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# The Small Business Role In Socio-Economic Development In The Digital Economy Development

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**Abstract:** *The article discusses “The small business role in socio-economic development in the digital economy development”, identifies our country role in the international rating index, and provides a detailed definition of the current smart management and digital economy. It also shows the importance of digital technologies in the transition to an innovative economy and the gradual evolutionary development stages, the digital economy characteristics and its introduction directions. In our country transition to a new level, reasonable proposals and recommendations have been made on the issues of achieving socio-economic development through the small business management improvement.*

**Keywords:** *digital economy, small business, industry 4.0, smart management, investment, innovation, artificial intelligence.*

## 1. INTRODUCTION

In the digital economy development in our country, the role of small business in socio-economic development is especially relevant in the current globalization process. Small business, which is one of the real sectors of our economy, not only raises the budget and power of our state, but also solves social problems. In other words, new jobs creation will provide employment, increase the workers' living standards on the basis of employment and create an ownership sense in people, especially when the spirit of dependency becomes the initiative spirit, a middle class stratum is formed and social stability is achieved. Of course, this sector development in each region of the country plays an important role in achieving socio-economic development.

The head of our state pays special attention to women and youth in the further development of economic reforms and the gradual improvement of entrepreneurial activity in our country and thus their role uniqueness in the realization of such great goals as the digital economy development, the building of an economically, socially and politically strong democratic state, and the creation of the third renaissance foundations. In recent years, more than 13 trillion soums of soft loans have been allocated to cover more than 600,000 families within the social programs framework such as "Every family is an entrepreneur", "Our youth is our future" aimed at attracting a wide range of people to entrepreneurship and

expanding their income sources. Taking into account the women importance in the small business development in our society, who make up half of the population, in order to further improve the large-scale work to ensure their rights and legitimate interests, guarantee labor rights and support women's entrepreneurship the Resolution "On measures to further strengthen the women's labor rights guarantees and support entrepreneurship" was adopted, which not only created a wide range of opportunities for women to start their own business, but also laid the foundation for their free activity.

Based on the possibilities of solving the social problems of small business and private entrepreneurship related to increasing employment and the population welfare, the main conceptual directions of small business and private entrepreneurship development in the country for 2017-2021 have been identified as follows:

1. Ensuring reliable protection of the rights and guarantees of private property, overcoming all obstacles and restrictions on the private entrepreneurship and small business development, giving it full freedom;
2. A favorable business environment creation for the widespread development of small business and private entrepreneurship, strict prevention of illegal interference in the business structures activities by government, law enforcement and regulatory agencies;
3. Further privatization expansion of state property and its procedures simplification, state participation reduction in the charter funds of economic entities, favorable conditions creation for the private entrepreneurship development on the basis of privatized objects of state property;
4. Improving the investment climate, active attraction of foreign, first of all, foreign direct investment in the sectors and regions of the country's economy;
5. Introduction of modern standards and methods of corporate governance, strengthening the shareholders role in the strategic management of enterprises;
6. Improvement and simplification of procedures and mechanisms for connecting business entities to engineering networks;
7. Reducing state participation in the socio-economic development regulation of the country, expanding public-private partnership, increasing the role of non-governmental, public organizations and local governments. Small business is an important sector that determines not only the economic power of our country, but also the world. Improving small business management is also important for Uzbekistan to take a worthy place in the international rankings. In the "Doing Business 2020" ranking, our country ranks 69th out of 186 countries, rising to 7th place and gaining a place in the international arena.

