



Economic Risks of the Digital Economy

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Abstract: The digital economy is becoming an integral part of the modern world, transforming traditional business models, social relations and interactions between people. The article begins with an overview of the concept of the digital economy, identifies the risks and threats to the development of the digital economy, and suggests ways to overcome them.

Keywords: digital economy, economic risks, risk of information security breach, risk of unemployment.



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INTRODUCTION. The digital economy currently plays a key role in modern society, opening up new opportunities and causing significant changes in various spheres of life. However, in the current era of transformation, questions about the opportunities and risks associated with the digital economy are becoming increasingly important.

With the development of digital technologies such as artificial intelligence, the Internet of Things, blockchain and big data, new opportunities arise to improve the efficiency of business processes, increase competitiveness and ensure the availability of information. The digital economy is becoming a driving force for progress and development in various industries such as finance, healthcare, education and manufacturing.

The first use of the term “digitalization” in its broader meaning, reminiscent of the changes in the existing paradigm caused by the increasingly widespread use of digital technologies, is attributed to Robert Bacchalovy, who used the definition of a digital society in an article published in 1971.

According to the Oxford English Dictionary, digitalization today includes the adaptation and increasing use of digital or computer technologies in the economic activities of an individual enterprise, household, industry, or national economy. However, along with the opportunities of the digital economy, there are also risks that need to be taken into account. One such risk is digital inequality, which can lead to the exclusion of certain groups of the population from the benefits of the digital economy and exacerbate social inequality. In addition, cybersecurity and privacy issues are becoming increasingly relevant as the number of cyberattacks and vulnerabilities associated with the use of digital technologies increases.

It is also worth paying attention to the possible negative consequences of automation and the replacement of the workforce with robots and artificial intelligence. This raises questions about the future of work and the need to retrain people to adapt to the changing demands of the digital economy. The development of the digital economy also stimulates the growth of the country's economic potential. The advancement of digital technologies and digital infrastructure creates

new jobs, attracts investment and stimulates innovative ideas. Companies that are able to adapt to the demands of the digital economy have a better chance of growth and development, which helps strengthen the country's economic position on a global scale.

DIGITAL ECONOMY. The term "Digital Economy" appeared in 1995 simultaneously by Canadian professor of management Don Tapscott from the University of Toronto (his bestseller was published in 1997) and American computer scientist from MIT Nicholas Negroponte and quickly became widespread, pushing to the periphery of economic science the concepts of New Economy, Web Economy, Internet Economy, Network Economy and giving this term a more specific content. Briefly, the digital economy is an economy based on information and communication technologies (hereinafter referred to as ICT), but, unlike informatization, digital transformation is not limited to the introduction of ICT, but radically transforms companies and their business processes based on the Internet and new digital technologies. Initially, three components of the digital economy were distinguished: □ e-business infrastructure - networks, software, computers, etc.; □ electronic business (e-business), i.e. processes of organizing a business using computer networks; □ electronic commerce (e-commerce), i.e. retail online sales of goods. However, as new technologies spread: big data (Big Data), cloud computing (Cloud Computing), blockchain (Blockchain), cognitive computing (Cognitive Computing), the Internet of Things (IoT), robots, financial Internet technologies (Fintech), as well as virtual goods (games, music, films, books), this concept acquired a much broader meaning, and the central element of the digital economy became clear - the global Internet. It has also become clear that the digital economy is significantly changing traditional business processes, which is called abroad the digitization of economics (or in industry – digitization of industrial organization), and in Russian they use either the English calque “digitalization” or the old, somewhat narrower term “informatization”, but increasingly they also use the new phrase “digitalization” or “digital transformation”. In industry, changes in technologies and business processes under the influence of the digital economy have been called the fourth industrial revolution.

