



Application Of Digitalization In The Development Of Small Entrepreneurships

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ABSTRACT

The following article demonstrates how digitalization processes are applied in order to develop tourism with full potential. Also, the hybrid concept of digital entrepreneurship and its role within the transformation of the innovation

System is investigated. Furthermore, identification of key categories of digital entrepreneurship and also its differentiation from other types of business activities is differentiated.

KEYWORDS

Small business, regional business, digital economy.

SUMMARY

In "The application of digitalization in the development of small entrepreneurships" the author explains to what extent the trend of digitalization can improve functioning of companies in industry. First the author tries to define the term digitalization itself. According to the author in "The application of

digitalization in the development of small businesses " Digitalization provides the tools, frameworks, and technologies to create and add value to tourism products and experiences but the success of digitalization depends on the capacity of the tourism sector to share, learn and collaborate. As the author

of the article vividly elucidates in his article "The application of digitalization in the development of small businesses" digitalization helps to accelerate the matters of small businesses and their database. Manufacturing companies should pay attention to the chain of these steps in due course and due order. The author claims that the digitalization needs full potential of technic equipments to succeed in the manufacturing small companies. This helps to the digitalizations of the process and accelerates the quality improvement in SMC. According to author's perspective, training employees and letting technologies to improve the cases, upgrading equipment and creating response plan also play an important role in digitalizing tourism industries. As the author implies that lack of finance can bring in procrastinations in terms of digitalization. In conclusion, the author elaborates about the need for further research regarding the mechanisms of digitalization in the field of tourism.

INTRODUCTION

In the last century, the economic performance and innovation success of countries has increasingly depended on digital technology developments. Digitalization is broadly associated with the changes that relate to big data analytics, the adoption of digital technologies, and an increase in their utilization. Digital technologies have brought significant transformation to the industry, revolutionizing enterprises, products and experiences, business ecosystems, and destinations. Digitalization has also transformed the traditional roles of producers and consumers, with new roles, relationships, business models, and competencies emerging. The rise of digital platforms has increased the variety and volume of products, services and

experiences, with on-demand functionality accelerating the speed of economic transactions, market awareness and feedback. These shifts have created new opportunities, as well as challenges, for small businesses as they strive to meet consumer demands, and reach new markets. Coordinated efforts to foster an innovative digital culture in small businesses can ensure European destinations are globally competitive. The diversity and complexity of tourism's sub-sectors, the different challenges in urban, rural, and island destinations, and the different challenges that manifest in different institutional systems across Europe, present capacity-building and regulatory challenges for the digital industry ecosystem. Digital entrepreneurship is an essential driver within the innovation system. It changes the structure, aims, and networking mechanisms of the overall business system and, ultimately, affects the various levels and dimensions of the innovation system. Bringing inevitable changes to the innovation system, digital technologies may not only provide new business opportunities but also be disruptive and cause new vulnerabilities.

Although digitalization concerns all spheres of social life, it primarily determines the transformation of entrepreneurial and business models in different industries. The main reason for this is the changing needs of society (either caused by new demands or pushed by industry) regarding products and services that determine adaptations in the value-creation process as well as communication and cooperation patterns; this process, in turn, fosters innovative transformations of business models.

DESIGN/METHODOLOGY/APPROACH

This paper draws from a review of literature looking at longitudinal issues of tourism development overtime and what has contributed to the phenomena of digitalization. A discussion of implications is provided from this review.

RESEARCH RESULTS

Entrepreneurial knowledge is a significant determinant in shaping the motivational process within digital and business engagement, together with career intentions and new venture creation. In particular, digital competences become key determinants of digital entrepreneurship. On the one hand, digital competences should be characterized as prerequisites for digital engagement since they define the possibility to be involved and remain competitive in the field. On the other hand, some researchers suppose that digital competences develop due to the digital transformation and “context” influence and also knowledge integration and orchestration. In other words, context dimensions affect the extent to which entrepreneurs may utilize their digital competences.

The effect of context is often reflected in the broadening of social networks that develop structural connections between individuals and foster regional information and communications technology access and entrepreneurship performance, also becoming a facilitator in the conditions of resource constraints and institutional barriers .

