

Features of the Socio-Economic Development of the Countries of the World under the influence of the Digital Economy and COVID-19

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Abstract

The main purpose of the study is to determine the main features of the socio-economic development of the countries of the world under the influence of the digital economy and COVID-19. The modern world has already taken the first step towards a fundamentally new technological, economic and social reality. However, the challenges facing the modern industrial society cannot be overestimated. We are talking about changing the global socio-technological order, the consequence of which is a complete reformatting of the systems familiar to us, the formation of new social and economic strategies. The technological paradigm is immediately changing, management models and social norms are changing, large-scale demographic shifts are taking place. As a result of the study, key aspects of socio-economic development in the digital economy were identified.

Key words:

Socio-Economic Development, countries, digital, digital economy.

1. Introduction

Today we are witnessing the rapid pace of reindustrialization of technologically advanced countries on new grounds (additive technologies (3D printing), robotics, renewable energy, etc.). And this, in fact, does not leave a chance for underdeveloped economies. The "difficulty barrier" could create a wider gap between countries, regions and social executions than anything known so far (such as the "digital divide", global income inequality or the "North and South" divide). So far, politicians and scientists do not even risk starting a serious discussion of this problem, but it will clearly appear before us in the next decade. Equally important are the socio-economic consequences of digitalization. The displacement of man from industry, agriculture and services cannot but have systemic consequences. The modern global labor market is a complex multicomponent and dynamic system subject to the permanent influence of information technologies, which entails changes in the

content of the labor process, its organization, employment structure, and social and labor relations. Objective automation processes, even if restrained by governments and society, will gain momentum and it is quite possible to reach the point where a few million highly qualified professionals will be enough to support the entire global production and logistics system.

However, any adaptation strategy can be adjusted by any sudden event. So the crisis caused by the COVID-19 pandemic has allowed businesses to experiment and learn in real time. In peacetime, it was not easy for companies to do this: it was necessary to convince shareholders, employees and consumers of the relevance of digital transformation - everyone had their own reasons for resistance. However, due to quarantine measures, many companies were forced to transfer employees to remote work. The transition to remote work required technological solutions - the development of IT infrastructure, security systems, communications, electronic task setting and tracking their implementation. And with that came the need to train staff on how to use and adapt to change. In addition, the coronavirus has become a crash test for ongoing projects to digitalize the state and test their performance in "combat conditions". A large amount of data and the completed digitalization of processes in public authorities were quickly used to stabilize the situation with the pandemic only in some countries, for example, in South Korea and Singapore, where it was possible to quickly identify and identify citizens potentially carriers of the disease. However, being an accidental "stimulus" for accelerating digitalization, the coronavirus has also clearly identified deterrent factors. Some of them existed before, but in connection with the pandemic, they have become even more noticeable [1-2].

The digital economy as the main sign of modernity affects all spheres of society. As a trend in the development of the global economy and society, digitalization affects different areas in different ways. The place of each country in the world community depends on the degree of influence of digitalization on national economic and social life. On the

one hand, digitalization is an unconditional driver for the development of modern society of all its components. Digitalization brings many benefits to the labor market and economic growth. It is considered as an axiom that investments in a digital asset are significantly more profitable than in a non-digital one, and sectors related to digital technologies show a greater increase in the labor force than the global economy as a whole.

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2. Methodology

To achieve the established goals and solve certain problems, general scientific and specific methods were used: morphological analysis, generalization and abstraction; dialectical knowledge, deduction and induction - for posing problems; historical and content analysis - to study the genesis of the theory and the transformation of scientific approaches in the theory of economic development and development management; system analysis and formalization of complex structures; graphical and tabular presentation - to visualize the results of the study; abstract-logical - for theoretical generalizations and conclusions based on the results of the study.

3. Research Results

The world economy has undergone profound changes due to the presence of diverse external influences and the multi-element nature of the internal structure. The European Union is systematically digitizing its economy, anticipating the tightening of the global influence of advanced technologies and the growth of profits from e-commerce, data exchange and services. The realities of the global world determine such conditions for modernizing the economy and creating clear rules for a new era of innovation. Business adaptation and transformation through digital technologies is an important tool for solving the problems of the global market. Information technologies allow any company to flexibly change its business model, ensure innovative development and integrate into the global market in a competitive position [4-5].