Table 1. The place of Uzbekistan in the international rating index.

| № | Index                           | Definition  | Position of the Republic of Uzbekistan | Countries participating in the index |
|---|---------------------------------|---|--|--------------------------------------|
| 1 | Index of Economic Freedom, 2019 | The index of economic freedom, that is, the absence of state interference and barriers to the production, distribution and consumption of goods and services, in addition to the protection and freedom necessary for citizens. | 140                                    | 180                                  |
| 2 | Doing Business, 2020            | Indicators that help to expand entrepreneurial activity and criteria that limit it  | 69                                     | 186                                  |
| 3 | Indigo Index, 2018              | Assessing the resilience and development of the economy in the transition from raw materials and natural resources to innovation and technology   | 128                                    | 180                                  |

For the first time, our country has risen to 8th place in the world in terms of ease of opening a new enterprise. Unfortunately, Uzbekistan is not included in the Global Entrepreneurship Monitor, one of the most important world rankings. Therefore, it is expedient to gradually improve its small business sector by further increasing the share of the real sector of the economy in our country.

**The literature analysis on the subject:** In the scientific literature, however, a number of scholars have cited their views on the term digital economy, “post-industrial economy” (D.Bell), “information economy” (O.Toffler), “megaeconomy” (V.Kuvaldin), “information and communication-based economy” (I.Niniluto), “techno-economy or digital economy” (B .Gates), “Knowledge-Based Economy” (D.Tapskott) ”. The evolution of innovative processes can be seen in the fact that the country's economy is determined by the development level of this sector, the fact that the industry has many advantages and they play an important role in socio-economic life.

At a time when global changes are taking place in the process of innovative development in the field of economy, digital technologies are rapidly entering our daily lives. The issue of developing the digital economy and its widespread application in all fields is causing many scientists around the world to research and acknowledge their views, and while many scientists are positive about it, some are negative.

Professor Tatyana Chernikovskaya, a Soviet Russian scientist, called the "digital economy an anthropological problem," a global problem that affects the minds, thinking, and activities of all human beings, while many scholars have expressed a positive view that the digital economy should not be feared, that it should be recognized, and that digital technologies are important in understanding and addressing the importance of the problem. William Gibson writes in his book, "The future has already come, it is simply that it is not evenly distributed." According to Jack Mann's analysis, by 2030, about 80% of business will be done online. This is of course said to be an integral part of the information society and the digital economy as a society in which people implement, sell, store and reproduce their technologies, knowledge, and programs. One of the factors of the digital economy that integrates the economy with society is that it plays an important role in facilitating the lifestyle of individuals, efficient use of time and prevention of unnecessary hassles.

## **2. RESEARCH METHODOLOGY**

The digital economy is now embracing the whole world, leading to a radical change in all areas. We cannot create products and services that can meet modern requirements without mastering digital knowledge and modern information technologies to achieve socio-economic development. The digital revolution, which is emerging as a new stage of economic and technological development, has dramatically changed the lives of human beings, creating a wide range of opportunities and ushering in a period of high competition in the world market space. In other words, while the countries that have been established on the basis of digital technologies or have moved to a system of "smart governance" are developing further, the countries with economically backward countries are becoming poorer. It is worthwhile to focus on the concepts of "smart management" and "digital economy". Today, terms such as "smart management", "smart home", "smart station", "smart watch" are often used, and they are important in socio-economic development. Since no clear scientific approaches have been given to the term smart management in the course of my research, I have approached this concept from an industry perspective as follows. Smart management is an effective management on the basis of high technology, reducing labor, time, efficient use of resources in the process of production, service or performance of work. Intelligent management in business is a deep integration of technology in the production process, a high degree of automation, while accelerating the participation of artificial intelligence. So the digital economy offers the shortest path to growth. After all, information technologies and innovations are penetrating deep into all spheres around the world.

The digital economy is an economic activity based on digital technologies, which, based on the development of digital technologies in all sectors of the economy, leads to product competitiveness, lower production costs, increased labor productivity and the creation of new high-end specialties. Also, the digital economy is a key factor in the production of digital data, which allows to increase the efficiency of storage, sale and delivery of various industries, technologies, equipment, goods and services based on the use of the results of process analysis and large-scale data processing activity. We all know that the digital

economy is called by several terms, namely: digital economy, internet economy, e-economy, virtual economy, network economy.