The digital economy is not only new digital technologies, but also significant changes in traditional business rules, in new manifestations of classical economic laws. The mass distribution of global communication networks and devices for accessing them (personal computers, smartphones, tablets), the emergence of new digital goods decisively changes the content, meaning and relationship of the following concepts in the digital economy: material and immaterial, location and distance, time and space, consumer value and utility, quality and quantity, consumer demand and competition, mediation and logistics, human capital and business ethics, transactions and performance evaluation, behavior of sellers and buyers, new relationships between producers and consumers, marketing and sales technologies, etc. The digital revolution immediately brought benefits to individuals: it became easier and more convenient to communicate and receive information, free digital products appeared, new forms of leisure arose. In addition, thanks to it, a sense of deep social interconnection and global community has developed. There are 1 billion people in the world. with disabilities (80% of whom live in developing countries), and thanks to text, voice and video communications they can lead more productive lives.

The digital economy is based on the fact that information and technologies become available anytime and anywhere due to mobility and high technology, which leads to new formats of interaction, solutions are easily scalable. Analytics becomes intelligent, targeted. With the development of the digital economy, changes must occur both at the state level and at the level of individual industries and companies, which necessitates increased investment. High-tech business requires huge investments with long payback periods and high risks. Despite the apparent success of the IT industry, in fact, if projects are focused on the domestic market and lead to the transformation of enterprises and the industry, which is, in fact, the meaning of innovative projects, then they are impossible without government support. Without systematization of databases, it is pointless to talk about effective procurement, industrial Internet and digitalization of the economy. In the existing economic model, everything is built on the idea of increasing the

efficiency of production and business processes through automation, without changing the processes themselves. The global risk of the digital economy can be the risk of data distortion or the risk of data loss.

DIGITAL RISKS IN THE ECONOMIC SPHERE. Initially, the concept and phenomenon of digitalization comes to us from the economic sphere and is associated with the emergence of the digital economy. Perhaps that is why the largest array of myths associated with digitalization in general is concentrated around the economic sphere. Not all digital threats in the economic sphere are myths. Proper economic threats and risks cannot be separated from the socio-economic consequences of digitalization.

If we talk about economic threats themselves, they are associated, first of all, with the very emergence of the digital economy: the Uzbek economy is highly dependent on commodity markets, and the digital economy is destroying this way of life.

Possible negative consequences of digitalization in the socio-economic sphere include:

- reduction in the total number of jobs in the country;
- need for mass retraining of personnel;
- digital fraud;
- piracy and distribution of malicious content;
- legal insecurity of processes accompanying digitalization: insecurity of property, lack of an independent court, copyright infringement, piracy of information and the resulting loss of investment in these areas;
- risks of abuse of technologies and new opportunities associated with digitalization, with unauthorized use of other people's information, with the use of other people's resources, etc.

The scale of computer crime is growing, primarily in the credit and financial sector, the number of crimes related to the violation of constitutional rights and freedoms of a person concerning the inviolability of private life, personal family secrets when processing personal data using information technology is increasing. In the conditions of the digital economy, a person becomes completely vulnerable to global platforms that gain full access to private information.

An equally pressing economic risk is the risk of job loss. How will the digital economy affect the labor market? Experts' opinions on this issue differ. According to the World Bank, the digital economy will lead to an increase in jobs. American expert Robert Atkinson argues: "There is no need to be afraid that the development of ICT will lead to an increase in unemployment. There is no factual material that this leads to such consequences." At the same time, there is an opposite opinion that the digital economy, on the contrary, can lead to mass unemployment. New technologies can reduce the attractiveness of traditional industries, changes in professional requirements and automation of production based on digital technologies in the absence of an adequate system of personnel retraining can cause structural unemployment. The next risk is the risk of loss of income. How will the development of the digital economy affect the well-being of most citizens? The World Bank acknowledges that there is a certain risk that automation will lead to increased unemployment, and further competition for jobs among the poor may become stronger, which will lead to wage stagnation, therefore, there is a risk that the development of digital technologies may worsen socio-economic inequality. The new order created by the digital economy will destroy many traditional sectors, which will lead to an increase in negative emotions of those who worked there, the previous will collapse. The state will have to create conditions for the smooth entry of unskilled workers into the digital economy. The existing risks of the digital economy draw attention to the socio-ethical aspects of this transformation process. While digitalization has the potential to solve pressing social and global problems, it also gives rise to new challenges and risks that require careful analysis and consideration. Thus, digital innovations are an important lever for economic development, offering progressive solutions to

global problems, increasing the effectiveness of management decisions and stimulating the active participation of business and civil society in shaping the economic well-being of the country.