Digital technologies have become the basis for creating new products, values, properties and, accordingly, the basis for obtaining competitive advantages in most markets. Today there is a "digital transition" of "analogue" systems and processes of the industrial economy and the information society to the "digital" economy and "digital" society.

The largest IT companies and their market capitalization at the end of 2020 are shown in Figure 1.

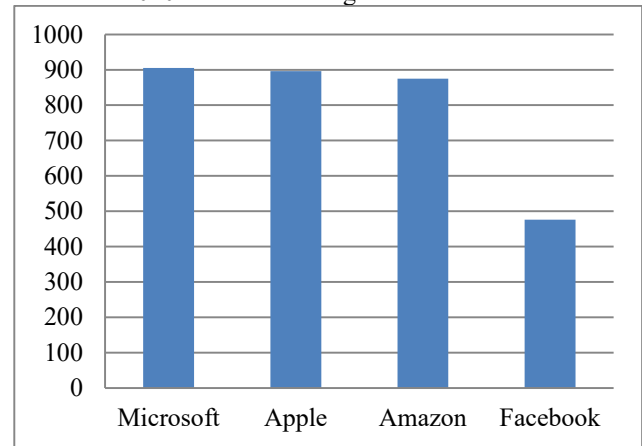


Fig. 1 The largest IT companies and their market capitalization at the end of 2020, billion dollars USA

In the conditions of the formation of the information society in various sectors of the economy, a huge amount of various data is being created and accumulated. In industry, business, the flow of information necessary for enterprise management is constantly growing. If in the past the most important factor in competitiveness and value creation for enterprises was the state of managing costs and quality of products (services), today and in the future, along with the physical product itself, data obtained from digital marketing and intelligent analytics is becoming increasingly valuable. In order to move to a reasonable management of business processes, optimize the use of labor and improve the efficiency of doing business, world business structures need to quickly move to a broad implementation of the Concept of the Fourth Industrial Revolution (Industry 4.0), making the most of its opportunities.

The rapid development of digital technologies, their implementation and application, on the one hand, is a serious challenge, on the other hand, new opportunities, powerful advantages for business.

The introduction of the digital economy is globalizing small and medium-sized businesses, opening up new prospects for development. Some companies can integrate into international value added networks, increase export and production volumes, improve the quality of goods and services, instantly respond to market needs, and become more competitive [6-7].

New services based on the use of information and communication technologies are constantly emerging. As a result of the development of social networks, video, audio and geolocation services, the need for information products and services is constantly increasing, because business is moving to the online plane. Such a transformation of doing business encourages the formation

of new relationships with all counterparties of the business (consumers, suppliers, partners, etc.), the business becomes more personalized. Businesses have to accumulate and analyze large amounts of data from various sources to make the right business decisions. Thus, success-oriented companies simply have to adapt to the new market conditions. Business has entered a period of digital transformation.

The industrial sector of information and communication technologies occupies a special place in the world economy. In industrial production, productivity has not increased for a decade, and demand has been largely fragmented, and therefore there is a need for innovation. Thus, in the mid-2000s, a sharp slowdown in productivity growth began in developed countries [8-10].

Another driving force behind the digital economy is the proliferation of platforms. Over the past decade, a plethora of digital platforms have emerged around the world that use data-driven business models and transform existing industries. Digital platforms act as mechanisms that allow different parties to interact online.

One of the actively developing areas of electronic business is e-commerce (e-commerce). E-commerce is understood as the sphere of the economy, covering all financial and commercial transactions carried out using computer networks, and the business processes associated with such transactions. E-commerce includes: electronic information exchange, electronic capital movement, electronic commerce, electronic money, electronic marketing, electronic banking and electronic insurance services.

The rapid development of this type of commerce became possible only after the percentage of distribution of the global network exceeded a certain critical level, which led to its accessibility to the general population. The level of development and spread of e-commerce in the world market today depends directly on the level of coverage of the global network in individual countries and regions, as well as around the world.

The main current trends in e-commerce:

1. Trade without barriers. Trading should become easier. Mobile commerce, social commerce, voice assistants, instant messengers, augmented reality are turning into a single and important trend - trade without barriers. 83% of consumers use messengers to learn more about products.

