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INFORMATİON ECONOMY: A LOOK AT ITS FEATURES

Abstract

The article analyzes the development trends and characteristics of the information economy that is being formed in the country according to the experience of developed countries. Based on the given comparative analyses, the current situation in the field of information society and economy formation in Azerbaijan is considered. The significant effects of qualified personnel developed in this field on the country's economy have been determined. Some recommendations on improving and protecting relevant data analysis in the chain of commercialization of scientific ideas in the context of the innovation economy are given. In our modern era, a clear analysis of the stages of realization of a new type of economic relations, where information acts as an important and main connecting tool, between production and consumption relations, material and non-material production stages, has been carried out.

The goal – is to examine the features of the developing information economy era and clarify the ways of applying these innovations in the country's economy.

Methodology – economic and methodological studies were conducted.

The result of the research – is that for the application of the information economy in Azerbaijan in modern times, it is important to form a technical base and involve qualified personnel in this work.

Keywords – information economy, high-tech product, modern market economy.

Introduction

Understanding the dynamics of information flow between networked systems, like the Internet, is possible thanks to information economics. The information product is not really consumed and can be copied and transmitted for next to nothing, which sets the information market apart from traditional markets. Information providers need to reduce their competition if they want to continue making money. For instance, data might be "versioned" or merged with other data, or it might be sold for a site access price instead of a data access cost. For information consumers, a modified version of Malthus's law states that while people's attention spans will continue to be short, the exponential proliferation of information will make it more and more costly to locate specific information. Additionally, because it is inexpensive to produce low-quality content online, high-quality resources may eventually be overtaken by low-quality content. While there may be short-term benefits to using trustworthy online information portals or intelligent search engines,it is unclear if information hunger can be permanently avoided (3).

The World Wide Web, an information space on the Internet that is constantly expanding, appears to have limitless possibilities for information creation, archiving, and sharing. It is more challenging to forecast the final usefulness or impact of specific technological advancements on the Internet, even while it may be deceptive to emphasize their advantages. For instance, we are aware that any technology's ability to spread, be accepted, and ultimately succeed depends as much on the nature of the technology as it does on the social system in which it is included. Somewhat surprisingly, economics can shed light on the dynamics of information flow within and among networked systems. Economic models take into account not just the distinct technical benefits of one product over another, but also the choices and inclinations of the users of the product. Information economics is a specialized discipline that offers both theoretical and practical models for information creation, dissemination, and utilization. Understanding how networks of people

interact to share information and the emergent characteristics of these relationships is another area of study in information economics.

The primary features of information as an economic asset are outlined in this synopsis. Starting with the creation of information, whether or not information is intended for commercial purposes, those who publish information online must consider its economic aspects. Additionally, this review demonstrates that the current expansion of information on the Internet has important consequences for consumer access to information based on a basic economic analysis (3).

Materials and metods

Any information that has a market value, like music, literature, or product design, is considered an information good by economists. It is true that any digital data has the potential to be a capital asset. There are numerous instances of the capital value of information in the healthcare industry. However, there are several ways in which information goods differ from conventional commercial goods, with intriguing ramifications for both producers and consumers. Before you can understand what information is, you must experience it. It isn't until you read the book or hear the music that you'll know if it's truly worth purchasing. On the other hand, standard goods like batteries and oranges don't require pre-use because we can rely on them to perform as expected. The example provided leads to the conclusion that, in the contemporary era, consumer decision-making is significantly influenced by the information economy. Information products can be inexpensively (and infinitely, if digitally stored) duplicated, despite their typically high and fixed production costs. Although it costs more to create a master copy of a book, movie, or soundtrack, copies are less expensive. While the creation and upkeep of information on websites can be costly, copying that content for users only costs pennies. The marginal costs of reproducing information goods are minimal from an economic perspective. Digital data is never consumed because it can be precisely duplicated. Additionally, unless we ask them to forget what they know, the information owner can share it with others without losing it. This is not how normal goods, like oranges, apples, and houses, behave. Thus, many information goods are not easily subject to the laws of supply and demand that rely on the scarcity of products. Producers can engage in destructive price wars, driving the consumer price all the way to zero, when distribution costs are low and the product itself is inexpensive to replicate. Thus, information can only command a fair market price in situations where it is shielded by a monopoly.

