

E-Commerce and Ways of its Development in Uzbekistan

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Abstract:

This article theoretically reveals topical issues of electronic commerce (EC) and methodologically examines the elements of the institutional structure, the advantages of EC. In addition, it says that the framework of electronic commerce is divided into 2 segments: trade in tangible products and trade in information goods and services.

In recent years, Uzbekistan has adopted a number of legislative and regulatory documents and measures aimed at developing the EC, which have brought tangible results and a revival in the e-commerce market. The article highlights the barriers that hinder wider development and lists ways to overcome the obstacles that hinder the further institutionalization of e-commerce in Uzbekistan.

Keywords: e-commerce, e-commerce, elements of the institutional structure of EC, online commerce, e-commerce system in the B2B sector.

Introduction.

Taking into account the trends in the development of electronic commerce, today's electronic commerce (EC) has become an integral part of the modern economy. More and more consumers purchase goods via the Internet, and commercial organizations, one way or another, use the capabilities of this network when carrying out business activities. The total global sales volume in the consumer segment of e-commerce alone exceeded the \$1 trillion mark back in 2012 and is characterized by further steady growth. EC has many different interpretations and in general, can be characterized as a system of economic relations that are carried out using the Internet. EC includes electronic information exchange, electronic capital movement, electronic commerce, electronic money, electronic marketing, electronic banking, and electronic insurance services. EC allows customers to research and purchase products from the comfort of their home or office, increasing the degree of convenient access to partner's websites. According to the expansion of online sales, enterprises, especially small and medium-sized ones, can effectively expand the scale of commercial activities and attract customers in new markets both domestically and abroad. Some online purchases replace previously made offline purchases, that is, in a real-life retail network, while other purchases are new sales. According to McKinsey estimates, by 2030, global e-commerce can increase the volume of international trade by 1.3-2.1 trillion dollars, which will increase the volume of trade in manufactured goods by 6-10% [1].

Literature Review.

A content analysis of the category "e-commerce" has been carried out by many researchers, but D. Kozye was one of the first to study it, considering it as an electronic form of exchange of goods and services. D. Kozye considers the structure of traditional trade to be a system-forming element of e-commerce, and the use of electronic networks provides its higher flexibility[2]. V. Zvas defined e-commerce as the distribution of business information, business environment relations, and conducting business transactions using telecommunications networks [3, p.7], through which transactions between firms and purchase-sale relations, as well as general processes supporting trade within individual firms, are included in e-commerce. At the same time, this definition reflects interaction only in the context of purchase and sale relations, because of which marketing, sales preparation, and after-sale services are left aside. C. Poon, trying to remove the noted contradiction, attempted to specify the content of e-commerce, limiting it only to the interaction of sellers and buyers in open telecommunication networks [4, p.465]. However, even in this case, the definition does not reflect all the essential characteristics of the category, since in electronic business, closed internal telecommunication networks and specially built external closed networks that are not a subset of the Internet are used for intra-company processes. C.V. Pirogov defines e-commerce as a technology for the implementation of commercial transactions and management of production processes using electronic means of data exchange [5, p.53]. The author justifies the need to use information technologies in the field of production process management by the high importance of information in the management of exchange and investment flows and certain financial risks. In our opinion, e-commerce also contributes to improving the efficiency of production management and, as many researchers believe, in general, the efficiency of small and medium-sized businesses, large corporations, and government structures [6, p.187] by reducing the cost of production and, consequently, increasing its competitiveness [7]. In the process of the evolutionary development of e-commerce, its definition has significantly expanded, including other areas of entrepreneurship that are not directly related to purchasing and sale relations, due to the emphasis on the content analysis of e-commerce and the nature of interactions between economic entities. Therefore, the category "e-commerce" is used in two senses. In a broad sense, it is interpreted as an activity in the field of economics based on the consumption of electronic information technologies, and in a narrow sense, it is defined as a commercial activity for the purchase and sale of goods or services on the Internet to make a profit [8, p.54]. From the point of view of the use of the term in a broad sense, e-commerce is considered identical to the category of "e-business", and in a narrow sense - as "e-commerce" or actually "e-commerce".

Research Methodology.

The large-scale development of EC as a basic institute of the digital economy (CE) is associated with several advantages:

1. Openness and free competition: the boundaries of e-commerce are determined not by national frameworks, but by the global nature of the Internet network, which allows even small companies to do business on a global scale.
2. Increasing competitiveness due to proximity to the buyer, bypassing intermediary links of intermediaries: companies use EC technologies to provide extended after- and pre-sale support, including detailed information about the product or service, instructions for its operation, and a quick response to complaints from buyers. In general, the customer is provided with a higher quality of service.

