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IMPACT OF BUSINESS DIGITALIZATION ON THE DEVELOPMENT OF SMALL AND MEDIUM ENTREPRENEURSHIP IN AZERBAIJAN**Summary**

An important role is played in the acceleration of world economic development by the wide spread of market principles, competition, and the rapid application of modern information and communication technologies that allow conducting business activities in real time around the world. Today, the active development of information and telecommunication technologies acts as a source of growth of the country's separate economy, international competitiveness, and integrated regional groupings. Entrepreneurs prefer the unregulated and competitive telecommunications sector. This contributes to both the affordability of the Internet and communication tools, and the improvement of quality indicators in the telecommunications market. At the same time, the impact of ICT on economic growth and labor productivity is poorly predicted, and its real complex impact on international competitiveness is still poorly reflected and underdeveloped in the economic literature.

Keywords: digitalization, digital economy, small and medium-sized business, national program.

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Intradaction

Important requirements for the successful formation of the state are considered to be the formation of small and medium-sized businesses and the likelihood of the initiative of entrepreneurs. Often, small and medium-sized businesses have one of the most significant advantages in contrast to large organizations - they have the property of mobility, are able to quickly adapt to the requirements of a constantly changing market, and also satisfy needs, such as changes in the organizational structure, technical innovations, etc. P. [1]. At the present moment, the problems of small and medium-sized businesses include not only the stages of the formation and opening of an enterprise, but also the solution of problems of work and increase in business productivity. This problem remains one of the main and relevant, especially today, in the period of digitalization business models that firmly established, will not be able to compete in the market due to the lack of digital technologies [2].

The objective of this study is to assess the importance of digital competencies for small and medium-sized businesses, which allow you to successfully build a business, taking into

account competition in the modern realities of the digital economy.

The research novelty of the acquired results is reflected in the evidence of proposals to eliminate the problems associated with expanding the boundaries of small and medium-sized businesses using a unified approach to acquiring professional skills for persons who carry out entrepreneurial activity.

In modern conditions, the digital economy greatly affects not only industries people, but also on business process management methods, including the provision of services online, sales on the Internet, crowdfunding, etc. The digital transformation of business processes is driving the emergence of new professions. That is why there is a need to obtain new knowledge and powers that people should have at such a time. [3].

Digital competencies for business development

The pandemic has become the main catalyst for the digitalization of entrepreneurial activity. The introduction of the self-isolation regime forced business entities to change the format of work to remote and immediately create and transform services for creating a business in an

online format. The digitalization process began to accelerate and interact with customers. However, for the successful operation of all processes, training of business entities and customers in the digital field is necessary.

He supports the expansion of digital powers, including among business entities, because one of the main tasks of the project is education through training programs, which is additional, thanks to state assistance for acquiring modern and useful skills in the digital sphere [5]. With this project, the state has the opportunity to support and stimulate training for the digital economy. In order to improve the degree of business competitiveness, small and medium-sized enterprises

Entrepreneurs should arrange the transition to the digitalization of their business [6]. The Importance of Transforming Subjects

digital entrepreneurship is extremely high these days. However, digital transformation can often be confused with the introduction of new technologies into business operations. This is not only about the introduction of the latter into the work of the enterprise.

In this case, we can talk about the cumulative transformations of the company, with the help of which it is possible to adapt to the new environment in a short period of time, but it is better to create something radically new, thereby setting the trend. These include the development and implementation of new business models, the creation of a digital culture of the enterprise, the transformation of the organizational system, corporate culture, interaction with employees, pushing for the improvement of the company by changing the way of working in the advanced.

This also includes the personal transformation of the employees of the organization, the acquisition of previously unknown skills. This will help to be in demand in the world of digitalization [7].

Our country contributes to the digital transformation of enterprises, so it supports the development of special training programs. For example, Chief Digital Transformation Officer (CDTO). Such programs are aimed at training leaders in the transformation of the company in the digital environment. This direction is serious and relevant today, because the main goal of

CDTO can be called the strategic revival of the organization by changing some processes to digital ones.

The main and most important performance features for CDTO are:

1. The possibility of return on investment.
2. Growth in revenue from digital activities.
3. Improving the relationship with buyers, customers through digital projects.
4. Reducing operating costs through digital projects.
5. Increasing income through digital projects.

