- Advanced technologies make significant adjustments to the company's business processes, support creation processes at all stages and become a competitive advantage. This explains the existence of the indicator of the value of innovation in many methods of assessing sustainable development;
- All developed countries are striving to use digital technologies as a means to achieve sustainable development goals by increasing the availability of communication technologies, developing digital skills among the population and investing in improving the quality of public services;
- The priority direction of the development of digitization is now cyber security and personal data protection, which is of strategic importance for the government in preventing cybercrime on the one hand, and on the other hand, it is a necessary condition for the development of this field. Therefore, the existence of a cyber security and data protection system is part of the sustainable development indices and characterizes the quality of the company's management.





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