The process of knowledge acquisition is a prerequisite for learning orchestration and cognition, influenced not only by personal and behavioral factors but also by

“environmental” factors . Knowledge mobilization and knowledge coordination, in particular, are strongly affected by the diversity of the social network, the individual nodal position within it, and the “structural holes” effect. Managers’ knowledge and motivation patterns determine how the key elements of a business model, such as production, commercialization and distribution, customer management, transaction mechanisms, partner and transaction management, labor policies, value creation, internal organizational management, etc., are transformed due to digital effects .

Business plays a special role in the mechanism of sustainable economic development, since it provides not only the realization of innovative potential, but also the creation of decentralized jobs, as well as additional revenues to budgets of different levels. Periods of economic instability for small business at the local level are a big challenge, because unlike large network structures, small business does not have the ability to diversify risks due to economies of scale. Changing the vector of the national economy development has a special impact on small business, which in developed countries is a driver of economic development. Thus, the digitalization of the economic system entails fundamental changes in the processes of value-added formation: industries are being modernized, trade and procurement procedures, related financial and logistics operations are changing, and consumption patterns are changing against the background of penetration of information technologies. The article considers two key aspects: “small business”, “digitalization of the economic system”. The concept of “digital economy” is considered, its key elements, distinctive features, level of development in various countries are defined. A comparative

analysis of the share of small business in some countries is given, and a model for the functioning of small business at the regional level is described. The authors identify the problems and prospects for the development of small business in a digital economy. The article tackles the issues of the impact of the digital economy on the development of small business and the role of education in this process. Business plays a special role in the mechanism of sustainable economic development, since it provides not only the realization of innovative potential, but also the creation of decentralized jobs, as well as additional revenues to budgets of different levels. Periods of economic instability for small business at the local level are a big challenge, because unlike large network structures, small business does not have the ability to diversify risks due to economies of scale. Small enterprises today are the most vulnerable participants in the economic system. Despite the aggressive external environment, small business has a number of qualities that guarantee it advantages over major players in the market: prompt decision making, organizational flexibility, minimum initial investment. Numerous studies confirm that the development of small business is correlated with the peculiarities of the socio-economic local economic region. Thus, demographic, social, government regulation and support, as well as the availability of resources in the region, have a significant impact on the definition of regional specifics of business. However, macroeconomic changes make more serious adjustments to the activities of small business. The program of transition to a digital economy is long-term and involves a phased implementation. In particular, until 2019, the task is to create organizational, legislative, and financial mechanisms to

prepare the country to a fully digital, innovative economy. The following stages imply the widespread, full-scale introduction of the digital economy, which consists in using, including in the field of small and medium-sized innovative entrepreneurship of the Uzbekistan, digital, intelligent production technologies, robotic systems, as well as commercialization and export of new scientific developments. In the economies of developed countries, as a rule, small and medium-sized businesses occupy a significant share. Small and medium-sized enterprises (SMEs) create jobs that provide the population with income, and also determine the socio-economic situation of the country as a whole. Research results prove a high degree of relationship between the size of the SME sector and the well-being of the population and economic growth. In this regard, of particular interest is the possible impact of the transition to a digital economy on the data subject of the economic system. The digital economy is a dynamically developing form of business activities of the information society. It penetrates everywhere and takes a strong position in the real sector of the economy. The emergence of new digital infrastructures, the development of computer technology and digital communications are generating new opportunities in the field of information technologies, their introduction into the socio-political and economic life of society, form a new system of the international economy - the digital one. Obviously, these conjunctive changes in the economic system actualize the task of assessing the impact of the digital economy on the main driver of the economic system - small business. The purpose of the study is to study the influence of the processes of digitalization of the economy on the activities of small enterprises. Among obvious advantages of economic system

digitalisation are: Increase in labour productivity with the help of robotization and simultaneous decrease of production costs; Enterprises, that follow economic system trends, get undeniable competitive advantage comparing to other market participants, who act according to traditional format; New working places creation; Poverty and social disparity capability. Together with that the impact may not only open new opportunities, but also create new market barriers. Among all of the market players the most sensitive to external environment changes is small business. Today small businesses are the most vulnerable participants of economic sphere.

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