Without dwelling on the main signs of the effectiveness of CDTO, the indisputable benefits of using digitalization in business include the automation of various processes, the introduction of CRM systems that reduce costs. Thanks to the use of digital technologies in business activities, it becomes possible to expand using communication sources to attract and retain users, buyers, and create a favorable reputation; strengthening communication of partners through the use of methods of unusual solutions in business activities;

Business boundaries by replenishing information and introducing advanced technologies, building customer behavior and various situations, generating scenarios based on Big Data. In addition to the existence of CDTOs for small and medium-sized businesses, it can be considered necessary to teach digital technologies to most employees.

Successful organizational improvement and digital transformation require professionals with the latest skills. The digital world is technical, but it wants the employee to have "flexible" abilities and knowledge, for example, emotional intelligence, entrepreneurial spirit and the ability to communicate competently. In the first place is the desire of the employee for continuous education.

Today, the main digital competencies for small and medium-sized businesses include:

- advanced use of information and computer technologies;
- creation and maintenance of websites;
- Experience working in a digital environment
- the ability to conduct purchases for the company on Internet sites;

- experience in various editors to change the text, the ability to make presentations;
 - the ability to develop a company on the Internet;

- application of CRM-, ERP-, SCM-systems.

Azerbaijani experience:

In 2015, Azerbaijan presented 12 Strategic Roadmaps to ensure economic diversification and sustainable economic growth. The digital transformation of the economy is included in this strategic management agenda, and a number of relevant reforms have been implemented in 2016-2020. Digitization is included in the scope of the Strategic Roadmap for Telecommunications and Information Technologies (ICT Roadmap) and the Strategic Roadmap for the production of consumer goods at the level of small and medium enterprises in the Republic of Azerbaijan (SME Roadmap).

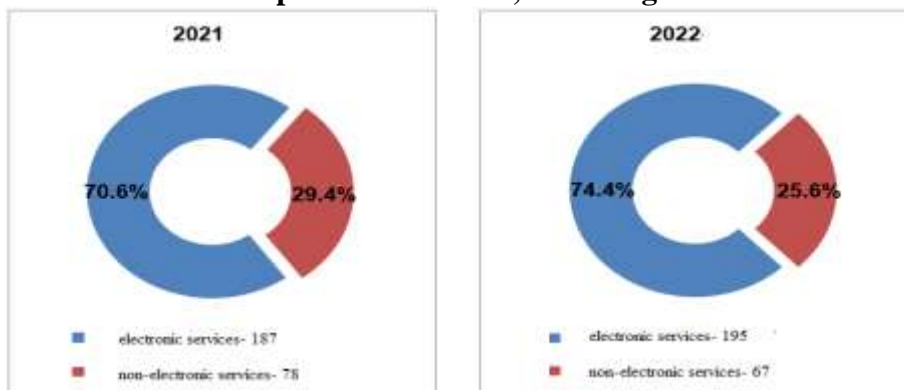
Digital transformation is also envisaged in the strategic policy document "Azerbaijan 2030: National Priorities for socio-economic development" approved in February 2021. The document mentions 5 priorities: (i) Sustainable development and competitive economy, (ii) Society based on inclusiveness and social justice, (iii) Competitive human capital and innovations, (iv) Strong development of Azerbaijani territories and (v) Clean environment and ecological economic development. The document provides general information and is followed by a set of 5-year strategy documents and a policy action plan, outlining policy objectives and measures for various policy areas. Digitization of the public and private

sector is expected to be high on the reform agenda, and the planned SME development strategy for 2021-2025 will define a number of policy measures to promote the adoption of digital technologies among SMEs and the general population.

In accordance with the experience of developed countries in Azerbaijan in recent years, special reforms are being carried out to develop digital entrepreneurship, stimulating mechanisms are being applied. The Chairman of the Agency informed about KOBIA's digitization of entrepreneurship, support and services that promote innovation in business activities and drew attention to future plans in this field. It was reported that the "e-KOB evi" portal is currently being created for the purpose of improving and electronicizing the services provided to entrepreneurs. A center for startups based on the "Equipment sharing" model will be created in the Baku SME house, which will be put into use soon. Here, various technological equipment, servers and network systems will be shared by startups. The model enterprise to be created will allow start-ups and SMEs to test the most efficient production processes.

