

**DIGITALIZATION ISSUES IN THE DEVELOPMENT OF SERVICE PROVISION ON  
THE BASIS OF PRIVATE ENTREPRENEURSHIP**

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**Abstract**

In this article, we analyze the role and importance of digitalization in the development of services based on private entrepreneurship. The introduction of modern technologies in the service sector serves to improve business efficiency and create opportunities for more convenient customer service.

**Keywords**

private entrepreneurship, provision of services, digitalization, digital technologies, business efficiency, digital services.

**Annotatsiya**

Ushbu maqolada xususiy tadbirkorlik asosida xizmat ko'rsatishni rivojlantirishda raqamlashtirishning o'rni va ahamiyatini tahlil qilamiz. Zamonaviy texnologiyalarning xizmat ko'rsatish sohasidagi joriy etilishi tadbirkorlikning samaradorligini oshirishga, mijozlarga yanada qulay xizmat ko'rsatish imkoniyatlarini yaratishga xizmat qiladi.

**Kalit so'zlar**

xususiy tadbirkorlik, xizmat ko'rsatish, raqamlashtirish, raqamli texnologiyalar, tadbirkorlik samaradorligi, raqamli xizmatlar.

**Аннотация**

В данной статье мы анализируем роль и значение цифровизации в развитии услуг на основе частного предпринимательства. Внедрение современных технологий в сфере сервиса служит повышению эффективности бизнеса, созданию возможностей для более удобного обслуживания клиентов.

**Ключевые слова**

частное предпринимательство, оказание услуг, цифровизация, цифровые технологии, эффективность бизнеса, цифровые услуги.

**Introduction.** Today, digitalization processes play an important role in all sectors of the economy, in particular in the field of private entrepreneurship-based services. In our country, great attention is paid to digitizing the economy, improving the quality of services and improving entrepreneurial activity through the introduction of information and communication technologies. A number of resolutions and decrees adopted by our President are also aimed at the rapid development of digitalization processes in the service sector and supporting the active participation of the private sector.

In particular, Decree No. PF-6079 “On Approval of the Strategy “Digital Uzbekistan – 2030”, signed on October 5, 2020, stipulates the introduction of innovative technologies and the implementation of digital transformation of service sectors through the digitization of all sectors of our country’s economy. Within the framework of this strategy, the opportunities for creating convenience for customers through digital technologies in the service sector and the provision of fast and high-quality services are being expanded.

**Review of the relevant literature.** An analysis of the literature on the development of private entrepreneurship and the digitization of the service sector shows that in recent years, digital technologies have been considered the main driver of economic growth. The World Bank (World Bank, 2020) in its reports identifies digitalization as a key factor serving to increase efficiency in all sectors of the economy, emphasizing that digital solutions, especially in the services sector, increase productivity, reduce costs, and improve the quality of communication with customers. The analysis shows that the introduction of digital technologies by private entrepreneurs in the service market increases market transparency, expands the range of services, and improves the population's access to services. The theory of the "digital platform economy" proposed by M. Porter and J. Haerl (2018) on digital transformation processes is widely used in research. According to them, the creation of digital services, the transfer of services to online channels, and the platform-based service model increase the competitiveness of the private sector. Especially for small businesses, digitalization is considered a key strategy for the efficient use of resources, automation of operational processes, and reduction of market entry costs.

The place of private entrepreneurship in the service sector is deeply covered by the scientific works of economists A. Oates, P. Krugman and J. Stiglitz. In their research, the leading role of the private sector in a market economy, the interrelationship of service diversification, innovative activity and digital transformation is scientifically substantiated. These sources especially emphasize that the flexibility of entrepreneurship and the ability to make quick decisions allow it to quickly introduce digital technologies. The territorial and institutional aspects of digitalization have been studied by many local researchers on the example of Uzbekistan. In particular, scientific research conducted by A. Vohidov, Sh. Jo'rayev and N. Rasulov reveals such areas as simplifying business processes in the country, increasing the share of digital services, and supporting private entrepreneurship through the e-government system. These studies scientifically substantiate the dependence of private entrepreneurship on the development of digital infrastructure and the importance of state policy in this regard.

