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International Experience of Digital Transformation of Country

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ABSTRACT

Studying the experience of successful digital transformation of developed countries is of great importance when creating your own national model for digital development. This article analyzes the place of digitalization of the national economy in ensuring sustainable economic growth in countries such as the United States, Singapore and China. Based on the study of national digital programs of these countries, prospects for their development in the medium term were identified.

Keywords: Digital economy, digitalization, world digital competitiveness index, e-government, digital services.

In the context of global digital transformation, the introduction of digital innovations in various sectors of the economy serves as the basis for improving the socio-economic situation in the country. In this regard, many countries have begun to significantly stimulate and regulate the development of digital technologies in order to obtain the maximum positive effects from digital transformation and eliminate the negative consequences. The digital economy is a new opportunity to reduce transaction costs, reach a wide target audience, increase efficiency, save time by communicating with customers online, and satisfy customer needs through fast and effective feedback [1, p.7].

Studying the experience of successful digital transformation of developed countries is of great importance when creating your own national model for digital development. Especially in the context of a rapidly changing economy, it is very important to be aware of all new developments in order not to lag behind in a competitive world. According to the World Digital Competitiveness Index (World Digital Competitiveness Index) offered by the Swiss business school IMD, in 2023 the United States ranked first among 64 countries covered in terms of digital competitiveness, followed by the Netherlands, Singapore and Denmark (Figure 1).

If we analyze these countries by the WDCI components, we can see that Switzerland has the highest score for digital literacy (Table 1). This is due to the fact that the strengths of this country are: effective legislation in scientific research and in the protection of intellectual property rights;

the presence of highly qualified managers with international experience; the attractiveness of the country for foreign highly qualified personnel; a favorable credit system and the integration of knowledge between the academic and private sectors.

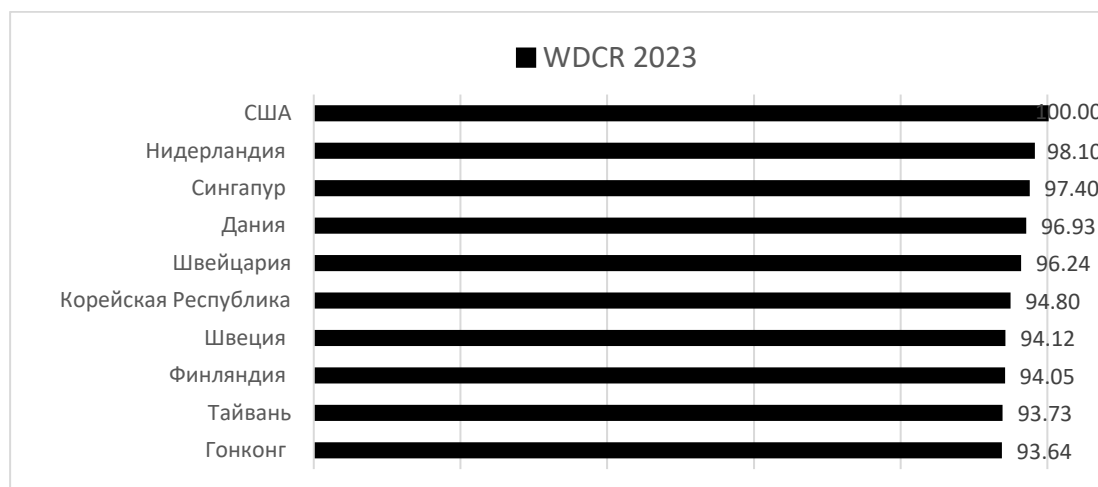


Figure 1 - World Digital Competitiveness Ranking 2023¹

One of the main conditions of the future readiness factor is the flexibility of economic entities to various economic changes. It is these enterprises that can act according to the requirements of the time in any changing environment. The Republic of Korea has a high score in this regard and stands out among other countries for its strong digital infrastructure and business acumen. Singapore, on the other hand, ranks first in the WDCI technology factor due to its huge investment in high technology, as well as its internet speed and high credit rating.

Singapore, one of the “Asian Dragons”, has managed to attract the attention of the world in a short period of time by achieving high digital development trends. Despite the country’s short history, small population and limited natural resources, the country ranks high among the leading developed countries in the world. In 2017, the digital economy accounted for 13% of the country’s GDP, and in 2022, this figure increased to 17.3%. This is due to the country’s vigorous efforts to develop digital technologies.

Table 1 - WDCI Sub-Index Rankings in 2023²

Digital Literacy Factor	Index	Technology factor	Index	Future Readiness Factor	Index
Switzerland	92.90	Singapore	94.67	Republic of Korea	100,00
USA	92.56	Hong Kong	94.32	USA	98.14
Singapore	92.11	Taiwan	93.31	Denmark	96.90
Canada	91.89	SAE	92.28	Netherlands	95.35
Sweden	90.55	Netherlands	91.70	Finland	92.01
Hong Kong	89,81	USA	91,00	Switzerland	91.28
Netherlands	88.96	Denmark	89.39	Taiwan	91.23
Israel	86.58	Iceland	89.36	Sweden	87.68
Denmark	86.19	Finland	87.95	Estonia	87.46
Republic of Korea	83.99	Switzerland	86.25	Singapore	87.11

The initial steps towards building e-government in Singapore began in 2000 with the adoption of the first part of the E-Government Action Plan I, which included the following 6 programs: developing e-services; improving digital literacy; practical testing of new technologies; increasing

¹Source: www.imd.org

²Source: www.imd.org

the level of technological support; developing telecommunications infrastructure; developing ICT education. Three years later, the second part of the E-Government Action Plan II was adopted and three more programs were additionally included (to meet user needs; to develop government relations with citizens; to introduce the submission of government reports via the Internet). As part of this program, the Singapore government created preconditions and conditions for increasing the use of digital services in society, in particular, in 2005, free public hotspots were opened for citizens who do not have an Internet connection at home so that they could use the SingaporeOne government e-services portal. In 2014, Singapore developed a systemic strategy called "Smart Nation" and unveiled the government's iN2015 (Smart Nation 2015) blueprint for 2025. The blueprint is a transformational initiative to transform Singapore into a world-class, technology-driven city-state focusing on three pillars: digital economy, digital government and digital society.

