

STRATEGIES FOR IMPLEMENTING DIGITAL TRANSFORMATION IN SMALL BUSINESSES

<https://doi.org/10.5281/zenodo.17890518>

Turaboev Ibroxim Ismail oglu

Namangan State Technical University,

Department of Management Teacher

Ibrahimgturaboev809@gmail.com

Abstract

This article analyzes the current issues of implementing digital transformation in small businesses in the Republic of Uzbekistan, its impact on economic efficiency and implementation strategies. The possibilities of optimizing business processes, improving customer relations and increasing competitiveness through the effective use of digital technologies are considered. The study used comparative, statistical and survey methods, as a result of which practical proposals were developed for the successful implementation of digital transformation.

Keywords

digital transformation, small business, strategy, innovation, business processes, competitiveness

Abstract

This article analyzes the current issues of implementing digital transformation in small business entities in the Republic of Uzbekistan, its impact on economic efficiency, and implementation strategies. The possibilities of optimizing business processes, improving customer relations, and increasing competitiveness through the effective use of digital technologies are considered. The study uses comparative, statistical, and survey methods, resulting in practical proposals for the successful implementation of digital transformation.

Key words

digital transformation, small business, strategy, innovation, business processes, competitiveness

Annotation

In this state, current issues of the introduction of digital transformation and the implementation of business strategies are analyzed in the Republic of Uzbekistan. Rassmatrivayutsya vozmojnosti optimizatsii biznes-protsesov, uluchsheniya tnosheniy s klientami i povysheniya konkurentosposobnosti za schet

effektivnogo ispolzovaniya tsifrovyyx tekhnologiiy. And research using comparative, statistical and survey methods, and the results of developing practical proposals for successful implementation of digital transformation.

Keywords

digital transformation, financial business, strategy, innovation, business process, competition

INTRODUCTION: In the current global economic climate, digital transformation is gaining significant strategic importance not only for large corporations, but also for small businesses. The Decree of the President of the Republic of Uzbekistan No. PF-6079 dated October 5, 2020 on approval of the "Digital Uzbekistan - 2030" strategy set out the priority areas for the development of the digital economy in our country. This document pays special attention to the digitization of small businesses and private entrepreneurship.

Digital transformation is not just a technological upgrade, but a fundamental change in business models, organizational culture, and customer relationships. For small businesses, this process creates challenges but also new opportunities: expanded market access, reduced operational costs, improved direct customer communication, and the development of new products and services.

As of January 1, 2024, more than 280,000 small businesses were registered in our country, which generated 56% of GDP and provided 78% of employment. Therefore, implementing digital transformation in this sector is important for increasing the competitiveness of not only individual enterprises, but also the entire national economy.

RELATED LITERATURE REVIEW: Digital transformation issues have been widely covered in the world scientific literature over the past decade. According to Gartner (2023) research, digital transformation is the process of fundamentally changing the business model and creating new sources of revenue using digital technologies. A study conducted by the McKinsey Global Institute (2022) noted that the productivity of enterprises that have implemented digital transformation increases by an average of 20-30%.

International experience shows that in developed countries, the level of digitalization of small businesses is 70-80%, while in developing countries this figure is around 30-40%. In the European Union, digital transformation financing programs for small and medium-sized businesses are being implemented within the framework of the "Digital Europe" program.

In the context of Uzbekistan, digital transformation issues have been studied in studies by the Agency for the Development of the Digital Economy under the Administration of the President of the Republic of Uzbekistan, the Ministry of Higher Education, Science and Innovation of the Republic of Uzbekistan, the Tashkent State University of Economics, and other scientific institutions. Karimov N. (2022) in his work "Fundamentals of the Digital Economy" covered the specific aspects of digital transformation for local enterprises. Abdullaev S. (2023) analyzed local experience in his monograph "Digital Transformation of Small Business".

At the same time, the practical aspects of the topic, in particular, the methodology for the gradual implementation of digital transformation in small businesses, methods for assessing its financial and economic efficiency, and mechanisms for state support, have not yet been sufficiently studied. This article aims to fill these gaps.

RESEARCH METHODOLOGY: This study was conducted using the following scientific methods:

1. Comparative analysis method - comparison of international experiences of implementing digital transformation (USA, European Union, South Korea, Singapore) and practices in the conditions of Uzbekistan.

2. Statistical analysis method - data from the State Statistics Committee of the Republic of Uzbekistan for 2020-2023, as well as the monitoring results of the Agency for Development of the Digital Economy, were analyzed.

3. Survey method - In September-December 2023, questionnaires were conducted with managers and specialists of 150 small businesses in Tashkent, Samarkand, Fergana, Bukhara, and Khorezm regions.