MAIN DIRECTIONS OF NEUTRALIZING RISKS IN THE DIGITAL ECONOMY. Let's consider the main directions of neutralizing the risk of information security breach in the digital economy:

- ensuring the development of national competitive information technologies and their use in the economy;
- conducting effective scientific research aimed at creating promising information technologies, a high level of implementation of domestic developments, increasing the security of the information infrastructure, developing mechanisms for detecting and preventing information threats, eliminating the consequences of their manifestation;
- ensuring sustainable interaction of the national segment of the electronic economy, preventing foreign control over the functioning of such objects, ensuring the security of information transmitted throughout the information system of Uzbekistan;
- eliminating the dependence of the domestic industry on foreign information technologies and information security tools through the creation and widespread implementation of domestic developments;
- creation and implementation of information technologies that are initially resistant to various types of impact;
- prevention of offenses committed using information technologies;
- increasing the security of information containing information constituting a state secret;
- improvement of methods and techniques of production and safe use of products, provision of services based on information technologies using domestic developments that meet the requirements of the digital economy;
- innovative development of the information technology and electronics industry, increasing the share of products in this industry both in the gross domestic product and in the structure of the country's exports;
- increasing the competitiveness of Uzbek companies operating in the information technology and electronics industry.

It is necessary to form a comprehensive system of measures to ensure the security of the information infrastructure, including its integrity, availability and sustainable operation using domestic information technologies and domestic products. The strategic goal of ensuring information security in the field of science, technology and education is to support the innovative accelerated development of the information security system of the information technology and electronics industry. A systematic approach to the analysis of the labor market during the development of the digital economy involves an assessment of new opportunities opening up in the new conditions, based on which we will determine the main directions for neutralizing unemployment in the digital economy:

- it is necessary to take into account changes in the structure of employment of the population, which will affect the professional and qualification composition, the proportions between different types of economic activity;
- under the new conditions, the territorial, professional and qualification mobility of the workforce will inevitably increase
- organization of measures aimed at adapting to the new employment structure and optimizing the correspondence between new jobs and competencies of the economically active population, further development of the e-learning and advanced training system.

The risk of worsening socio-economic inequality in the context of the digital economy is formed under the influence of various factors related to personal achievements or independent of them, having an economic, demographic, sociological or political nature. These may be differences in abilities (physical or intellectual), in levels of education and qualifications, professional initiative, social characteristics, the ability to master digital technologies. It is obvious that families with relatively high incomes have more opportunities to give their children a prestigious education. Income differentiation of the population is tied to social inequality of regional development, regions with a low level of digital technology development, as well as their residents, have low potential for entering the digital economy, the situation of depressed regions may worsen.

- The following should be noted as the main areas for neutralizing the risk of worsening socio-economic inequality in the digital economy:
- development of digital technologies in the regions;
- ensuring that the population has access to skills in working with information systems;
- promoting existing opportunities for distance learning for the population;
- improving the system of state social services;
- improving tax policy that promotes the adoption of effective fair measures to reduce secondary inequality after paying taxes and receiving transfers;
- developing opportunities for legal earnings on the Internet.

CONCLUSION. The development of the digital economy is a very complex and ambiguous process that requires close attention from government agencies, the economic community, and scientists. The upcoming changes will affect all areas of society, will bring enormous benefits, but at the same time will exacerbate existing risks and create new ones. This article examines the risk of information security breaches, the risk of unemployment, and the risk of worsening socio-economic inequality. An analysis of the listed risks and threats made it possible to identify the main measures to neutralize the above risks. The approaches being developed to minimize risks should be based not only on traditional methods of preventing random events, but also apply the latest advances in the field of IT research. To solve the problem of neutralizing these risks, the state must predict and promptly respond to emerging trends of a socio-ethical nature associated with the formation of a national global digital space.

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