When free information distribution is the aim, this low-cost method of reproducing and distributing information should be applauded. When the owner of the information tries to make money off of it, it could end badly. The same pressures apply to any document uploaded to the internet because it may be duplicated and then made available on another website. Unfortunately, because pirates can host copies of documents on Web servers in other countries where copyright is not recognized or enforced, copyright has lost some of its strength as a safeguard for online documents. Furthermore, because of the nature of the Internet, users in nations with strict copyright regulations can access these foreign, pirated documents (3).

Discussion

The information economy is a new kind of economy that has emerged as a result of the globalization of society, the rise in the demand for various information services, and the rapid development of technologies. Although many developed nations have made some progress in this area, the idea of the information economy is still in its early stages of development. Like many other countries, Azerbaijan is experiencing daily effects from the intensifying globalization processes that have an increasing impact on its socioeconomic life. One of the top priorities of the Development Concept "Azerbaijan 2020: a vision of the future" is the conversion of the nation's economy into one based on efficiency as a result of an increase in the total productivity of production factors and guaranteeing the transition to the stage characterized by the superiority of innovations, all the while the deliberate improvement of the economy's structure [1].

The 1960s and 1970s saw the widespread adoption of the term "information economy" to characterize the significant shift in the American economy following World War II, as information production and management surpassed manufacturing. However, for more than two centuries, American business, capitalism, and industrialization relied heavily on the information economy, which was first identified in the middle of the 20th century. There are two ways to interpret the emergence of the information economy: as a continuous process in which information itself turns into a commodity, or as an uneven and contested - not inevitable - process in which various forms of information are essential to economic life. Information production, dissemination, and monetization have always been crucial to the development of American capitalism as well as the establishment, maintenance, and occasionally even opposition of systemic racial, gender, and class disparities in the country's economy and society. From the eighteenth to the twenty-first centuries, information economies did, however, become more bureaucratized, quantified, and commoditized, despite being uneven and contested.

The significance of networks, systems, and infrastructures that link people, information, capital, commodities, markets, bureaucracies, technologies, ideas, practices, laws, and ideologies is another feature of the history of the information economy in the United States. The creation of knowledge about the economy has historically been inextricably linked to the significance of information economies, even though the terms "information" and "economy" are historical constructs that evolve over time. The history of information economies is not a teleological tale of development where the 21st century's Big Data era is inevitable due to growing bureaucratic rationality, efficiency, predictability, and profit. It's also not the singular account of a solitary, coherent information economy. Access to objective information was not automatically made more democratic by the emergence of multiple information economies at varying scales in various regions; rather, it was a conditional, contested, and frequently uneven process. The 1998 book Information Rules: A Strategic Guide to the Network Economy, authored by Google chief economist Hal Varian and University of California, Berkeley economics professor Cal Shapiro, outlined the current theory of the information economy. Their basic claim was that technology was evolving. Economic laws differ from that (Shapiro & Varian, 1998).

The fundamentals of the information business are very different from those of the majority of traditional businesses, despite the fact that economic laws have not changed. Large corporations have a significant advantage due to the information economy's low marginal costs and high initial costs. Larger competitors have an advantage due to the potential for economies of scale created by the combination of these two costs. Moreover, information is what economists refer to as an experiential good, which means that in order for consumers to determine its value, they must have a thorough experience with it. The issue with information is that experience is often superior to knowledge. For instance, how can one determine in advance whether a film features strong acting and a compelling story? As we covered in the previous chapter, branding is the answer to this. Even though it can be difficult to evaluate a film before seeing it, a film's worth is increased if you know it was directed by a particular person or features a favorite actor. To get you to watch the movies they're promoting, marketers use press releases, movie trailers, and other marketing tools to communicate this brand message.