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3. Personalization of sales — with the use of e-commerce technologies, firms receive information about the requests of each customer, which allows them to provide goods and services that meet individual requirements.
4. Flexible response of firms to changes in demand: adaptation to the requirements of consumers and rapid response to their requests through the formation of effective feedback.
5. Reducing the costs of advertising, marketing, communications, rental, and organization of workplaces: through the conclusion of transactions electronically.
6. Reducing the regulatory impact of the state, since the interaction of e-commerce entities is largely coordinated by the market, and state policy in this area is focused on the implementation of self-regulation mechanisms and complies with internationally developed rules and regulations that ensure the free execution of transactions regardless of the location of participants. State intervention is carried out only under the condition of their failures or under development, which leads to the threat of violation of the rights of economic entities of the EC, and is aimed at ensuring their protection.

With the formation and development of the EC, its institutional structure also changed — from a simple representation of the company on the web in the form of a website through interactive advertising to 24-hour sales of differentiated goods and electronic auctions on special electronic trading platforms. The main elements of the EC institutional structure are presented in Fig. 1.

According to the criterion of subjectivity, the EC is focused on the interaction of business entities (sellers) with consumers (buyers) (B2C segment), with other companies (B2B), and transactions with government organizations (B2G). This structuring of e-commerce elements is to a certain extent rather conditional since the same entity acts as a consumer (buyer) in some operations, and as a producer (seller) in others. The most popular and rapidly developing formats in the world are B2B and B2C. E-commerce in the B2C relationship segment creates prerequisites for a qualitative transformation of buyer behavior, including significant time savings on transaction execution, round-the-clock availability, the ability to compare the assortment and quality of goods and prices, individualization of customer service, since the electronic store management system can more quickly process a huge number of individual orders and applications. The B2C EC segment is most developed in the USA, Japan, and the UK, and it is growing rapidly in the Asia-Pacific region.

