
**DIGITAL REFORM OF SMALL BUSINESS AND ENTREPRENEURSHIP DEVELOPMENT
MANAGEMENT IN UZBEKISTAN**Narzullaeva D.K.¹Khasanova Zh.N.²

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The digitalization of business structures is the basis for the reorganization of the market economy; information support for business process management is essential for the dynamic development of an enterprise. And the process of managing business processes itself is understood as a manifestation of the entrepreneurial ability to direct the resources used to the area where there is an opportunity to obtain the best results.

Key words: business, digital economy, management, process, reform, development, entrepreneurship.

For several years, developed and developing countries have been investing in a digital transformation strategy to strengthen their positions in domestic and international markets and increase the competitiveness of their products and services. The significant role of the state as a regulatory body that improves productivity conditions and reduces costs in this way not only improves the business climate of the state, but also contributes to the influx of investment in a country where digitalization is given special attention.

Since 2017, the global community has set a course for digital transformation of business and building a digital economy. The world is changing so fast that we can say that the future has already arrived. But in different cities and countries, the movement to the "digital planet" still occurs at different speeds.

Therefore, the ability to see new trends and change in real time ensures business competitiveness and success in the digital economy.

What is digital transformation? First of all, it is the introduction of modern technologies into the business processes of the enterprise, which implies not only the installation of modern equipment or software, but also fundamental changes in management approaches, corporate culture, internal and external communications. As a result, each employee's productivity increases, decisions are made quickly and efficiently, their work is quickly adapted to the requirements of the current moment and meets the needs of customers, and the organization gains a reputation as a progressive and modern organization.

Digitalization of processes is relevant not only at the level of individual enterprises, but also entire industries choose this path of development as the only way to meet the rapidly changing conditions of the surrounding world. Due to this, the digital transformation of industry, retail, public sector and other areas is already changing the lives of every person and every company.

Half of the world's inhabitants are already connected to the Internet, according to experts, by 2025, and 25% of operational tasks will be performed by robots. In 2020, more than 80 billion devices in the world will be connected to the Internet. [4]

Modern information technologies used in business processes not only reduce production costs, but also the universal availability of information increases transparency in all areas, including the economy. Consumers will be able to get the necessary information about various products and services and order them from anywhere in the world.

In 2019, Strategy Partners studied global experience and conducted a survey of Russian companies to assess the current level of business readiness for digital transformation. We interviewed representatives of more than a hundred Russian companies from different market segments: major enterprises, medium and small businesses, including state-owned companies.

The survey showed that 83% of CEOs plan to transform their business models in the next 3-5 years. Only 4% said they don't need digital transformation.

Many of the surveyed entrepreneurs are already experimenting with digital technologies to improve the effectiveness of business strategies, but only a few managed to get a significant result. As a rule, companies automate operational work, but they do not have a large-scale strategy for switching to digital processes.

Tab. 1. Whether the current business model needs to be changed.
Due to digital transformation in the next 3-5 years[4]

1	Digital transformation is not required	4 %
2	Separate measures to digitalize business models are needed	39%
3	Full digitalization of the existing business model is needed	22%
4	Fully digitalize the existing business model is needed: work on creating a new one	22%
5	Switch to a new digital model is needed	9%
6	Could not answer	4%

An analysis of the responses of the surveyed entrepreneurs of Russian companies showed that about 2/3 of enterprises today spend no more than 5% of the total investment on digital transformation, use no more than 5% of their labor resources in it, and do not have a special competence center in the company's structure. Only every third industrial enterprise out of the top 100 largest companies in Russia today has the position of head of digital transformation in its staff. (Table 1)

Speaking about the obstacles that hinder the transformation of enterprises, more than half of managers point to a lack of knowledge about technologies and high-quality information about suppliers (30%), a Lack of specialized personnel (17%), a lack of understanding of the prospects from the introduction of technologies (25%), the Lack of digital infrastructure and the lack of demand for digital goods and services (23%). (Table 2)

Research by Russian experts shows that there is a need for business and entrepreneurship to switch to a digital platform, but some difficulties are also inevitable, in particular, financing the introduction of digital technologies and training employees to use them. All the barriers to digitalization of the Russian economy show a lack of readiness of business representatives not only to switch to digital relations, but also the

lack of development of the necessary digital infrastructure. It is also important to note the fact that Internet resources are mainly used by the middle and young generation of the population, while the elderly only study or do not know how to use them at all.

Tab. 2. As representatives of businesses see the barriers to digital transformation[4]

1	Lack of knowledge about technologies and suppliers	30 %
2	Lack of understanding of the effect of technology implementation	25%
3	Lack of financial resources	22%
4	There is no demand for digital goods and services	22%
5	Lack of specialized personnel	17%
6	Lack of a transformation strategy	17%
7	Transformation is not a business priority	13%
8	Inefficient industry standards	9%
9	Lack of access to foreign technologies	9%
10	Absence of digital infrastructure	4%

Nevertheless, Strategy Partners experts note the following key factors for the success of digital transformation: understanding the inevitability of change and supporting all key changes by the company's first person; a digital agenda that changes critical business processes, rather than being limited to implementing individual tools; creating a powerful competence center within the company. [4]

Uzbekistan, as a rapidly developing country, has also taken a course towards digitalization of the economy. in this regard, at the suggestion of President Shavkat Mirziyoyev, 2020 has been declared the Year of development of science, education and the digital economy in Uzbekistan. [2]

Over the past year, Uzbekistan has implemented four reforms that allowed it to become one of the 20 countries that have made the greatest progress in improving the business climate, according to the new annual report "Doing Business" of the World Bank group 2020[5].