The United States, which is among the strongest countries in terms of digitalization and ranked first with a score of 100 in the global digital competitiveness ranking in 2023, serves as a role model for many developing countries. Since the United States has its own democratic and freedom-loving market economy mechanism, its digital economy has its own characteristics. In particular, this is a decentralized Internet governance, free data exchange and the availability of a broadband Internet network that can be connected to at any time. In addition, the country attaches great importance to cybersecurity and intellectual property protection. It should be noted that Internet companies occupy a special place in the US digital economy. According to Statista, a platform specializing in consumer and market data, as of February 2024, one of the world's largest online retailers, Amazon, had a market capitalization of more than \$ 1.8 trillion, and Alphabet ranked second with a capitalization of \$ 1.798 trillion. (Fig. 2).

One of the leading countries in the development of the digital economy is China. This country has chosen a gradual, consistent path of economic development, naturally, it has specific features and development mechanisms such as:

1. Formation and development of the regulatory framework;
2. Creation of new digital services in the field of management;
3. Large-scale digitalization of production and logistics;
4. Integration of digital platforms into a single system.

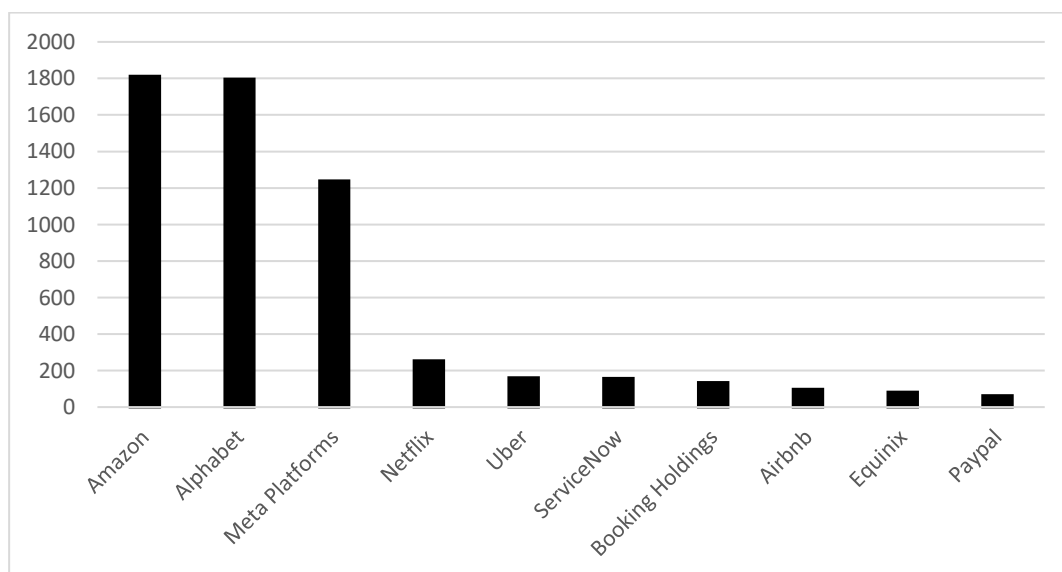


Figure 2. Market capitalization of the largest US Internet companies, in millions of dollars (as of February 2024)³

³Source: <https://www.statista.com>

In the 14th Five-Year Plan for the country's economic development, the Chinese government put forward the goals of optimizing and upgrading infrastructure, strengthening the foundation for growth, promoting the digital transformation of industries, and accelerating the pace of development to stimulate deeper integration of digital technology with the economy and expand the space for economic development⁴.

China stands out among other countries in three ways that make it a mobile-first, fibre-intensive and inclusive digital market. First, China has earned a global lead in the availability of high-speed fibre-optic broadband. Second, mobile devices have become more deeply embedded in the daily lives of Chinese internet users. In 2019, 98.6% of Chinese internet users had access to mobile internet (CNNIC, 2021), compared to only 44.2% who had access to fixed broadband (CAICT, 2019). Third, China has made incredible progress in improving digital accessibility for inclusion, particularly in the most marginalised regions. In 2020, fibre-optic and 4G mobile networks were available in more than 98% of Chinese villages. What's more, the cost of internet access in China is also significantly lower in absolute and relative terms.

In conclusion, we can conclude that digitalization is the transformational opportunity of our time. The digital sector has become the engine of innovation, sustainable, inclusive economic growth and job creation. The added value in the ICT services sector grew by 8 percent annually in 2000–2022, almost twice as fast as in the global economy. Employment growth in the ICT services sector reached 7 percent per year, which is six times higher than overall employment growth. In such circumstances, a deep study of the rich, advanced foreign experience in the development of digital transformation of the economy, accumulated in those countries that have achieved great success in the field of digitalization of the economy, is one of the key factors in the creation and implementation of a strategy for further digital development of the country.

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4. <https://www.statista.com>

⁴<https://digichina.stanford.edu/work/translation-14th-five-year-plan-for-national-informatization-dec-2021/>