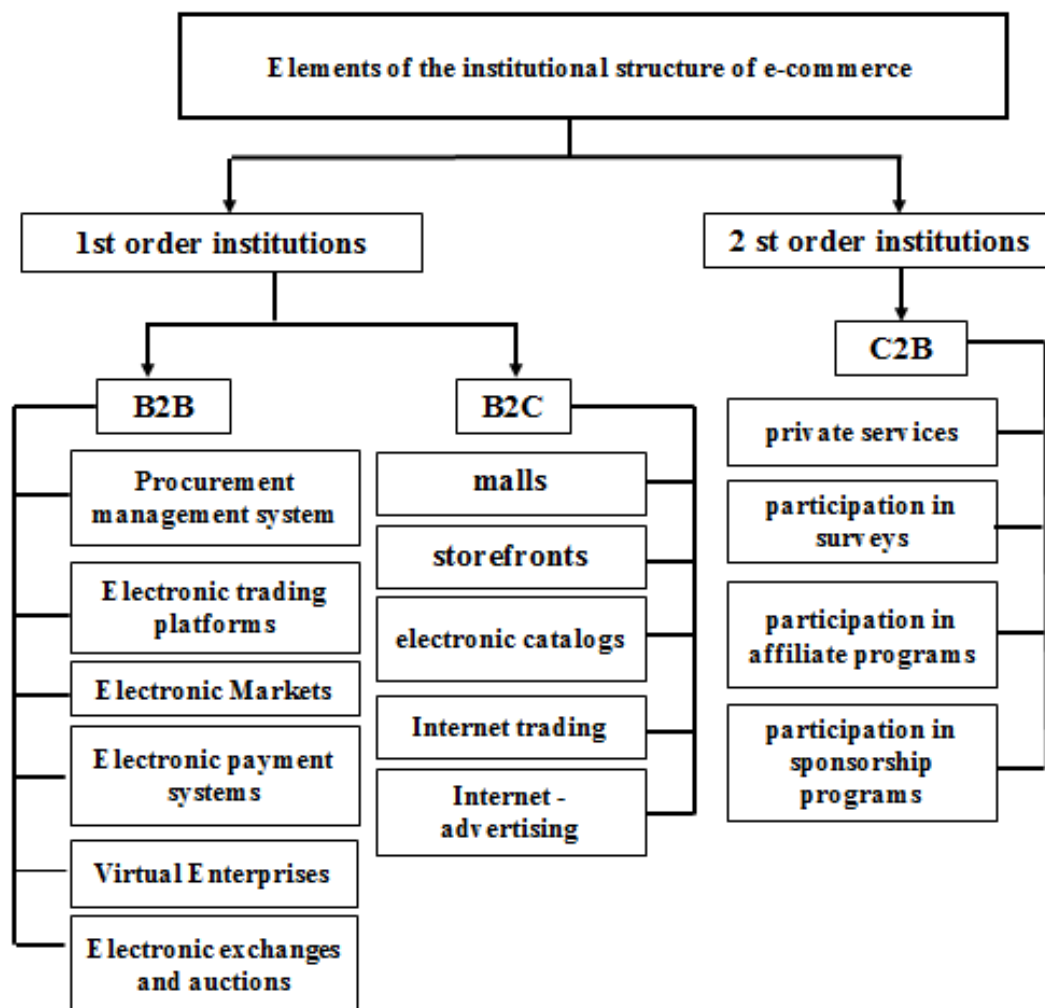


Figure 1. Elements of the institutional structure of the EC.

The EC system in the B2B sector ensures the maintenance of business relations between suppliers and manufacturers and is designed to solve the problems of sales and logistics. Five types of economic entities that form a chain participate in the movement of goods: manufacturer – distributor – the dealer – retailer – the buyer. In extreme cases, the presence of the first and last subjects in this chain is mandatory. Although interaction within the B2B format is in line with traditional inter-company trade and does not meet psychological barriers [9, p.49], there are many obstacles to the development of this segment. Competitors of e-commerce in this segment are traditional forms of doing business largely than was originally assumed. Within the domestic market, this direction creates new commercial ties between domestic manufacturers, and greatly facilitates the process of purchasing materials and equipment by Russian manufacturers from abroad. At the interstate level, this is a vocation to produce a more active study in peacemakers. In addition, there are two segments in the electronic commerce framework: tradable material products and tradable information goods and services sold via the Internet. Electronic trade of intangible products reflect the evolution of traditional types of trade that use new opportunities of Internet technologies to increase the profitability of production. A fundamentally new form of trade, for which a completed commercial operating cycle can be carried out over the same data transmission

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network, including the delivery of goods and services, is the trade-in information products. Of course, the absence of standard rules does not allow us to routine e-business technologies, turn electronic transactions into a mass institutional practice, and ensure their accessibility to a wide range of users. However, it should be noted that the absence of formal rules at the beginning of the formation of a new institution is temporary and is overcome at the stage of building the infrastructure of the EC market.

Results and discussion.

In recent years, Uzbekistan has adopted several legislative and regulatory documents and measures aimed at the development of EC, which have brought tangible results and a revival in the e-commerce market. A website has been developed and launched to maintain the National Register of E-Commerce Entities in Uzbekistan (www.e-tijorat.uz). It gives business entities the opportunity, on a voluntary and free basis, to submit an application for entry into the register in electronic form.

E-commerce allows companies to carry out internal operations more efficiently and flexibly, interact more closely with suppliers and respond faster to customer requests and expectations, increasing competitiveness and at the same time reducing costs. Companies get, on the one hand, the opportunity to choose suppliers regardless of their geographical location, and on the other — access to the global market with their goods and services.

As barriers preventing the wider development of electronic commerce, the following stand out:

- imperfection of the institutional and legal framework,
- deterministic insecurity of intellectual property rights for goods sold within the framework of electronic commerce;
- distrust due to uncertainty in the real existence of the partner company and the product or service it offers;
- the presence of security threats, which are minimized by the introduction of reliable mechanisms that guarantee confidentiality;
- lack of qualified sales managers, logisticians and marketers;
- insufficiently high level of development of information and telecommunication technologies;
- opportunistic behavior of participants in electronic transactions;
- removing them from taxation; low level of communicative competences of the population.

Conclusion. In conclusion, it should be noted that e-commerce allows companies to carry out internal operations more efficiently and flexibly, interact more closely with suppliers and respond faster to customer requests and expectations, increasing competitiveness and at the same time reducing costs. Companies get, on the one hand, the opportunity to choose suppliers regardless of their geographical location, and on the other — access to the global market with their goods and services. Companies receive, on the one hand, the opportunity to choose suppliers regardless of their geographic location, and on the other hand, access to the global market with their goods and services. In addition, for this, companies need to overcome the above barriers that slow down the further institutionalization of e-commerce.

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