The report analyzes the following indicators that assess the ease of doing business in the country: creation of enterprises (businesses); obtaining construction permits; connection to the power supply system; registration of property; getting loans; protection of minority investors; taxation; international trade; contract enforcement; resolution of insolvency.

Key reforms implemented in Uzbekistan based on indicators for assessing the ease of doing business are:

1. Strengthening the protection of minority investors by expanding the rights and role of shareholders in making key corporate decisions, clarifying ownership and control structures, and increasing corporate transparency.

2. Simplification of taxation by combining the tax on the development of social infrastructure with the income tax.

3. Simplification of international trade by introducing a risk-based customs verification mechanism, as well as easing requirements for import documents.

4. Simplification of contract enforcement through the adoption of a law on voluntary mediation, as well as the creation of financial incentives that encourage parties to resort to resolving disputes through mediation. [5]

The accelerated development of small businesses and private entrepreneurship in Uzbekistan has had a positive impact on the country's socio-economic development. Based on effective state regulation mechanisms, the share of private entrepreneurship (together with small businesses) in GDP reached 56.9 percent. Small private businesses operate in almost all sectors of the national economy.

The improvement of regulations adopted by the government ensures further development and expansion of this sector. In this regard, on January 8, 2020, the Government adopted a resolution "Measures to implement a system for assessing the level of business development in the regions of the Republic" [2]

In accordance with the decree, from March 1, 2020, a system for assessing the level of business development in the regions of the Republic will be introduced based on the automated online information system "BUSINESS INDICATOR" launched on March 1, 2020 for calculating and evaluating indicators of business development.

The share of small businesses in Uzbekistan in relation to GDP in January-December 2019 was 56.5 %. The Number of small businesses per 1000 population was 13.3 units. In January-December 2019, 92.9 thousand new small businesses and microfirms were created again (without dehqan and farms), which is 1.9 times more than in the same period of 2018.

In January - December 2019 in regional terms, the highest number of newly established small enterprises and microfirms was made in Tashkent - 18252 units, Tashkent region - 9671 units, Samarkand region - 7980 units. In Navoi region, this figure reached 7129 units, in Ferghana-6712 units, and in Andijan - 6632 units. At a low level, this indicator was recorded in the Syrdarya region - 3153 units.

By region, the largest share is in Tashkent and accounts for 19.7 % of the total number of newly created small enterprises and microfirms, in Tashkent region-10.4 %, Samarkand region-8.6 %, Navoi region-7.7 %, Ferghana region-7.2 %, Andijan region - 7.1%, Bukhara region - 6.6%, Namangan region - 5.9 %. In Kashkadarya region, the share was 5.6 %.

In January-December 2019, the largest increase in newly created small businesses and microfirms was registered in Chirchik district - 2279 units.

In January - December 2019, in the regional context, the largest indicator of the number of small businesses (per 1000 people, units) was in Tashkent-28.8 units, Navoi region-18.1 units.

The share of the digital economy in relation to Uzbekistan's GDP in 2019 was 2.2% compared to 10.9% in the United States, 10% in China and 5.5% in India. In Russia, the use of digital technologies will ensure GDP growth from 19 to 34%.[6]

Digitalization technologies are increasingly being introduced and developed in the country, but the pace could be higher if it were not for a number of barriers.

Due to the weak digital infrastructure and lack of digital skills among business representatives, digital trade is developing at a slower pace in Uzbekistan. For example, the Decree of the President of Uzbekistan Shavkat Mirziyoyev notes that there is an insufficient level of online trade and trading platforms in the Republic. Therefore, according to the decree, it is planned to double the share of the digital economy in Uzbekistan's GDP by

2023. To do this, according to the instructions of the head of state, they will modernize the digital infrastructure, introduce information and communication technologies in all spheres of life, and develop digital entrepreneurship. [2]

By the end of April 2020, Uzbekistan continues to widely implement the "E-government" system, designed to ensure openness, transparency and efficiency in all areas, in particular, the provision of 178 services through a Single portal of interactive public services has been established, which saves time and reduces costs for the population. [2]

A Technology Park for software products and information technologies is being built in Tashkent. In 2020-2024, it is planned to organize branches of the Technopark in 14 regions, triple the number of residents and bring the number of employees to 40 thousand. [2]

In conclusion, we can say that the technologies of digitalization of the economy, in particular, business and entrepreneurship, allow you to organize the most personalized interaction between production and consumption. Digital transformation of processes optimizes the work of employees, which increases the productivity of each individual team member. For example, automation of routine operations provides more time for solving really important and complex tasks.

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