

**THE SHADOW ECONOMY IN THE GLOBAL ECONOMY:
PREVENTING LARGE-SCALE CORRUPTION AT THE STATE
LEVEL AND DIGITALIZATION OF THE ECONOMY**

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Abstract: This article examines the role of the shadow economy in the global economic system, with a particular focus on large-scale corruption at the state level. It analyzes the impact of economic digitalization on reducing informal economic activities and enhancing transparency in public administration. The study highlights the importance of digital tools and e-government systems in preventing corruption and ensuring sustainable economic development.

Keywords: shadow economy, corruption prevention, economic digitalization, transparency, e-government.

Аннотация. В статье рассматривается роль теневой экономики в мировой экономике с акцентом на крупномасштабные коррупционные проявления на государственном уровне. Анализируется влияние цифровизации экономики на сокращение неформальной экономической деятельности и повышение прозрачности государственного управления. Особое внимание уделяется значению цифровых инструментов и электронного правительства в предотвращении коррупции и обеспечении устойчивого экономического развития.

Ключевые слова: теневая экономика, предотвращение коррупции, цифровизация экономики, прозрачность, электронное правительство.

Annotatsiya. Mazkur maqolada jahon iqtisodiyotida yashirin iqtisodiyotning o'ri, davlatlar kesimida yirik korrupsion holatlarning oldini olish masalalari tahlil qilinadi. Iqtisodiyotni raqamlashtirishning norasmiy iqtisodiy faoliyatni qisqartirish va davlat boshqaruvida shaffoflikni oshirishdagi ahamiyati yoritib beriladi. Shuningdek, korrupsiyaga qarshi kurashishda raqamli texnologiyalar va elektron hukumat tizimlarining roli ko'rsatib o'tiladi.

Kalit so'zlar: yashirin iqtisodiyot, korrupsiyaning oldini olish, iqtisodiyotni raqamlashtirish, shaffoflik, elektron hukumat.

Introduction

In the context of globalization, the shadow economy and corruption have become serious challenges to the sustainable development of the global economy. Informal economic activities lead to a reduction in state budget revenues, weaken economic stability, and negatively affect the investment climate. In particular, large-scale corruption at the state level undermines the effectiveness of economic reforms and

public trust in government institutions. In recent years, economic digitalization has been recognized as an effective tool for reducing the scale of the shadow economy and preventing corruption. The introduction of digital technologies, such as e-government systems, electronic financial transactions, and digital monitoring mechanisms, contributes to increasing transparency and accountability in economic and administrative processes. These measures help minimize human involvement in decision-making and reduce opportunities for corrupt practices. Studying the role of economic digitalization in combating the shadow economy and large-scale corruption is a highly relevant issue. This article analyzes international experience and examines how digital reforms can contribute to transparency, efficiency, and sustainable economic development at the state level.

Methodology and Literature Review

This study employs qualitative and comparative research methods, including analysis, synthesis, and generalization. The impact of the shadow economy and large-scale corruption is examined based on international reports, academic studies, and policy documents. Special attention is given to the role of economic digitalization in reducing informal economic activities and enhancing transparency at the state level.

The literature review is based on scholarly articles, reports by international organizations, and previous research on shadow economies, anti-corruption measures, and digital governance. The analysis of these sources allows the identification of key trends, challenges, and effective digital strategies used to prevent corruption and improve economic governance.

Main Part

The shadow economy continues to pose significant challenges to economic stability and development in many countries. It reduces tax revenues, creates unfair competition, and undermines the effectiveness of government policies. Large-scale corruption at the state level further exacerbates these issues, hindering economic reforms and decreasing public trust in institutions.[1]

Economic digitalization has emerged as an effective tool for combating the shadow economy and preventing corruption. E-government systems, online financial transactions, and digital monitoring mechanisms increase transparency and accountability. By minimizing human intervention in administrative processes, these technologies reduce opportunities for corrupt practices and improve governance efficiency. The implementation of digital solutions also facilitates real-time data collection and analysis, which helps policymakers identify risks and address vulnerabilities in the economic system. Automated reporting, electronic audits, and integrated databases allow governments to monitor informal economic activities more effectively and implement targeted anti-corruption measures.[2]

Digital technologies also promote inclusivity and equal access to economic

resources. By providing secure online platforms for tax filing, business registration, and public services, governments ensure that both citizens and businesses can participate fairly in the formal economy. This reduces reliance on informal channels and encourages compliance with regulations. International experience shows that combining digital tools with legal reforms and public awareness campaigns strengthens the overall impact of anti-corruption strategies. Countries that successfully integrate economic digitalization with institutional reforms have achieved greater transparency, improved investor confidence, and sustainable economic growth.[3]

Digitalization also enhances public sector accountability by introducing transparent systems for budget management, procurement, and service delivery. Automated tracking of government expenditures and contracts reduces the likelihood of misappropriation and allows citizens to monitor how public funds are used, increasing trust in state institutions.

