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PROSPECTS FOR INCREASING THE COMPETITIVENESS OF THE NATIONAL ECONOMY THROUGH THE DEVELOPMENT OF INNOVATIVE ACTIVITIES

Urakova Maxsad Hakimovna¹, Ubaydullayev Lutfulla Habibullayevich²

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ABSTRACT

The article addresses the issues of increasing the competitiveness of the national economy. The objective necessity of forming a competitive economy and the factors influencing it are studied. The importance and impact of innovative development in enhancing the competitiveness of the national economy in modern conditions is well established.

The article also analyzes the role of innovation in ensuring economic stability in Uzbekistan and the existing opportunities for the development of innovative activities, the dynamics of innovative activities in enterprises and organizations. The conclusions and recommendations section provides recommendations for the development of innovative activities to increase the competitiveness of the national economy.

Key words: *national economy, competition, competitiveness, innovation, innovation activity, modernization, infrastructure, innovation potential.*

At present, under the sign of globalization, there is a problem of increasing the competitiveness of national economies. It can be said that for most countries, increasing national competitiveness will remain one of the priorities for the coming decades. In addition, in the world economy, the problem of competitiveness has become one of the most actively developed and controversial issues in the last 20 years.

Competition is one of the most important features of a market economy, it ensures the creative freedom of the individual, creates conditions for its manifestation in the economic sphere through the development and creation of new competitive goods and services. At the present stage, the issue of economic competitiveness is one of the key issues in the development of the country's economic development strategy.

The need to increase the competitiveness of the national economy arises at the present stage of development of market relations through the intensification of competition, a serious limitation of the strategy, mainly aimed at the export of raw materials.

The process of bringing finished products and services to international markets necessitates the development of innovative, scientific, and technical factors based on significant structural changes in the economy. The current stage of development of the Uzbek economy raises the issue of ensuring a high level

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of competitiveness at various levels of the globalization economic system through the formation of modern market relations. Modernization of the economy and its sectors, technical and technological renewal will lead to diversification of production in these sectors, which will ultimately increase employment, improve living standards and ensure sustainable economic growth in the country. The current economic system and the level of economic development of the country serve to form opportunities for the effective use of factors that ensure the competitiveness of the national economy.

It is important to identify the factors that affect competitiveness in the study of ways to increase the competitiveness of the national economy. In practice, many methods and indicators are used to determine the competitiveness of the national economy. The formation and enhancement of the competitiveness of the national economy depends on a number of factors.

There is a wide range of information in the literature on the factors that increase the competitiveness of the national economy. There are currently two main approaches to their definition: the neoclassical approach (M. Porter); institutional approach (O. Williamson).

According to Porter's neoclassical approach, the competitiveness factors of national economic systems are divided into basic and advanced. The first is objective and requires little private or or public investment to create. Such factors include natural and climatic resources, the economic and geographical location of the country, labor, and so on. Often, the benefits created by such factors are unsustainable and the benefits of using them are low.

Advanced factors are evaluated as high-order factors. Their creation usually requires highly qualified personnel and high technology. Additional development factors can also be created based on advanced factors.

According to O. Williamson's institutional approach, the competitiveness factors of the national economy can be general and specific. The first is the factors that can be used in many industries, and the second is what can be used in a single network or in a limited number of things.

Table 1 : Grouping of competitiveness factors of the national economy of the country

Competitiveness factors of the national economy			
Approaches	Author	Type of factors	Applicability properties of factors
1. Neoclassical	M.Porter	- Main; - developed.	-natural and climatic resources, economic and geographical location, labor resources, etc .; -highly qualified personnel, modern technology innovations.
2. Institutional	O. Williamson	- general; - Specific.	- factors relevant to all sectors and industries; - factors in a particular area or a limited number.

The transition of our economy to innovative development through the implementation of market reforms, the country's integration into the world community, the growing role of knowledge and information in the world economic system, the strengthening of ties between new technologies and the capital market is very important. It is essential to develop infrastructure that will ensure competitiveness through the widespread implementation of innovations in the production process, the acceleration of innovation in enterprises and the constant renewal of products and services.

The concepts of “innovation”, “innovative activity” and “innovative potential” appeared in the twentieth century and began to be studied by scientists. The founder of the theory of innovative development is the Austrian scientist Josef Schumpeter. In his book “Economic Cycles” (1939), he first defined the concepts inherent in innovation processes and described innovation as a new structure of resources and means of production. Y. Shumpeter divided innovation into five areas:

- Provision of new equipment and technological processes or production on the basis of a new market;
- Creation of product types with new features;
- Use of new raw materials;
- Improving the organization of production and providing new innovative goods;
- Opening of new consumer markets [2].