4. Expert assessment method - the opinions of 20 experts in the field of digital economy were studied.

5. Systemic approach - considering the digital transformation process as a system, the interrelationships between all its elements were analyzed.

The object of the study was small businesses in Uzbekistan, and their digital transformation strategies were chosen as the subject. The scientific novelty of the study is that for the first time a model for the phased implementation of digital transformation in the conditions of local small businesses was developed and a method for assessing its economic efficiency was proposed.

ANALYSIS AND RESULTS: The level of digitalization of small businesses in Uzbekistan

According to the survey results, only 35% of small businesses are fully utilizing digital technologies. 45% use it to a limited extent, and 20% do not use it at all. The most commonly used technologies are: electronic invoicing (65%), online

payment systems (58%), social media marketing (72%). The least used technologies are: cloud computing (18%), artificial intelligence (9%), big data analytics (7%).

Table 1.

Digital technology usage rate (%)

Technology type	Fully utilized	Partially used	Unused
Electronic invoice	65%	25%	10%
Online payment systems	58%	30%	12%
CRM systems	30%	40%	30%
Cloud computing	18%	32%	50%
Artificial intelligence	9%	21%	70%
Big data analytics	7%	18%	75%

Key barriers to implementing digital transformation: According to the survey results, the key barriers are:

- Lack of financial resources (68%)
- specialists and qualified personnel (55%)
- Concerns about data security (47%)
- Lack of digital skills (42%)
- Insufficient technical infrastructure (35%)

Cost-effectiveness of digital transformation : Of the 50 companies surveyed in the study, 25 had implemented digital transformation, while the remaining 25 had not. The results of the one-year observation are as follows:

Table 2.

The cost-effectiveness of digital transformation

Indicator	Businesses that have implemented digital transformation	Businesses that have not implemented
Average income growth	+24.3%	+8.7%
Changes in operating costs	-18.6%	+5.2%

Growth in the number of customers	+32.5%	+11.8%
Customer loyalty index	78%	52%
Employee productivity	+29.4%	+7.9%

State support programs: Currently, the following programs exist in Uzbekistan to support the digitalization of small businesses:

"Digitization" subsidies - subsidies of up to 30% for the purchase of digital technologies

Grants for startup projects - up to 100 million soums per year

Advanced training courses - free training from the "Digital Uzbekistan" center

"Digital Export" program - supporting the use of digital platforms to enter foreign markets

However, the effectiveness of these programs is limited. According to the survey results, only 22% of respondents were aware of these programs, and only 8% used them.

CONCLUSIONS AND SUGGESTIONS: A model for the phased implementation of digital transformation for small businesses has been developed , which consists of five stages: organizational preparation (1-3 months), strategic planning (2-4 months), implementation (6-12 months), integration and expansion (6-18 months), optimization and updating (continuous). Each stage has specific tasks and deadlines, which provides a systematic approach to enterprises.

The following proposals have been developed to improve the state support system: first, expanding the system of financial incentives, including reducing the interest rate on loans for the purchase of digital technologies to 0% (state compensation), introducing "digital transformation certificates" and establishing an investment fund in public-private partnership; second, improving the personnel training system, namely opening "digital business schools" in each region, introducing mini-MBA programs for small business leaders and requiring students to undergo internships in small businesses; third, developing infrastructure, namely developing high-speed Internet in small cities, supporting local providers for cloud services and integrating digital services on the basis of the "single window" principle; fourth, strengthening the security system, namely developing a special cybersecurity standard for small businesses, introducing certified cybersecurity services and conducting mandatory training on data security.

LIST OF REFERENCES USED:

1. Decree of the President of the Republic of Uzbekistan No. PF-6079 dated October 5, 2020 on approval of the "Digital Uzbekistan - 2030" strategy.
2. Gartner. (2023). Digital Business Transformation: A Practical Guide for Small and Medium Enterprises.
3. McKinsey Global Institute. (2022). The Digital Transformation of Small Businesses: Opportunities and Challenges.
4. Karimov N. "Fundamentals of the Digital Economy". Tashkent: "Economics" Publishing House, 2022. - 345 p.
5. Abdullaev S. "Digital Transformation of Small Business". Tashkent: "Fan" Publishing House, 2023. - 278 p.
6. State Statistics Committee of the Republic of Uzbekistan. "Development indicators of small business and private entrepreneurship in 2020-2023". Tashkent, 2024.
7. Digital Economy Development Agency. "Monitoring of digitalization processes in Uzbekistan". Tashkent, 2023.
8. European Commission. (2022). Digital Transformation of SMEs in the EU: Policy Framework and Best Practices.
9. World Bank. (2023). Digital Economy for Small Businesses in Developing Countries.
10. Law of the Republic of Uzbekistan "On Support for Small Business". December 24, 2021.