Gamification and interactive digital platforms in public services can further improve citizen engagement. By providing clear and accessible information on economic regulations, tax obligations, and reporting mechanisms, governments encourage compliance and reduce the incentive to participate in informal economic activities. The integration of artificial intelligence (AI) and big data analytics into economic monitoring systems enables predictive insights. Governments can detect irregularities, potential corruption risks, and patterns of informal transactions before they escalate, allowing for timely interventions and policy adjustments.[4]

Despite these advantages, challenges remain in implementing digital solutions effectively. Issues such as inadequate infrastructure, limited digital literacy, and cybersecurity risks can hinder the full potential of economic digitalization. Therefore, continuous investment in technology, training, and regulatory frameworks is essential to ensure the success of digital anti-corruption initiatives. Digital technologies provide governments with powerful tools to reduce the shadow economy, prevent large-scale corruption, and enhance transparency. When combined with legal reforms and public awareness, digitalization contributes significantly to sustainable economic development and stronger governance at the state level.

The impact of digitalization on corruption prevention extends beyond government institutions to the private sector. Businesses benefit from transparent digital processes such as electronic invoicing, online tax payments, and automated compliance checks, which reduce informal transactions and opportunities for bribery. This fosters a more competitive and fair business environment, encouraging investment and economic growth.

Education and capacity-building are crucial for maximizing the effectiveness of digital tools. Training programs for government officials, civil servants, and business leaders on the use of e-government platforms and digital monitoring systems enhance

digital literacy and ensure that anti-corruption measures are properly implemented. Increased awareness of the benefits of transparency motivates all stakeholders to participate actively in reducing informal economic activities.

International cooperation plays a significant role in addressing shadow economy and corruption issues. Cross-border data sharing, joint monitoring initiatives, and adherence to global digital governance standards allow countries to track and prevent illicit financial flows effectively. Such cooperation strengthens national efforts and aligns local policies with global best practices. Despite these advancements, the digital divide remains a challenge. In countries or regions with limited internet access or technological infrastructure, implementing digital solutions may be slower or less effective. Addressing these disparities requires strategic investment in infrastructure, affordable access, and inclusive policies to ensure that all segments of society can benefit from economic digitalization. Combining technological solutions with traditional anti-corruption strategies creates a synergistic effect. Legal reforms, transparent procurement policies, whistleblower protection, and public awareness campaigns, when integrated with digital tools, form a comprehensive framework for reducing the shadow economy and enhancing state-level governance efficiency.[5]

Digitalization also strengthens transparency in public procurement, a sector traditionally vulnerable to corruption. By implementing electronic tender platforms and automated bid evaluation systems, governments reduce discretionary decision-making and limit opportunities for favoritism or bribery. This ensures that public contracts are awarded fairly and efficiently, promoting trust in institutions. The role of real-time monitoring and reporting systems cannot be overstated. Continuous digital oversight of economic activities allows authorities to detect deviations or irregular patterns promptly. Automated alerts and dashboards enable decision-makers to respond quickly, preventing small issues from escalating into large-scale corruption cases.

Moreover, citizen engagement through digital platforms enhances accountability. Online portals for reporting corruption, accessing public records, or tracking government spending empower individuals to actively participate in governance processes. Public involvement in oversight encourages responsible behavior among officials and reinforces the rule of law. Economic digitalization contributes to long-term sustainable development. By reducing the shadow economy, improving transparency, and fostering fair competition, digital tools help create a stable and predictable economic environment. This not only attracts domestic and foreign investment but also supports inclusive growth, ensuring that the benefits of economic development are widely shared. Integrating digital technologies into economic and governance systems provides a multifaceted approach to combating the shadow economy and large-scale corruption. When combined with legal reforms, institutional capacity-building, and

public awareness initiatives, these measures significantly enhance state-level governance efficiency and economic resilience.[6]

Conclusion.

In summary, the shadow economy and large-scale corruption continue to pose significant challenges to global and national economic development. Economic digitalization has proven to be a highly effective tool in addressing these issues by increasing transparency, reducing informal economic activities, and minimizing opportunities for corrupt practices. The implementation of e-government systems, online financial transactions, and real-time monitoring mechanisms enhances accountability across public institutions and promotes fair competition in the private sector. Moreover, citizen engagement through digital platforms empowers individuals to participate actively in governance and oversight, reinforcing public trust in state institutions. Despite challenges such as technological infrastructure gaps, digital literacy limitations, and cybersecurity risks, the integration of digital solutions with legal reforms, institutional capacity-building, and public awareness campaigns forms a comprehensive framework for combating the shadow economy and preventing corruption. Ultimately, economic digitalization contributes to sustainable development by creating a transparent, inclusive, and efficient economic environment, thereby strengthening governance and fostering long-term economic resilience at the state level.

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