The related switching costs of information technology are another crucial factor. Economists take into account the difference between the costs of two different technologies when calculating switching costs. The transition is deemed feasible if this difference is less than the costs required for the change (such as the cost of migrating all pertinent data to the new technology). Converting a record collection from vinyl LPs to CDs is a prime example. When a customer switches systems, meaning they purchase a CD player and stereo, they will also need to reconstruct their whole music library in the new format. Thankfully, the CD player's improvements in quality and convenience made most consumers want to switch to newer technologies. But, as anyone who visits a thrift shop or garage sale will see, the old technologies are still in use because some people find the information on the records to be important enough to keep them around.

Antitrust laws are the primary weapon the government uses to ensure robust competition in the information market. Modern US antitrust law was partly established by the groundbreaking Sherman Antitrust Act of 1890.The fundamental tenets of the law were initially designed to dismantle the monopolies of late 19th-century industrialists like Andrew Carnegie and John D. Rockefeller, but they have since been expanded to include media corporations. After the original Sherman Act was passed, the Attorney General's Office took on the task of prosecuting antitrust cases; however,in 1933,President Franklin D. Roosevelt moved this responsibility to the Antitrust Division,which led to the growth of the antitrust offic (2)

The information economy has completely changed the field of economics by challenging long-held beliefs—such as the efficiency of the market—that explain phenomena that had previously gone unexplained and have a significant impact on economic policy. Many other market failures, such as non-capital markets, imperfect competition that drives up rents, and incomplete risk markets, are linked to a lack of information. It examines the implications of recent advances in technology and the policy challenges and opportunities they present for competition policy and policies related to privacy and transparency. The paper notes the role that information economics has played in stimulating other advances in economics, including contract theory and behavioral economics. He revived institutional economics, showing how institutions matter, in some cases explaining institutional features that are not well understood in the conventional paradigm, and in others showing how institutional responses to market failures may not increase welfare.

The information economy has transformed economics, challenged long-held beliefs—such as the notion that markets are efficient—and had a significant impact on economic policy. The foundational models of the information economy have shown to be very resilient, despite having been substantially improved upon since they were created almost 50 years ago. However, there have been some negative effects of these information economy advancements. A greater comprehension of additional ways that real markets deviate from the ideal markets paradigm has been made possible by the models. The importance of imperfect competition and the lack of risk markets where they are marked is paramount. Similar to this, the information economy has given previously theoretically void disciplines like accounting, finance, and corporate governance fresh intellectual underpinnings and improved understanding of the reasons behind the current state of these subfields' operations. In the decades since the first models were introduced, the economics profession has focused a great deal of attention on the development of the initial models and the adaptation of these models to various market contexts. It should come as no surprise that policies resulting from the new paradigm frequently diverge significantly from those derived from the standard model.

The primary function of the financial sector is the gathering and processing of data, which allows for the effective allocation of capital resources. And for that reason, regulation of the financial sector is crucial. According to information economics, distributive effects by themselves can produce favorable results, particularly when macroeconomic externalities are present. In the future, shifts in the way demand and technology are structured might make information more important and increase the fallout from information errors, which would lower competition and raise inequality. The topic of disclosure—the need for people or businesses to reveal specific information about their goods—is still up for debate in a number of industries, most notably the financial sector.

