



## Prospects Of Development And Problems Of Introducing Digitalization In The Economy Of Uzbekistan

**Martabo Makhmudovna Dadajonova**

**Candidate Of Economic Sciences, Associate Professor, Andijan Machine-Building Institute, Uzbekistan**

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### ABSTRACT

Realizing the high importance of digital technologies, Uzbekistan, along with many countries, creates conditions for the transition to a digital economy. The task of the new economic model is to improve the lives of citizens by improving the quality of goods and services produced using modern digital technologies and to bring small businesses to the level of innovative entrepreneurship.

### KEYWORDS

Digital economy, digital technologies, women's entrepreneurship, IT technologies

### INTRODUCTION

The Action Strategy developed by the President of Uzbekistan Sh.M. Mirziyoyev, aimed at the economic development of Uzbekistan, the introduction of the digital economy is a necessary platform in the context of the globalization of the world economy and

the technological development of the country. The formation and implementation of the digital economy is one of the priority areas for Uzbekistan. In recent years, it has become a necessary task to introduce and develop the digital economy, transform the models of

activity in business and the social sphere, that is, the development of artificial intelligence, robotics, online commerce, wireless communication technologies, etc. Digitalization provides fundamental transformations in all spheres of human life and activities. Technology is not only becoming an engine for the development of new industries, but also acquiring important social roles, making a significant contribution to solving social problems such as population aging, social stratification, environmental problems and climate change. With the help of advanced science and technology, a "smart" society is emerging, based on new values of orientation towards human needs, flexibility, and creativity. Under the influence of digitalization, the labor market, health care, education, spatial development are radically changing, a lot of social and financial problems are being solved.

To date, the introduction of digitalization in the economy of Uzbekistan has faced a number of problems along with other developing countries: weak telecommunications infrastructure and communications, lack of digital skills and personnel in this area, undeveloped information infrastructure, insufficient quality of education and quality of human capital, outdated material and technical and the technological base of enterprises and sectors of the economy, an insufficient level of online commerce and online services provided to the population.

There are many definitions of a new technological order in the economy, the most common is the "digital economy" (web, Internet and electronic economy) - an economic activity based on digital technologies associated with electronic

business and commerce. Payments for services and goods of the digital economy are often made with electronic money, and this is only the most visible part of the process. Digital technologies play a key role in increasing the competitiveness of the economy and in stimulating the country's economic growth. The digital economy is a production based on electronic technology. The use of digital technologies launches the modernization of traditional sectors of the economy and creates new industries, which becomes the basis for economic growth and the creation of additional jobs.

The introduction of new digital technologies increases labor productivity, reduces business costs, increases the availability of information and reduces barriers to entry into new markets - and has a multiplier effect on the development of the economy as a whole. Digitalization requires the formation of new competencies in the labor market, which entails a restructuring of the entire education system. Realizing the high importance of digital technologies, Uzbekistan, along with many countries, creates conditions for the transition to a digital economy. The task of the new economic model is to improve the lives of citizens by increasing the quality of goods and services produced using modern digital technologies and to bring small businesses to the level of innovative entrepreneurship.

### THE MAIN PART

Women's entrepreneurship as a dynamic small business sector contributes to economic growth, develops in socially significant areas of entrepreneurship for the country, contributes to the improvement of the well-being of women and is an important element in

ensuring the principle of equality of rights and opportunities for citizens.

“More active participation of women in the development of the digital economy will lead to sustainable economic growth. The OECD estimates that today the number of women actively using digital technologies is 250 million fewer than men. Moreover, women account for only 20% of the total number of graduates in professional fields related to information and communication technologies (ICT) [1].

Throughout the civilized world, women's entrepreneurship is associated with small business, with forms of family business and self-employment. The entrepreneurial resource of small business is actively used in Western countries to solve the problem of economic growth, as well as social problems, in particular, increasing employment and strengthening the role of women in society. Globally, the number of women-led businesses accounts for between a quarter and a third of all businesses. The women's business is developing in the field of personal services, in industry, in the food industry, in wholesale and retail trade, in design and fashion.

Entrepreneurs of Uzbekistan develop preschool education, support folk crafts, create jobs for vulnerable segments of the population, expand the network of consumer services and catering, take care of the health of the nation through the organization of medical and sports organizations. Women's business is able to satisfy the urgent need for the development of enterprises that provide social services to the population. The development of women's entrepreneurship in Uzbekistan will make it possible to rationally use the labor opportunities of women, mitigate

unemployment, and contribute to the growth of the material well-being of women.

State support for the development of women's entrepreneurship will significantly improve the well-being of women, contribute to the manifestation of their creative activity, participation in economic decision-making and social stability in society. The development of women's entrepreneurship in Uzbekistan will raise the standard of living of the population and reduce social tension in society.

In the digital economy, attracting women to the field of information technology will provide them with employment through the widespread use of IT technologies. The introduction of information and communication technologies, the improvement of the business environment in the regions, the widespread introduction of new information and communication and pedagogical technologies in educational institutions will provide new opportunities for the development of women's entrepreneurship. By creating a favorable business environment on the Internet, an increase in the number of women entrepreneurs can be achieved.