At present, 262 services are provided to citizens, including entrepreneurs, according to the activities of the Ministry of Economy, 195 of which are electronic. The specific weight of electronic services in the provided services increased by 3.8% compared to last year (70.6%) and reached 74.4%.

Chart 1. Number of provided services, including electronic services.



Applicants to the e-services section can download the relevant application forms from the system and upload the scanned copies of the

required documents. At this time, a confirmation notification is sent to the applicant. Incoming electronic applications are reviewed in

accordance with the legislation, and if required, the possibility of electronic payment of the relevant state fee and service fees is provided.

Licenses and Permits

Users 23 activities through the "[Licenses and Permits](http://www.lisenziya.gov.az)" portal (www.lisenziya.gov.az) they can apply electronically for the purchase and re-registration of licenses and license supplements by type. The 2nd version of the portal was launched on May 13, 2020. To purchase a license, the user registers on the portal with a strengthened electronic signature, creates an electronic cabinet and selects the appropriate type of activity in that cabinet. In the application window opened on the portal, the required information is taken from the information systems and reflected by the portal. If the required information is not available in the information systems, scanned copies of the documents required for the selected type of activity are attached to the application and confirmed by the user with an enhanced electronic signature.

Through the "Licenses and Permits" portal, the user follows the application process and pays the state fee required by law for issuing a license. The license is confirmed with an enhanced electronic signature and sent to the user's electronic cabinet.

In 2022, 961 electronic licenses were issued through the "Licenses and Permits" portal. In total, 3349 electronic licenses were issued through the portal from March 1, 2018 to December 31, 2022, when the "Licenses and Permits" portal started operating.

Notification through QR codes

QR codes on state support mechanisms, including support and services provided by KOBIA, have been placed in KOBIA's administrative building and KOB houses. Entrepreneurs applying to SME houses and the Agency can receive a "Startup" certificate, internal market research, market access support, SME friends, SME development centers, grant competition, etc. by scanning QR codes through their mobile phones they can get detailed information about support mechanisms and services.

"KOB queue" mobile application for SME houses

SME houses are unique models in terms of improving and increasing the efficiency of the services provided to entrepreneurs, ensuring efficiency and comfort in this area. SME houses, where more than 200 government-to-business (G2B) and necessary business-to-business (B2B) services are provided in a single space by nearly 20 state and private institutions, are currently operating in the cities of Baku, Khachmaz and Yevlakh. Tax, property, connection to utilities, food safety, agriculture, advertising, postal, government services for obtaining certificates of origin, licenses and permits for entrepreneurs in SME houses, as well as necessary business services from the private sector, such as banking, insurance, leasing, translation, design is displayed. The level of satisfaction with the services provided by SME houses is 98%.

Entrepreneurs who want to take advantage of the services provided in Baku, Khachmaz and Yevlakh SME houses can use the "KOB queue" application. "KOB shift" application allows entrepreneurs to save their time by preventing additional time loss in SME houses.

Online trading portal

The "www.kobmarket.az" platform operates based on the concept of "e-commerce" for the promotion and online sale of products and services of micro, small and medium business subjects through a single platform. The portal was created mainly to support the development of micro and small businesses, to support the implementation of online sales of products and services of SMEs on a single platform and to promote them to a wide audience.

The portal has a simple registration process for opening an online store, which allows entrepreneurs to expand their sales opportunities by opening an online store and posting their products in a short period of time. The entrepreneur portal has various tools that will provide the entrepreneur in the form of reports on sales for each online store, balance management of products in the store, customer analysis and other necessary information on sales. An opportunity to use a unified payment system and delivery services has also been created for users on the portal in addition to expanding the online sales opportunities of

entrepreneurs, aims to support the development of online trade in the country, the acceleration of the digitalization process of SMEs and consumers, as well as the increase of non-cash payments and the reduction of the "shadow economy".[10]

Taking into account entrepreneur and customer satisfaction as the main principle in the mentioned portal, work is being done on adding innovations in the direction of applying modern electronic solutions and expanding the scope of sales on the platform.

Real Estate

Special importance is given to efficiency, transparency, and citizen satisfaction in the services provided related to real estate registration. For this purpose, the e-emlak.gov.az internet portal was created. Electronic services related to property issues are reflected in the portal.