The attempt by some in developed nations to impose their own regulations is perceived by many in the former colonial world as an attempt to solidify long-standing inequality rather than just benefit their own corporations. For many years to come, how we resolve these problems will have an impact on inequality, economic performance, and the makeup of our politics and society. Naturally, imperfect information has always been important to economists. Price-related information includes everything a business or household needs to know to make a choice. Prices connected every aspect of the economy. These claims, however, lack a formal model that depicts the economy as an information processor. Based on an analysis of information supply and demand

(concentrating on the particulars of information demand and production, such as "agricultural economics"), some economists from the Chicago School thought that a "information economy" could be created. However, it should have been obvious that this was not feasible even prior to the official establishment of the field that is discussed below. Knowledge (information) differs fundamentally from other commodities like steel, corn, and corn that are the focus of traditional economics. Knowledge, in general, is a global public good (Stiglitz, 1999), and markets by themselves are typically inefficient in supplying such goods. As such, information is a public good.

Therefore, the fundamental idea of the information economy, which sets it apart from worlds of perfect information, is that social returns on information are typically not the same as private returns, sometimes being less and sometimes greater. This has a number of ramifications, one of which is that transactions that result in personal income might not be viewed favorably by society. One of the key discoveries of the information economy is that, in the absence of reliable information, competition will almost always be imperfect. In addition, in an imperfectly competitive environment, there is a greater chance that firms will use their market power, and—gasp—it is still possible to implement costly, imperfect information to increase productivity. However, there are economic ramifications to these mathematical features. In economic analysis, the law of diminishing returns has long been essential. In fact, the primary distortion of a monopoly is its attempt to obtain consumer information in order to obtain additional surplus funds. (1977, Stiglitz). A monopoly can (in theory) extract all consumer surplus in an undistorted way if it has perfect information.

One reason why Coasian bargaining fails to address externality-related issues is also explained by information economics. Coase argued that when property rights are well defined, bargaining can be effective. However, because the parties must take expensive steps to communicate information about the value of the externality imposed upon them, bargaining with information asymmetry is typically inefficient.

It was once thought that improvements in technology, such as the Internet, would spur competition by bringing down the cost of searches. However, access has increased due to new technology, which has also increased information asymmetry and the market power of individuals who have access to different information. More generally, the difference between private and social returns has grown as a result of several changes in our economy, including those related to technology, demand structure, and regulatory policies. Policy changes are necessary to counteract rising market power and inequality caused by these growing disparities. The shift towards a "information economy" carries a risk: it could empower information capture monopolists like Google and Facebook, distorting markets for goods and services and creating more room for price discrimination; it could also lead to innovation charging information-based rents; and it might encourage innovation in high-potential areas, thereby redirecting scarce research resources away from areas where social benefits would be greater.

The last two decades have seen the development of new technologies, which have significantly increased awareness of these problems. It is their fault that the information economy was born. Enhanced knowledge and network effects can inevitably result in higher economies of scale. Significant network effects lead to the emergence of a natural monopoly. Natural monopolies should either be nationalized or subject to stringent regulations, according to the classic literature on the subject. These new natural monopolies have managed to elude regulation and even acknowledgement of their market dominance up until recently. Examining European experiences more closely and viewing them as competitive, the US has falsely claimed that the EU is anti-American. The goal of European antitrust authorities is to stop market power abuse. It is especially likely and concerning that they will abuse their market power.

Other adjustments could alter the function of information in the economy and reduce its level of competitiveness. It's common knowledge that our economy is shifting from one based on manufacturing to one based on services. Manufactured goods are produced and distributed globally. As a result, accessing and sharing information about these products is not too difficult. On the other hand, a large portion of the services that will account for a growing portion of GDP

are produced domestically. Customer concerns about the caliber of services rendered—and, consequently, the caliber of information—are crucial, and the consequences for reputation are significant. However, all of this results in the rise of regional market dominance. The natural market forces we just discussed cause economic inequality to rise, which in turn causes political inequality to rise and, ultimately, a modification of the game's rules. The information economy has fundamentally changed the study of economics and economic policy, directly spawning a plethora of new research areas like contract theory. He provided an explanation for events that had been puzzling before. There was a difference between "theoretical" and institutional economics a century ago. These two schools of information economics were combined by Smith, Ricardo, Walras, and Cournot by highlighting the significance of institutions in a particular way while also.