The introduction of information technology has led to an increase in the pace of life and production, the development of a "new" economy. Now just unlocking your smartphone is enough to use many services. The new economy is forecasting and time management, in the process of which physical systems are transformed into cyber-physical systems. In fact, it is a transition from the real world to the virtual world. In it, knowledge education shifts to cognitive education. We are moving from a knowledge economy to a knowledge-intensive economy. Whereas we used to believe that knowledge is power, now the main thing is not just to know, the main thing is to use this knowledge in time.

Without mastering and putting digital knowledge into practice, it is impossible to move to digital communications, the digital economy with the help of IT, and most importantly, to industry 4.0, which is the highest stage of modern development. IT development has a direct impact on the economic growth rates of countries, covering all areas of our daily lives. IT is also important in reducing costs, optimizing, increasing efficiency and, in turn, improving small business management. The introduction of digital technologies in the production process forms the following practice:

- Save time in production;
- Reduces production costs and thus reduces the cost of production;
- The role of new "advanced" specialties in high demand will increase;
- It will be possible to pay for services from anywhere in the world.

In the direction of the digital economy and the introduction of 4.0 industry on a corporate scale, we can point out the following:

- on-demand professional services-services, designer services, consultants, translators, etc.;
- collaborative finance –crowd-funding, peer-to-peer lending;
- on-demand household services;
- peer-to-peer accommodation;
- Peer-to-peer transportation.

The development trends of life clearly show that other services of the digital economy, including big data, artificial intelligence, machine learning, crowdsourcing, crowdfunding, blockchain and cloud technologies will also play a crucial role in the future economy and corporate governance.

### **3. ANALYSIS AND RESULTS:**

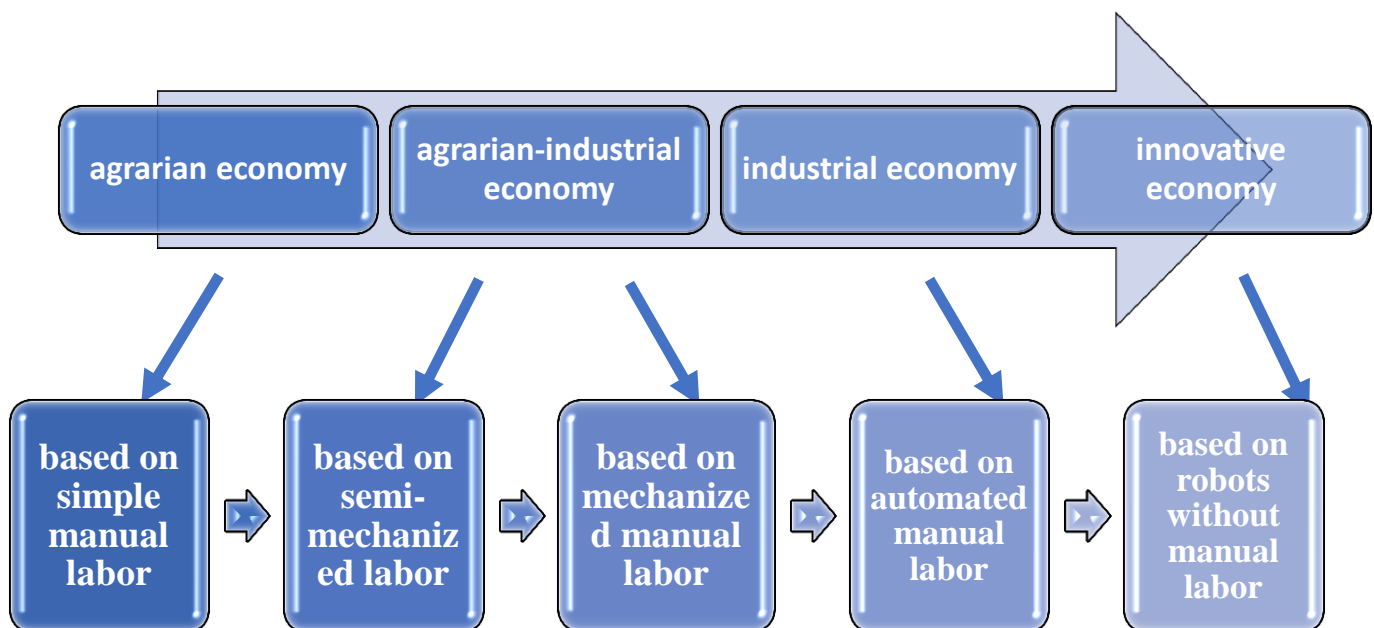
The role of "informatization", "computerization", "e-government", "e-management" has been further improved through the application of the latest achievements in the field of informatization in all spheres of socio-economic life. The purpose of their design, creation, launch and widespread use is to solve the problems of informatization of society and human life. That is why it is important to learn the basic technologies for the digital economy and where and in what systems they are.