One of the works in the international literature that sheds light on the impact of digitalization on marketing, customer behavior, and consumer psychology in the service sector is the theory of services marketing by Kotler and Keller (2019). They emphasize that digital services create the opportunity for an individual approach to customers, fast communication, service quality monitoring, and real-time analysis. Their research also notes that digitalized services for private businesses increase brand credibility in the market and strengthen the company's competitive advantages. In addition, the European Union's "Digital Agenda for Europe" strategy (EU Commission, 2020) also indicates the priority areas of digitalization in supporting the private sector. The strategy identifies the development of the digital services ecosystem, increasing the volume of e-commerce, expanding digital literacy, and encouraging the digital integration of small businesses as key tasks. These approaches are also of direct practical importance for Uzbekistan and create a methodological basis for expanding digital services in local private entrepreneurship. At the same time, the literature review shows that there are a number of problems in the process of digitalization in private entrepreneurship: insufficient technological infrastructure (IQ Digital Index, 2021), low digital literacy, limited access to investment resources, digital security threats, and high costs of technology implementation. Regarding these problems, P. Drucker (2021) shows the economic benefits of increasing digital competencies, gradually implementing technological transformation, and automating business processes based on the theory of innovative management.

In general, the analysis of the existing literature shows that digitalization is a key factor in the development of private entrepreneurship-based services, which is of strategic importance in increasing economic efficiency, improving the transparency and quality of services, optimizing the customer service process, and creating new market opportunities.

**Research methodology.** This research methodology consists of a set of scientific approaches aimed at in-depth study of the processes of digitization of the service sector based on private entrepreneurship, identification of economic, organizational and institutional factors of this process, and assessment of the effectiveness of digital transformation in the service sector. The study combined qualitative and quantitative analysis methods, which allows for comprehensive coverage of the topic. In general, the theoretical and methodological basis of the study was the concept of the digital economy, theories of innovative development, advanced scientific literature on the economy of private entrepreneurship and services. In addition, the study also used scientific methods such as inductive and deductive analysis, statistical grouping, analytical observation, and regulatory and legal analysis. Through regulatory and legal analysis, legislative documents aimed at supporting the digital economy, e-commerce, and private entrepreneurship in Uzbekistan were studied and their practical impact in the service sector was assessed.

In general, the research methodology allowed for a comprehensive analysis of the topic, a consistent study of the theoretical, practical and institutional aspects of the digitization process in private entrepreneurship, as well as a scientific determination of the impact of digital technologies on service activities. The methods used ensured the reliability and scientific significance of the results and created the necessary scientific foundation for the implementation of research conclusions in practice.

**Analysis and results.** Entrepreneurship and business are recognized in Aristotle's work "Economy" as the main and honorable activities of those engaged in agriculture, crafts, and small

trade. Amir Temur in his treatise "Rules" noted that "One determined, enterprising, vigilant, courageous and ambitious person is better than a thousand careless and indifferent people." According to the definition given by R. Cantillon, an entrepreneur is a farmer, craftsman, merchant, poor person, etc. who does not have a permanent income and seeks to buy other people's goods at a certain price and sell them and his own goods at a higher, not necessarily higher price. His main economic task is to introduce a supply that meets demand in various commodity markets.

Joseph Schumpeter (1883-1950) denied that property ownership was a prerequisite for an entrepreneur, arguing that it was unique to different classes of people. In his book *The Theory of Economic Development*, he defined an entrepreneur as an innovator, that is, a person who creates new things. In his opinion, "the task of an entrepreneur is to reform (renew) the production method by implementing new discoveries. In a broad sense, the task of an entrepreneur is to use new technologies to produce new goods or modernize outdated ones based on a newly opened market or raw material base.

An entrepreneur performs the following tasks:

- introducing new forms of organizing economic activity;
- capturing new sales markets and expanding the use of existing ones;
- introducing new production methods that were not previously used in the existing industry;
- using new types of raw materials in production;
- producing new products or qualitatively improving existing ones.

Uzbek scientists A. Olmasov and M. Sharifkhodjaev said that "business in the broad sense is an activity aimed at earning income in a legal way... Entrepreneurship is the use of material and monetary resources (capital) of people (entities) in practice It is an economic activity aimed at generating income by putting it into economic circulation. Entrepreneurship is not about making money at all, but about earning income through creative activity."