Conclusion

It has been suggested by information economics and other research stemming from game theory developments that models emphasizing market imperfections provide the best way to understand the economy.

Most significantly, long-held beliefs about economic policy have been challenged, scrutinized, and frequently even reversed by the information economy. These concepts are particularly significant for a World Bank-type organization that works to promote economic expansion.

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Aysel Bədəlzadə

İnformasiya iqtisadiyyatı: onun xüsusiyyətlərinə baxış

Xülasə

Məqalədə inkişaf etmiş ölkələrin təcrübəsinə müvafiq olaraq ölkədə formalaşmaqda olan informasiya iqtisadiyyatının inkişaf tendensiyaları və xüsusiyyətləri təhlil olunur. Verilən müqayisəli təhlillər əsasında Azərbaycanda informasiya cəmiyyətinin və iqtisadiyyatının formalaşması sahəsində mövcud vəziyyət nəzərdən keçirilir. Bu sahədə inkişaf etdirilən ixtisaslı kadrların ölkə iqtisadiyyatındaki əhəmiyyətli təsirləri müəyyənləşdirilmişdir. İnnovasiya iqtisadiyyatı şəraitində elmi ideyaların kommersiyalaşdırılması zəncirində müvafiq məlumatların təhlilinin təkmilləşdirilməsi və mühafizəsi üzrə bəzi tövsiyyələr verilmişdir. Müasir dövrümüzdə

informasiya iqtisadiyyatının mahiyyətini istehsal və istehlak münasibətləri arasında, maddi və qeyri-maddi istehsal mərhələləri arasında informasiyanın əhəmiyyətli və əsas əlaqələndirici vasitə kimi çıxış etdiyi yeni tip iqtisadi münasibətlərin reallaşdırılması mərhələlərinin aydın təhlili aparılmışdır.

Məqsəd-inkişaf edən informasiya iqtisadiyyatı dövrünün xüsusiyyətlərini araşdırıb bu yeniliklərin ölkə iqtisadiyyatında tətbiq yollarını aydınlaşdırmaqdır.

Metodologiya-iqtisadi və metodoloji araşdırılmalar aparılmışdır.

Tədqiqatın nəticəsi–müasir dövrdə inkişaf etmiş ölkələrdə özünü göstərən informasiya iqtisadiyyatının Azərbaycanda tətbiqi üçün ilk olaraq texniki bazanın formalaşdırılması və ixtisaslı kadrların bu işə cəlb olunması vacibdir.

Açar sözlər-informasiya iqtisadiyyatı, yüksəktexnoloji məhsul, müasir bazar iqtisadiyyatı.

Айсел Бадалзаде

ИНФОРМАЦИОННАЯ ЭКОНОМИКА: ВЗГЛЯД НА ЕЕ ОСОБЕННОСТИ

Резюме

В статье анализируются тенденции развития и особенности формирующейся в стране информационной экономики на основе опыта развитых стран. На основе приведенного сравнительного анализа рассматривается текущая ситуация в сфере формирования информационного общества и экономики в Азербайджане. Определено существенное влияние квалифицированных кадров, подготовленных в этой сфере, на экономику страны. Даны некоторые рекомендации по совершенствованию и защите актуального анализа данных в цепочке коммерциализации научных идей в условиях инновационной экономики. В современную эпоху осуществлен четкий анализ этапов реализации нового типа экономических отношений, где информация выступает важным и главным связующим средством, между производственными и потребительскими отношениями, материальными и нематериальными стадиями производства.

Цель–рассмотреть особенности развивающейся эпохи информационной экономики и уточнить пути применения этих инноваций в экономике страны.

Методология–проведены экономические и методологические исследования.

Результатом исследования–является то, что для применения информационной экономики в Азербайджане в современное время важно сформировать техническую базу и привлечь к этой работе квалифицированные кадры.

Ключевые слова–информационная экономика, высокотехнологичный продукт, современная рыночная экономика.