Based on the decree of the President of the Republic of Uzbekistan "On measures to develop the digital economy in the Republic of Uzbekistan" [2], the state is taking large-scale measures to develop the digital sector of the economy, introduce an electronic trade system, develop electronic payments and improve the regulatory framework in the field of e-commerce. Based on the implementation of the Country Development Strategy, in order to liberalize and develop entrepreneurship, to ensure close interaction between government

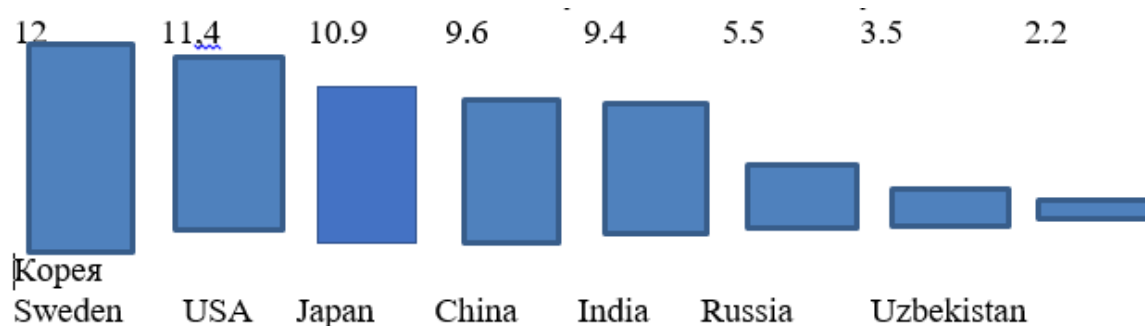
bodies and business entities in the implementation of innovative ideas, technologies and developments for further digitalization of the economy, it is necessary:

- Expand trade and service of digital goods both in the domestic market and for export;
- Increase the share of the digital economy in GDP;
- Increase investment in the ICT industry;
- Expand the provision of organizations with ICT specialists;
- Ensure digital security, as well as the security of subjects involved in the digital economy;
- Expand international cooperation and create attractive conditions for the inflow and implementation of advanced information technologies in all areas of economic activity;
- Stimulate and encourage the introduction of ICT in organizations, electronic services and introduce tax incentives for the development of digital technologies, as well as online commerce;
- Create dynamism in the development of the digital economy and its contribution to economic growth and the well-being of society;

- Expand the influence of digital technologies on business efficiency, employment, labor productivity and other socio-economic parameters.

The share of the digital economy in Uzbekistan's GDP at the end of 2019 amounted to 2.2% against 10.9% in the United States, 9.4% in China and 5.5% in India. The group of leaders includes states with the highest percentage of "digitization" of economic operations and a high level of technology - South Korea, Denmark, Great Britain, Sweden, Norway, and the Netherlands. 90 percent of the entire digital economy is controlled by nine companies, which also receive more than 90 percent of all profits - these are Apple, Google, Facebook, Amazon, Microsoft and others. The leaders of the national market of Uzbekistan Korzinka.uz, Artel, Yandex, NBU and others are striving to create their own economic systems that can compete in the domestic market.

In accordance with the draft Concept for the Development of the Electronic Government System of the Republic of Uzbekistan, it is planned to increase the share of ICT services in GDP to 5.0% by 2025, and to 10% by 2030.



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### Share of the digital sector in GDP, %.

According to the ICT Development Index (IDI), Uzbekistan in 2017 ranked 95th (index - 4.9) among 176 countries of the world (for comparison: Belarus - 32nd (7.55), Russia - 45-e (7.07), Kazakhstan - 52nd (6.79) Iceland took the first place (8.98), the second - South Korea (8.85) [3].

The digital economy is highly dependent on personnel - both in terms of competence ownership and in terms of technology availability.

President ShavkatMirziyoyev in his Address made a special emphasis on the importance of scientific and technological development: "The widespread introduction of digital technologies contributes to the efficiency of state and public administration, the development of the social sphere, in a word, a radical improvement in people's lives. Despite the fact that in 2019 our country rose by 8 positions in the International Index for the Development of Information and Communication Technologies, we are still very lagging behind in this area" [4].

In Uzbekistan, the One Million Uzbek Coders project has been launched to train a million domestic programmers, which is the foundation of one of the five initiatives of the President of the country. This is the opening of training centers on digital technologies with free training, aimed at increasing the computer literacy of the population, helping children interested in IT in realizing their potential, and creating software products. The teacher becomes more of a mentor and navigator in the educational process, rather than a "reproducer" of information.