Applicants can also obtain a certificate of real estate ownership in their name electronically. It should be noted that real estate statements have been issued only electronically. With this, the process of issuing property statements in paper form has been completely eliminated.

The main purpose of electronic submission of extracts is to further simplify property registration, increase efficiency and efficiency. QR code has been added to e-statements in order to increase the ability of users to check e-statement information more conveniently. The electronic statement system, in turn, eliminates the risks related to the loss of the paper statement, making it useless, the case of falsification and illegal use of the paper statement by other persons is completely excluded.

Electronic auction system

The "Electronic auction" system was put into use in order to ensure transparency in auctions, simplify the methods of conducting auctions, and apply more optimal approaches to the process. The application of this system ensures operational efficiency in this area, eliminates the concept of time and space, and creates wide opportunities for attracting investors to privatization.

Refund of VAT paid for goods purchased from persons performing trade and public catering activities

Article 165.5 added to the Tax Code stipulates the refund of VAT paid by consumers who are individuals for goods (except for oil and gas products) purchased from retail trade and public catering activities. The VAT refund process is carried out through the edvgerial.az portal. The amount of VAT entered into the portal is placed in the virtual "wallet" that is active when the electronic cabinet is created. With those funds, it is possible to make transfers to domestic bank cards, in addition to making utility, mobile, internet, TV, fine and insurance payments.

The refunded amount is 17.5 percent of the VAT paid in cash, 5 percent of the VAT paid in cash, and according to Article 228 of the Tax Code, the refunded amount is the overnight stay provided by the hotels (hotels) considered as means of accommodation within the liberated territories and 30 percent of the VAT paid in cash for accommodation services, and 5 percent of the VAT paid in cash.

In addition, the VAT refund mechanism has also been applied to medical services. In order to make transactions transparent in the field of services provided by medical institutions and for the direct participation of citizens in this process, in addition to retail trade and public catering activities, the "VAT gerial" mechanism is applied in the field of medical services.

Refund of VAT paid on residential and non-residential premises

By the Decree of the President of the Republic of Azerbaijan dated May 25, 2022, the "Terms and Rules for refunding the value added tax paid for residential and non-residential areas purchased non-cash by consumers who are natural persons from persons engaged in building construction activities in the territory of the Republic of Azerbaijan" were approved. In connection with the implementation of that Decree, drawing up of e-receipts by MTK and applications by buyers regarding the return of a part of the value added tax paid for residential and non-residential areas purchased non-cash by consumers who are physical persons from persons engaged in building construction

activities in the territory of the Republic of Azerbaijan appropriate portal in the Internet Tax Office for making prepared and put into use on November 21, 2022.

New generation "Asan Imza" personal office

As a continuation of the process of digital transformation and electronicization of services carried out by the Ministry of Economy, the "Easy Signature" personal cabinet was launched on the e-taxes.gov.az portal from March 2022. The platform ensures effective governance by improving transparency, electronic protection (including confidentiality) and e-security.

"Asan Imza" personal cabinet, created according to international standards, is a virtual assistant aimed at saving users' time and performing operations in a short time. A modern digital assistant is available on all devices - both computers, tablets and smartphones.

In the personal cabinet, the user of "Asan Imza" is offered the following opportunities:

- get detailed information about the validity period of all "Asan Imza" certificates belonging to the user;
- apply online for additional "Business" or "State" type certificates;
- increase the validity period of valid certificates;
- change User ID, PIN codes by users;
- monitoring all signed transactions (PIN 2) by the user with "Easy Signature".

One of the main functions of the "Asan Imza" personal cabinet is the management of "permits"

intended only for heads of enterprises and organizations. Through this function, decisions can be made about the management of employees' access to electronic services with "Easy Sign-in".

It should be noted that such a personal cabinet, which combines so many different innovative services for mobile digital signature, is unique and has not been used before. "Easy Signature" technology was created according to the world standards of enhanced electronic digital signature and was recognized by the world's leading organizations such as NIST (National Institute of Standards and Technology, USA), the European Union regulator - eIDAS, and as the most innovative practice by the OECD (Organization for Economic Cooperation and Development). presented.