Table 2. Basic technologies in the digital economy development and their application.

| <b>Key technologies for the digital economy:</b>  | <b>Where, in what systems:</b>  |
|---|---|
| <ul style="list-style-type: none"> <li>- Big data (big numbers);</li> <li>- Neurotechnology and artificial intelligence;</li> <li>- Quantum technology;</li> <li>- New production technologies;</li> <li>- Industrial Internet (Internet for industries);</li> <li>- Robotics and sensory components;</li> <li>- Wireless technologies;</li> <li>- Virtual technologies and others</li> </ul> | <ul style="list-style-type: none"> <li>- Management decision-making systems.</li> <li>- Geoinformation systems.</li> <li>- Production robotization systems.</li> <li>- Cloud computing (data redistribution technologies).</li> <li>- Smart, smart neighborhood, smart organization, smart city.</li> <li>- Internet commerce.</li> <li>- Drones.</li> <li>- Blockchain technologies.</li> <li>- Internet and other information systems.</li> </ul> |

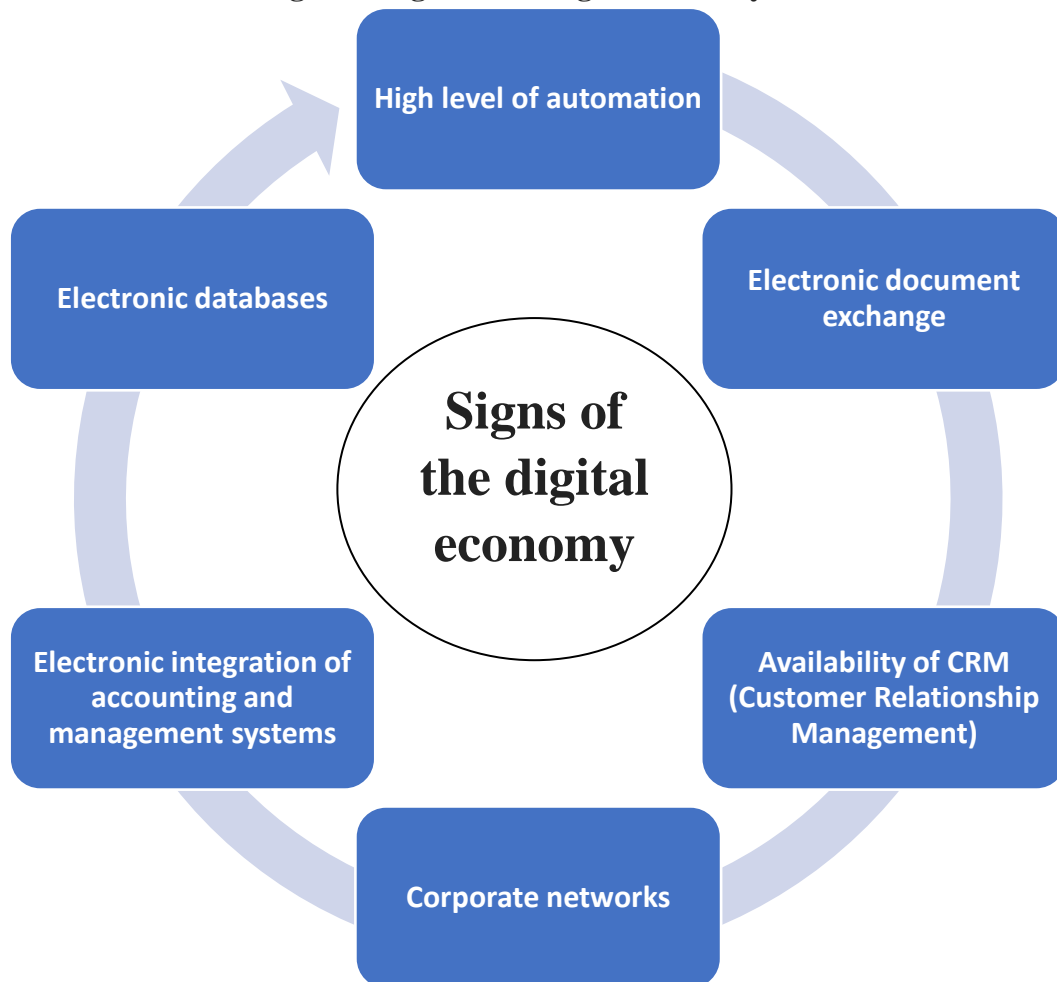
Digital technologies are rapidly entering all areas, and global renewal is ushering in a new phase of development. Small business, which plays an important role in the socio-economic life of our country, in the early evolution of the economy, united people in small areas, leading to a common goal - prosperity and development. Even in the era of agrarian economy, people first set up their own entrepreneurial activities by joining small groups with family members and then on a community basis. With the development of the economy over the years, the emergence of the term small business and its role in socio-economic development has been gradually improved in the development evolution of the innovative economy.

