

FINANCIAL AND ECONOMIC MECHANISMS OF DIGITAL
TRANSFORMATION OF SMALL BUSINESSES IN THE CONTEXT OF REGIONAL
INTEGRATION

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Abstract: This article examines the impact of regional integration processes on small businesses and the financial and economic mechanisms for their digital transformation. The study analyzes financial barriers in digitalization of small businesses and suggests ways to overcome them.

Key words: Small entrepreneurship, digital transformation, regional integration, financial mechanisms, economic efficiency.

Introduction. Today, regional integration processes in the world economy are placing new technological demands not only on large corporations, but also on small businesses. The survival and development of small businesses in a global competitive environment depends on how quickly they adapt to foreign markets. In the context of the modernization of the Uzbek economy, the digital transformation of small businesses is not just a technical process, but a fundamental financial and economic mechanism that ensures their competitiveness in international markets.

The 2024 Economic Reform Program of the President of the Republic of Uzbekistan identifies the expansion of entrepreneurship based on digital technologies and increasing export potential as a priority task [1]. Integration processes within the framework of the Shanghai Cooperation Organization, the Eurasian Economic Union, and other regional structures require small businesses to abandon traditional management methods and transition to digital ecosystems (platform economy). This process allows for the automation of business processes, reducing operating costs, ensuring transparency of financial flows, and establishing reliable relations with international partners.

A review of literature on the topic. The issues of digital transformation of small businesses and their economic efficiency have been fundamentally studied by many domestic and foreign scientists. In particular, Academician SS Gulyamov (2019) in his scientific works thoroughly analyzed the institutional foundations of the digital economy, the practical significance of blockchain technologies and smart contracts in small businesses [2]. In his opinion, digital infrastructure is the main driver of integration processes.

Foreign researchers E. Brynjolfsson and A. McAfee (2014) substantiated the role of digital technologies as the “second machine age” in dramatically increasing labor productivity and creating new models of economic growth [3]. Also, economists Sh. Atamuradov and Sh. Shirinova (2024) studied the mechanisms for ensuring the financial stability of innovative entrepreneurship and increasing investment attractiveness in the context of regional integration [4]. Nevertheless, the specific features of regional integration, in particular, the optimization of customs and tax procedures through digital platforms, have not yet been sufficiently revealed in the small business sector.

Research methodology. The research used a systematic approach, comparative analysis, logical generalization, and economic and statistical analysis methods.

Analysis and results. According to data from the Statistics Agency of the Republic of Uzbekistan at the beginning of 2024, the share of small businesses in GDP remains above 50

percent [5].

As of 2025, small businesses account for more than half of the country's GDP: there are about 1,212.0 thousand active entities, consisting of small enterprises and microfirms, individual entrepreneurs and other types of small businesses (as of October 1, 2025) [9].

However, this of subjects only 15-22 percent own in the activity digital platforms and from modern ERP (Enterprise Resource Planning) systems complete is using. Small in 2025 and middle business subjects for state of services approximately 76.3% more than online in a way is being shown, but Small and middle business of subjects only about 10 % these electronic services Register on the portal (my.gov.uz) past was [5], this numbers small business digital to services integration level shows.

Table 1. Small business in subjects' digital transformation economic efficiency indicators 2024

| T/ r | Indicator type | Status / Result |
|---------|--|-----------------|
| 1 | Small business In GDP share | From 50% high |
| 2 | Digital from platforms complete use | 15-22% |
| 3 | Marketing and logistics expenses savings | 25-30% |
| 4 | Labor of fertility average increase | 18% |
| 5 | Operation of benefit growth | 12-15% |

Source: Author by Uzbekistan Republic Statistics Agency (2024) data based on shaped.

Transferred analyses as a result regional integration under the circumstances digital transformation following financial-economic mechanisms determined:

1. E- commerce and Marketplace integration: Small Business subjects such as “Uzum Market”, “Wildberries” or “Alibaba” for platforms through regional to the markets exit, traditional marketing and logistics costs by 25-30 percent saving opportunity gives [6].

2. Digital banking and Fintech Solutions: Lending processes scoring systems through automation small entrepreneurs' turnover to funds was need fast This is especially true for cross - border in calculations currency risks in reduction important.

3. The state strategic support: “Digital "Uzbekistan - 2030" strategy IT park within residents and digital technologies current arriving small enterprises for tax benefits and subsidies system on the road placed [7]. In 2025, the state by small and middle business develop according to new targeted indicators designated is, in GDP share to 55% to deliver and employment to 75% increase goal was done [8].

Research results this shows that the digital transformation done increased small in enterprises labor productivity average of 18 percent, operating benefit and 12-15 percent increased. These indicators regional integration under the circumstances competitiveness provider main factors is considered.

Table 2. 2025 for digital transformation with related small business indicators

| T/ r | Indicator type | 2025 status | Source |
|---------|--|------------------|---|
| 1 | Active small business subjects' number | ~1,212,000 units | Uzbekistan Republic National Statistics committee data (2025) — UzDaily to the report according to 1,212,000 active small entrepreneurship subjects there is was. |
| 2 | Per 1000 | 32.1 units | This source according to 32.1 units |

| | population small business units | | per 1,000 population small business subjects number record was done. |
|---|---|--------------|--|
| 3 | In 2025 new organization done small business subjects | 62,200 units | UzDaily to the report by 2025 January – September 62,200 new small enterprises organization was done. |
| 4 | Small business in Y a IM share | ~51.5–52.2% | National Statistics committee to the information by 2025 at the beginning To GDP share of ~51.5 % arrived, and year 52.2 % in the end did. |

Source: *Uzbekistan Republic Statistics agency data (2025), UzDaily economic comments and digital state services according to analytical materials based on author by compiled.*

Conclusion and suggestions. The results of the study show that in the context of regional integration, the digital transformation of small businesses is not just a technological upgrade, but a strategic necessity that ensures economic stability.

Successful transformation for following measures offer is being done:

- ✓ By state small business digital projects for targeted financial grants separation;
- ✓ Regional at the level electronic document rotation and electronic signature recognition mechanisms simplification;
- ✓ Entrepreneurs' digital literacy increases according to territorial centers activity expansion.

Conclusion as literally, digitally to ecosystems integration small business to the subjects external in the market's large corporations with equal under the circumstances competition to do opportunity gives and country economic growth to the driver turns.

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