2. Growth in subscription purchases. One of the most popular types of e-commerce is subscription shopping, or subscription purchases. In particular, Amazon offers more than 150 options for this service. Its essence is that the client selects a list of products that he buys regularly and subscribes to them.

3. One button purchase. Meeting the needs of consumers within the same mobile applications. They will allow buyers to literally navigate applications with one hand and make a purchase decision in a matter of seconds. The

advent of Google Shopping, Facebook Marketplace and Instagram Checkout reinforce this trend.

4. Direct sales from manufacturers. Back in 2017 more than half of Americans bought goods from manufacturers as soon as they got the opportunity. For example, Nike in 2017. launched selling its merchandise on Amazon, but reversed the initiative two years later and focused on selling direct to consumers through its stores. In 2020 direct sales from manufacturers is one of the most influential trends.

In general, the share of material production in the world is declining, and thus the tertiary sector of the economy is beginning to take a leading position. (Fig. 2).

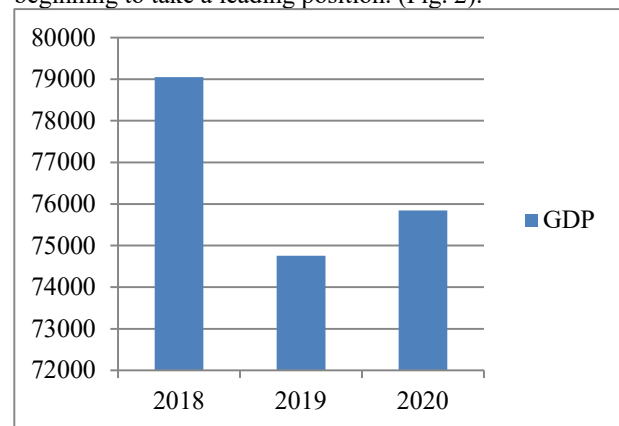


Fig. 2 The structure of modern production in the world, billion dollars USA

There are many difficulties in assessing the scale of the digital economy, the value it creates, and the benefits it generates. First, there is no generally accepted definition of the digital economy. Secondly, there is a lack of reliable statistics on its key components and aspects, especially in developing countries. Although a number of initiatives are already underway to remedy this state of affairs, they are still insufficient and barely keeping pace with the rapid development of the digital economy. The World Bank acknowledges the lack of adequate macroeconomic statistics that can fully assess the benefits provided by digital products and products based on digital technologies or cross-border transactions. In this regard, the International Monetary Fund has recently initiated a discussion in government, academia and business on how to measure the digital economy. Unresolved questions remain about how to evaluate the contribution of the sharing economy, platforms and the gig economy to GDP and productivity growth.

So, the digital transformation of the economy is a permanent process concerning the development of various IT sectors in order to stimulate the creation of innovative technologies for cooperation and development at the international level. It is necessary to jointly participate in digital processes of the public sector of the economy, the

private sector and civil society. The key advantage of the digital economy over the traditional one is the ability to automatically control the entire system (or individual components), as well as almost unlimited scaling without loss of efficiency, which can significantly improve the efficiency of managing the economy (economic activities and resources of the country in various industries) at the micro and macro levels. From this it becomes clear that the digital economy is not separate industries or IT companies that are digital. This is, first of all, the existing economy - all traditional industries and companies (manufacturing, agriculture, construction, transport, etc.), which, under the influence of digital transformation, due to technological evolution, are revolutionizing their production and business processes and gaining new opportunities to increase the productivity and efficiency of the core (cash) business. The G20 Digital Economy Development and Cooperation Initiative shows that the digital economy is the driving force behind accelerating global economic development, increasing production productivity, creating new markets and industries. It also opens up new opportunities for inclusive growth. However, economic development is accelerated by countries and economic associations that systematically build the foundations and mechanisms of leadership in the digital economy. The development of the digital economy inevitably leads to a significant transformation of the labor market. This transformation is complex and takes place gradually, as an increasing number of traditional sectors of the economy are involved in the digital economy.