Figure 1. Development stages of innovative economy evolution.



The innovative economy has already begun in the most developed countries of the world, and its signs are gradually emerging and developing rapidly in the remaining developing countries.

**Figure2. Signs of the digital economy**



#### **4. CONCLUSIONS AND SUGGESTIONS:**

The most important guarantee of sustainable economic growth is the production of new competitive products and their non-traditional assortments on the basis of innovative ideas, finding new international markets for them and increasing exports and making full use of the country's transit potential. At the same time, the international market will force to improve product quality, reduce costs, bring new technologies, and accelerate the development of market reforms. Simply put, it is necessary to enter the world production system, world market requirements and economic integration processes with innovations in business management.

In the context of the development of the digital economy, it is expedient to strengthen the role of small business in socio-economic development, to further improve the management of the sector, taking into account the above, to implement the following proposals and

- recommendations:
- Expanding the scope of revolutionary thinking in the process of training leading specialists in the management of small business;
  - introduction of digital technologies in enterprises with the involvement of foreign investors, taking into account the specifics of all regions and remote villages of the country;
  - preparation of the population, especially young people and women, for new high-demand specialties by raising the level of socio-economic life by involving them in entrepreneurship and establishing an in-depth IT-based education system;
  - Achieving a reduction in the cost of production, optimal and efficient use of resources and, most importantly, digital exports to foreign markets through the deep integration of digital technologies in the production process;
  - study of foreign experience in improving the management of small business and the gradual introduction of their practice on the basis of the involvement of foreign experts in the development of the industry;
  - training of highly qualified professional managers to implement management based on the formation of entrepreneurial and business spirit in the right direction by motivating individuals with digital intellectual property potential;
  - formation of the introduction of artificial intelligence in the production process with the improvement of the characteristics of the innovative economy;
  - take measures to expand the enterprise, including the initial elements of digital technologies in small business, ie the transition from small business to medium business, from medium business to large business;
  - take measures to organize effective management in the development of small business, especially on the basis of "smart management";
  - By improving the management of small business in the digital economy, increasing the share of the real sector of our economy and developing promising areas for the preparation of our country for the stage of technologically advanced "Industry 4".

If the above proposals and recommendations are put into practice, our country will develop not only economically but also socially, and will take a worthy place in the world market.

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