"The implementation of the One Million Uzbek Coders project will allow to involve wide layers of the population in the development of new professions in the ICT field, to employ young people, including people with disabilities," said President of Uzbekistan Sh.Mirziyoyev. In the Address to the OliyMajlis of the President of the Republic of Uzbekistan ShavkatMirziyoyev on January 24, 2020, important tasks were noted, such as "Completion and implementation in two months of the development of the "Digital Uzbekistan - 2030" program, which provides for updating all sectors of the economy based on digital technologies, increasing the share the digital economy in GDP by at least 30%, thereby reducing corruption, a radical change in the digital economy this year, the implementation of the "1,0 million programmers" project with our foreign partners in order to further accelerate work on the development of science and the digital economy and the training of highly qualified specialists in this area" [4].

In Uzbekistan, there is a rather low level of use of digital technologies by the population in key aspects of socio-economic life (shopping, financial transactions, job search, education) and the integration of digital technologies is also at a relatively low level. According to the Telecommunications Infrastructure Index, Uzbekistan is ahead of only Turkmenistan and Tajikistan among the CIS countries, and with an indicator of 0.3307 it lags behind Russia, Belarus and Kazakhstan by almost 2 times. But at the same time, "According to the Electronic Government Development Index (EGDI), which is one of the indicators in the UN study "Electronic Government 2018", Uzbekistan took 81st place in the ranking, ahead of Kyrgyzstan (91st), Tajikistan (131st ) and Turkmenistan



(147th), and lost to Kazakhstan (39th), Belarus (38th) and Russia (32nd) [3].

Of particular importance is the formation of educational programs that meet global trends and personalized learning paths that can provide "digital literacy". The penetration of digital technologies into the life of the population and the level of information infrastructure is based on: the availability of access to the Internet in households, the use of the Internet by the population; the use of mobile phones by the population to access the Internet; search by the population for information about goods (services) via the Internet, ordering goods (services) by the population via the Internet; financial transactions by the population via the Internet; downloading software by the population from the Internet; search for work by the population using the Internet; distance education of the population using the Internet; availability and demand for products and services related to digital technologies; stimulating massive demand for digital solutions from both business and the public.

The growth in the share of the digital economy, which is associated with the development of the field of information and communication technologies and their implementation in economic relations between suppliers and consumers of goods and services, directly depends on the availability of an appropriate level of infrastructure in the country and the introduction of advanced Internet-related technologies into economic processes. In assessing the development of infrastructure, an important role is played by the indicator of the speed of the Internet and its availability, including price, for consumers. One of the main tasks is to assess and measure the real benefits

of digitalization of the state for business and use indicators such as small and medium-sized enterprises selling online, revenue in the e-commerce sector, etc.

Accelerated introduction of digital technologies in the economy and social sphere, it is achievable only if a number of essential conditions are met. First, business and the social sector must be ready for digital transformation. Secondly, a relatively mature sector of technological supply should be formed in the country, capable of rapid transfer and adaptation of foreign technological solutions and a rapid increase in the scale of its own activities. Thirdly, the demand of the population for digital technologies should constantly grow, since it is the needs and capabilities of consumers that ultimately determine the adequate demand for digital technologies from organizations. The digital economy is the main source of economic growth. Economic growth will stimulate competition, investment and innovation, which will lead to improved quality of services, increased choice for consumers, and creation of new jobs [European Commission, 2018a] [6]. An economy in which, thanks to the development of digital technologies, there is an increase in labor productivity, the competitiveness of companies, a decrease in production costs, the creation of new jobs, a reduction in poverty and social inequality [World Bank, 2016p.] [7]. Since technological and innovative enterprises are the driver of the development of the digital economy, their small number in Uzbekistan creates serious risks for the digital development of the country. The main risks limiting the development of private business in the IT sphere:

- 1) Risks of limiting property rights and bringing to responsibility (personal data, licensing requirements, risks in public procurement, etc.);
- 2) Instability of business conditions, low coverage of regions of the country with digitalization;
- 3) Lack of incentives to export services, i.e. encouraging the introduction of electronic services in organizations by introducing tax incentives for the development of digital technologies, as well as online trading;
- 4) Threats to the safety of digital user data, a low level of trust in the digital environment;
- 5) It is possible to reduce the risk of resource allocation only through high quality management in the development and implementation of digital technologies based on the prospective demand of business and the population.

The development of technologies, the digital transformation of companies, the growth of competition for jobs, and an increase in life expectancy lead employees to the need to change their professional activity several times during their life, acquiring new competencies and skills.

A key factor in the success of digitalization processes is the availability of a sufficient number of highly qualified personnel and appropriate jobs.

## CONCLUSION

Digitalization will require not only an increase in investments in digital technologies, but also a radical modernization of the infrastructure of almost all sectors of the economy, which will ensure high growth rates of the contribution of

the capital factor to added value. The digitalization of industries leads to a change in the demand for factors of production. Digital technologies make it possible to better take into account the opinion of society when making socially significant decisions in science, to involve the population in the processes of collecting data and posing research questions.

Based on the above, for the development of the digital economy, benefits are needed that will help entrepreneurs feel the ground under their feet, invest in development, for example: in their employees, improve their skills, attract expensive specialists, equip enterprises with advanced IT technologies.

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