The development of digital technologies should be presented in government programs, especially those related to public services, small and medium-sized businesses, the consumer market, healthcare, and the creation of information and analytical systems to ensure them. However, the legal framework for regulating the development of the digital economy in many countries is underdeveloped, in particular, the legislative reflection of issues related to the digital economy is extremely superficial. The nature of the interaction between the participants in this process, which hinders the formation of legislation in a different direction, incl. strategic planning documents. The key challenge for creating a national strategy for the digital economy is the development of a realistic program that is adequate to the socio-economic situation in the country. This challenge is especially relevant for small economies with low resource rent and not very high (by global standards) quality of human capital. Possible responses to this challenge, in all likelihood, lie in finding a place for the national economy in global value chains, developing "niche" approaches.

4. Discussions

In discussing the results of the study, I would like to raise the topic of the digital economy and the labor market as a key aspect of the socio-economic development of any country.

The transition to a digital economy is significantly changing the labor market. The active development and dissemination of information technologies in society has led to the formation of a new social and labor structure, characterized by innovative forms of employment. The emergence of new forms of labor activity, different from those existing in the industrial era, raises the question of their functioning, problematization and deformity. The social structure is currently undergoing a transformation; rapid technological progress creates new requirements for all players in the labor market; hiring practices are changing; increased flexibility and mobility; higher education requirements. In all countries of the world, there is a trend towards an accelerated growth in the number of groups with an intermediate status, in their condition on the border between employment, unemployment and economic inactivity.

Local institutions are also forced to adapt to globalization processes; many countries have partially liberalized their labor laws, which in turn have a direct impact on the functioning of the labor market. Globalization and information technologies increase the level of competition, on the one hand, on the other hand, they enhance the competitive advantages of individuals with a good education, a high level of professionalism, talent, responsibility and willingness to solve non-standard tasks. The carriers of human capital received a new level of freedom and opportunities for self-realization, and employers received access to the intellectual resources of the whole world. The digital labor market contributes to the formation of innovative employment. As a result of structural changes in the economy, the share of traditional industry, which formed the demand for standard employment, is decreasing. There is a growing service sector operating under conditions of flexible working hours, with longer or shorter working hours than provided for by current legislation. There is a growing need for greater mobility of labor resources, which leads to the strengthening of the role of a fixed-term employment contract [11-15].

There is a migration of factors of production in general. In the process of globalization, the value chain is broken and production is distributed around the world. The global merging of markets leads to increased competition for labor and wages. The transition to a new post-industrial society, a knowledge economy, a global world, informatization has led to the emergence and growth of atypical employment models characterized by such features as autonomy, destandardization, virtualization of

labor relations, a decrease in the share of physical labor and an increase in the role of services. Today, atypical forms of employment cover the mass strata of workers. Engaging casual workers allows organizations to save on office space and support staff, reduce absenteeism and increase efficiency, and significantly expand the scope of the search for new employees, allowing you to attract specialists from anywhere in the world. However, not all modern companies are ready to hire remote staff, since this market is not yet fully structured and there is no universal and effective mechanism for recruiting employees.

5. Conclusions

As a result of the study, key aspects of socio-economic development in the digital economy were identified.

The continuing complication of social structures and relations, which are increasingly based on modern digital technologies, causes an increase in data flows and highlights the question of the formation of a digital economy. The importance of these processes made it possible to ask the question of the formation of a new type of economy, where relations regarding the production, processing, storage, transmission and use of a growing amount of data become the basis of economic analysis that studies the patterns of functioning of modern socio-economic systems.

The digital economy is the basis for development in general and affects such industries as banking, retail, transport, energy, education, healthcare and many others. Digital technologies, such as the Internet of Things, vast data, the use of mobile devices and devices, are changing the ways of social interaction, economic relations, institutions.

There is a significant potential for the use of modern digital technologies in the activities of firms. It is important to pay attention to such aspects as the use of modern computer technology, software, and the availability of qualified specialists. It should be taken into account that digital technologies have a significant potential for accelerating innovation processes, therefore, investment indicators in the development of a company's digital potential are an important factor in its competitiveness in modern conditions.

New business models, network structures based on collective methods of production and consumption are transforming traditional market relations and require the development of new solutions in the field of modern company management. The further development of digital technologies has implications for the entire economy as a whole.

The development of the digital economy provides an opportunity for communication, exchange of ideas and experience. Internet platforms allow you to combine efforts to create a business, invest, search for employees,

partners, resources and markets. Digital technologies can also play a key role in learning, knowledge sharing, implementation of innovative ideas, including in the social sphere.

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