By type of business activity, in addition to entrepreneurship, it is also manifested in consumer business, professional business, that is, profit and profit based on the use of opportunities in a profession or position, wealth extraction from wealth, commercial and intermediary business and other forms. By type of ownership, business occurs in public, private and mixed forms, and from a legal and legal point of view, in open, official, informal, hidden (secret) forms.

The following forms of entrepreneurship are permitted in our republic:

1. individual activity;
2. entrepreneurship carried out on the basis of attracting hired labor;
3. collective entrepreneurship or partnership entrepreneurship carried out by a group of citizens and legal entities.

In all countries of the world, small businesses are the foundation of the national economy. The growth rates of gross domestic product (GDP) depend to a decisive extent on them, in fact, The level of well-being of the population is also determined by its level of development.

The average annual number of employees in the following sectors:

- in light and food industry, metalworking and construction, woodworking and furniture industry and building materials industry - from 200 people;

- in mechanical engineering, metallurgy, fuel and energy and chemical industry, production and processing of agricultural products, construction and other industrial and manufacturing sectors - from 50 people;

- in science, scientific services, transport, communications, service sectors (except insurance companies), trade and catering and other non-manufacturing sectors - small enterprises with no more than 25 people.

In many countries oriented towards a market economy, small business and private entrepreneurship actively participate in the activities of export markets, contribute to the growth of GDP, ensure employment of the population and form the basis of the economy. In developed countries, the majority of the employed population is employed in small businesses, and their The share of small businesses in the country's GDP is high. Therefore, it is not without reason that in developed countries small business and private entrepreneurship are considered one of the main levers for ensuring economic growth and increasing the standard of living of the population. This can also be seen from the data presented in **Table 1**.

#### The level of development of small businesses in foreign countries

Mamlakatlar	Kichik biznes sub'ektlari soni (ming)	1000 kishiga to'g'ri keladigan kichik biznes soni	Kichik biznesda bandlarning umumiy bandlikdagi ulushi (%)	Kichik biznesning YaIMdagi ulushi (%)
Buyuk Britaniya	2930	46	49	50-53
Germaniya	2290	37	46	50-54
Italiya	3920	68	73	57-60
Frantsiya	1980	35	54	55-62
AQSH	19300	74	54	50-52
Yaponiya	6450	50	78	52-55

Due to the policy of encouraging and supporting the development of small business and private entrepreneurship in Uzbekistan, its place and role in the economy is increasing.

Thus, the role of small business in the economic potential of any country is extremely large. In other words, it is a guarantee of the successful development and prosperity of the state. Therefore, great attention is paid to stimulating the development of small business, individual entrepreneurship, farming and peasant farms in Uzbekistan.

**Conclusions and proposals.** Digitalization processes are of great importance in the development of services based on private entrepreneurship, which allows increasing economic efficiency and providing high-quality services to customers. As we have analyzed as a result of the research, the introduction of modern digital technologies into the service sector creates many advantages in business activities, automates service processes, provides convenience to customers, and facilitates control over the quality of services. Digitization also helps to strengthen cooperation between the state and the private sector, as a result of which the country's economy will further accelerate its digital development.

At the same time, there are also difficulties encountered in the process of digitization, including the lack of sufficient technological infrastructure, low digital literacy, and lack of financial resources, which hinder the full digitization of services provided by private entrepreneurship. Solving these problems will ensure greater progress in the digital development of the business sector.

Through the findings of our study, we make the following scientific proposals:

1. Form a modern technological infrastructure for the digitization of entrepreneurship in the service sector. In this regard, it is appropriate for the state to support projects aimed at expanding the Internet network, improving the quality of communication, and ensuring easy access to digital services.
2. Organize special educational programs and trainings to increase digital literacy among private entrepreneurs and their employees;
3. Establish close cooperation between the state and the private sector in the digitization of the service sector;
4. Provide state financial support and tax incentives for private entrepreneurs in implementing digitization processes, accelerating digital transformation;

We believe that these proposals will serve to accelerate the process of digitization of business-based services and will make a significant contribution to the development of the digital economy in the future.

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