DEFINING, CONCEPTUALISING AND MEASURING THE DIGITAL ECONOMY

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ANNOTATION

The digital economy is growing fast, especially in developing countries. Yet the meaning and metrics of the digital economy are both limited and divergent. The aim of this paper is to review what is currently known in order to develop a definition of the digital economy, and an estimate of its size.

Key words: IT/ICT sector, digital technologies

The paper argues there are three scopes of relevance. The core of the digital economy is the 'digital sector': the IT/ICT sector producing foundational digital goods and services. The true 'digital economy' - defined as "that part of economic output derived solely or primarily from digital technologies with a business model based on digital goods or services" - consists of the digital sector plus emerging digital and platform services. The widest scope - use of ICTs in all economic fields - is here referred to as the 'digitalized economy'. Following a review of measurement challenges, the paper estimates the digital economy as defined here to make up around 5% of global GDP and 3% of global employment. Behind this lies significant unevenness: the global North has had the lion's share of the digital economy to date, but growth rates are fastest in the global South. Yet potential growth could be much

higher: further research to understand more about the barriers to and impacts of the digital economy in developing countries is therefore a priority.

The digital economy is showing high growth rates, especially in developing countries, but the concept and data on quantitative indicators of the digital economy remain limited and contradictory. The purpose of this article is to review the available data for the development of the concept of "digital economy", as well as to assess its scale. To analyze the digital economy, the article uses a three-level approach. The basis of the digital economy is the "digital sector": enterprises from the field of information / information and communication technologies (ICT), producing the main digital products and services. The "digital economy" itself, that is, the part of the economy that is represented by companies working primarily with digital technologies and whose business model is based on digital products or services, consists of the digital sector in total with promising digital and platform services. The most extensive approach to the issue, considering the use of ICT in all spheres of the economy, is presented in this article by the concept of "digitalized economy". Along with an analysis of the difficulties encountered in determining the scale of the digital in this article, an approximate estimate of the share of the digital economy in the world economy is given:

According to the proposed definition, it accounts for about 5% of world GDP and covers 3% of the world labor market. The digital economy is distributed unevenly on a global scale – most of the digital economy is concentrated in the countries of the global North, but the

most significant growth rates are demonstrated by the countries of the global South. Nevertheless, the potential growth may be even higher, and therefore there is a need for further research of existing limitations and long-term impact of the digital economy on developing countries.

The motivating causes of this phenomenon are of a political and economic nature, but technological progress also has an impact (which itself is affected by larger-scale phenomena). In the 1990s, qualitative shifts in the economy were associated with the emergence and development of the Internet, which is still the basis of the digital economy. However, in the 2000s and 2010s, the development of information and communication technologies (ICT) created new prerequisites for changes in the economic system. This process it is accompanied by the introduction of digital sensors into an increasing number of devices (the Internet of Things), the creation of new personal devices (mobile phones, smartphones, tablets, netbooks, laptops, three-dimensional printing devices), new digital models (cloud data processing, digital platforms, digital services), the growing intensity of the use of data arrays using technology "big data", new data analysis methods and decision-making algorithms, new automation and robotics technologies.

These technologies create new opportunities in the digital sphere: an entrepreneur or a company, if desired, can use a digital system in their field of activity. This process may include ratification (introduction of technologies for storing large amounts of data), digitalization (conversion of all parts of information value chains from analog to digital format), virtualization (physical decomposition of processes), as

well as generativity (use of data and technologies for a new, different from the original, purpose by reprogramming and recombination). The degree of impact of any technology can be considered as a result of its spread and depth of implementation. With significant rates of proliferation, including in developing countries, and the growing effect of adoption, opening up hitherto inaccessible opportunities, the impact of digital technologies on economic development is also increasing.

The impact of technology can be considered as a disorganization of existing economic processes, systems and sectors, a change in the current model of consumption, business interaction and business models. In addition, this process can lead to the emergence of new economic processes, systems and sectors. In some sectors, we can observe the impact of technology, which is already manifested in the dominance of a new type of companies: Uber (the world's largest taxi operator), Facebook (the world's most popular media company), Alibaba (the world's largest retailer with the highest estimated value) and Airbnb (the world's largest hotelier). New business models dominate the discourse, even before they have been embodied in the economy: a vivid example is "Industry.

An example of a model that has emerged at the intersection of discourse and reality is the digital economy. It is considered as a driving force of economic growth, capable of leading to significant economic shifts and influencing entire areas of business, the labor market and the way of life of people. The digital economy has significant potential for developing countries, for which such economic shifts can mean economic growth.

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