Unified internet portal of public procurement

Implementation of the open tender through the www.etender.gov.az portal with the participation of micro, small and medium-sized business entities will further increase transparency and competitiveness in the field of public procurement, development of micro, small and medium-sized entrepreneurs, favorable business opportunities for them, as well as state funds. creates the basis for efficient and economical use. The implementation of the electronic procurement model of public procurement began in June 2019.

Graph 2. Number of requests for services, including electronic services.



The Ministry of Economy continues work in the direction of introducing innovations, expanding the service sphere, optimizing procedures and increasing citizen satisfaction. In 2022, more than 17 million 394 thousand applications for the services provided by the Ministry were registered, of which 92.2% (more than 16 million 43 thousand applications) belong to electronic services.

Conclusion

Coming to the digitalization of small and medium-sized businesses can be called one of the main decisions, because the final result from this introduction can affect a lot. The transformation of companies is possible only with the correct application of technologies in digital sphere. In the context of globalization, a business that is most productive and capable of competing in the market is one that uses the latest information and communication techniques in its business processes and that does not abandon the processes of integration and entry into international markets. This issue can be resolved in the case when business entities have digital competencies. To obtain this authority, training programs must be developed that can develop digital competencies among businessmen. The accelerated improvement of digital technologies and their introduction into modern life gives rise to new goals for teaching methods for the formation of a digital environment in the field of digitalization.

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Mətin Ceyhun HƏSƏNOVA

**AZƏRBAYCANDA RƏQƏMLAŞMA PROSESİNİN KİÇİK VƏ ORTA
SAHİBKARLIĞININ İNKİŞAFINA TƏSİRİNİN ANALİZİ****Xülasə**

Dünya iqtisadi inkişafının sürətlənməsində bazar prinsiplərinin, rəqabətin geniş miqyasda yayılması və bütün dünyada sahibkarlıq fəaliyyətini real vaxt rejimində aparmağa imkan verən müasir informasiya-kommunikasiya texnologiyalarının sürətlə tətbiq edilməsi mühüm rol oynayır. İnformasiya-telekommunikasiya texnologiyalarının fəal inkişafı bu gün həm ölkənin ayrıca iqtisadiyyatının, həm beynəlxalq rəqabət qabiliyyətinin, həm də inteqrasiya regional qruplaşmaların artım mənbəyi kimi çıxış edir. Sahibkarlar tənzimləmədən azad və rəqabətli telekommunikasiya sektoruna üstünlük verirlər. Bu, həm internetin və rabitə vasitələrinin qiymət baxımından əlçatanlığına, həm də telekommunikasiya bazarında keyfiyyət göstəricilərinin yaxşılaşmasına kömək edir. Bununla yanaşı, İKT sahəsinin iqtisadi artıma və əmək məhsuldarlığına təsiri pis proqnozlaşdırıla bilər və onun beynəlxalq rəqabətqabiliyyətliliyə real kompleks təsiri hələ ki, iqtisadi ədəbiyyatda zəif əks olunub və yetərinə işlənməmişdir.

Açar sözlər: rəqəmsallaşma, rəqəmsal iqtisadiyyat, kiçik və orta biznes, milli proqram.

Метин Джейхун ХАСАНОВ

**ВЛИЯНИЕ ЦИФРОВИЗАЦИИ БИЗНЕСА НА РАЗВИТИЕ МАЛОГО И СРЕДНЕГО
ПРЕДПРИНИМАТЕЛЬСТВА В АЗЕРБАЙДЖАНЕ****Резюме**

Важную роль в ускорении мирового экономического развития играет широкое распространение рыночных принципов, конкуренции, быстрое применение современных информационных и коммуникационных технологий, позволяющих вести деловую деятельность в режиме реального времени по всему миру. Сегодня активное развитие информационных и телекоммуникационных технологий выступает источником роста отдельной экономики страны, международной конкурентоспособности, интегрированных региональных группировок. Предприниматели отдадут предпочтение нерегулируемому и конкурентоспособному сектору телекоммуникаций. Это способствует как доступности Интернета и средств связи, так и улучшению качественных показателей на рынке телекоммуникаций. В то же время влияние ИКТ на экономический рост и производительность труда плохо предсказуемо, а его реальное комплексное воздействие на международную конкурентоспособность до сих пор слабо отражено и недостаточно разработано в экономической литературе.

Ключевые слова: цифровизация, цифровая экономика, малый и средний бизнес, национальная программа.