

# Chapter 1

## The State Economical Regulation Practice Modernization in Terms of Business Digitalization

**Denis S. Ushakov**

*Russian Academy of Economy and Governance, Russia*

### **ABSTRACT**

*In the present conditions of the world economy development, the efficiency of traditional measures of governance is significantly reducing. The globalization, the formation of transnational networks of inputs and finished goods distribution, and the mobilization of capital and labor are limiting the regulatory competences of governments, and are threatening their existence as economical subjects. Under these conditions it requires upgrading to modernize the infrastructure and the principles of government regulation. The study takes a new paradigm of state economic regulation, based on the synchronization of interests of business, state, and society, and on the defining the principles of government participation in the global economic processes. As a tool for business consolidation and improving the efficiency of state regulation, the formation of e-government was considered. The paper characterizes the e-government as a new form of state regulation of economy. The factors of effective e-government implementation strategy were analyzed. The experience of digitalization of governmental functions in modern states, and the rates of asynchrony of development of electronic government in the world as they relate with the economic efficiency of modern states, were considered.*

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## INTRODUCTION

The new types of e-business formation and development, problems of its social responsibility, opportunities to overcome failures, which are inherent to any form of business, are most relevant in terms of business digitalization. The formation of globally competitive national economy, which is effectively adapted to the world economic trends, is based on the optimal ways of business, government and society interactions. It requires the quality of administration rising, the modernization of economy regulation, the development of foreign policy, based on the new information and communication technologies.

The main infrastructure components for improving the government regulatory competences in the economic sphere, is e-government. This is, on the one hand, the result of the modern information technologies introduction in the global economic processes, on the other hand, the transformer of classical interactions in the global economic system, impacting on such institutions as the global competition, the international division of labor, international trade and many others.

The level of Government regulatory structures informatization in the world economy is traditionally lower than in business - both in terms of their computer hardware means, software and staff access to the Internet. In this connection, on the background of the obvious advantages of strategy of digitalization of economic regulation implementing, the problems of studying of transformations, encouraged by e-government introduction, of mechanisms for implementing e-government strategy and their implications for the globalizing world economy, seem timely.

The scientific hypothesis of the research is based on the needs of state regulation of the economy innovative modernizing to ensure the long term growth of national economies competitiveness in the global economy structure. Which can be achieved by improving the quality of government economic regulation, by optimizing

the interaction of e-business, society and government, by improving the social responsibility of e-business in terms of actual problems?

The purpose of the study is, based on the best practice of e-government strategies implementation, on analysis of indicators of today's states readiness to their governmental economic functions digitalization, of the prospects of international constructs of economic regulation development; to determine the principles and tools of innovative modernization of the structure of e-business Government regulation.

This purpose achieving provides a logical sequence of the following tasks:

- to analyze the modern transformations of principles of foreign economic activities regulation; determined by transnationalization and by the global trend of innovative modernization;
- to identify the main characteristics, inherent to present stage of world economic development requirements;
- to analyze the effectiveness of informatization and net-working, as guidelines for world economy controlling;
- to characterize the electronic government as an infrastructure of public economic regulation innovative modernization;
- to consider the sources, the domestic and foreign economic spheres manifestations of e-government economic efficiency;
- to identify the stages of the strategy of government functions digitalization in the global economy;
- to conduct quantitative and qualitative analysis of the rate of economic regulation innovative modernization in the modern world;
- to examine the forming e-government experience, the main factors, limiting the regulatory functions of the state in economic digitizing;

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