Improving the mechanism of support for innovative activities in developed countries, encouraging their access to perspective industries and conducting research on the problems of their effective use is expanding. Particular attention is paid to the rational use of effective forms of venture capital funds for the implementation of innovative projects, the creation of innovative funds, taking into account commercial risks, the allocation of targeted grants for research, preferential taxation of universities and research institutes.

During the transition of the economy of Uzbekistan to the path of innovative development, the need for developing innovative activities, as other areas appeared. Accordingly, in the Actions Strategy for the five priority areas of development of the Republic of Uzbekistan for 2017-2021 the following tasks are given “... the creation of effective mechanisms for stimulating scientific research and innovation, the implementation of scientific and innovative achievements, specialized scientific and experimental research at universities and research institutes establishment of laboratories, high-tech centers and techno parks” [1].

The mechanisms and directions of innovation processes in the world economy are changing day by day. At the same time, innovation is becoming a key driver of economic growth based on the intellectualization of the economy. Therefore, in today's environment, only an innovative and knowledge-based, high-tech economy can be competitive.

World experience shows that the continuous implementation of innovations that ensure quality growth in all areas has become a driving force of society and economic development. Today, the countries with the most innovative models of development and “smart” technologies are the most successful and sustainable ones. The sustainable development of such countries, their competitiveness in world markets is based not on the export of natural resources and the use of physical labor, but on innovative ideas and developments. At present, the share of innovative technologies in the gross domestic product (GDP) of developed countries is 60%. In a highly competitive environment around the world, the level of innovation activity affects the level

of economic development. Today a country or region that has created a favorable environment for innovation in a competitive environment is experiencing economic growth¹.

The implementation of consistent measures aimed at the development of innovative activities in our country, as well as the existing opportunities and potential serve as a program for the development of innovative activities in enterprises and organizations. The following table provides an analysis of the development of innovative activities of enterprises and organizations for 2010-2019.

Table 2 :Innovative activity of enterprises and organizations²

	2010	2012	2014	2016	2017	2018	2019
Number of enterprises and organizations that have implemented innovations:							
Technological	145	164	819	893	975	982	1514
Marketing	1	9	13	20	22	17	28
Organizational	3	14	20	20	26	25	45
Number of implemented innovations							
technological	462	624	1382	1816	1946	2482	4427
Marketing	32	17	41	51	62	42	128
Organizational	6	58	42	39	38	34	134
Volume of innovative products (goods, works and services) billion som	1849	3635,9	7043	10688,2	18543,3	28871,5	26811,4
Expenditures on innovations, billion som	264,4	311,9	3757,4	2571,4	4162,3	4707,2	6603,5

According to the information in table 2, the number of innovations were 500 in 2010, and it reached 4 689 in 2019.

The formation of a competitive economy is impossible without the transition of our country to an innovative model of development, it requires government support for innovative activities, creation of an effective system of incentives for the introduction of innovative ideas, developments and technologies in the leading sectors of the economy and the social sphere, as well as the development of innovative potential. One of the main means of influencing the country's economy and business activities is innovation policy, which is one of the components of state economic policy. With the help of innovation policy, the state can

¹ <http://zarnews.uz/uz/post/muhimi-innovatsionmuhit-yaratish>.

²Information from www.stat.uz

directly influence the growth of production, accelerate scientific and technological progress, change the structure of social production and solve social problems.

In recent years, the country has been systematically working to increase the innovative development of industries, in particular, the potential of science, technology, investment, intellect, infrastructure and skilled labor and their effective use. In particular, the special attention is paid for the ways to accelerate research and development, directions to increase the intellectual potential of the country, the methods to stimulate innovation infrastructure, mechanisms of effective implementation of the national innovation system and a number of other issues.

However, the processes of globalization and accelerated economic development, modernization of production and increasing diversification in the economy make the development and effective use of innovative potential one of the main challenges in increasing the competitiveness of the national economy.

In our opinion, the main directions of building a competitive economy by ensuring innovative development are followings:

- Formation of the National Innovation System (NIS);
- Availability and efficient operation of innovative infrastructure;
- Use of innovative marketing.

“The National Innovation System (NIS) is an interconnected organization (structure) of small and large companies, universities, government laboratories, technology parks and incubators engaged in the production and commercialization of scientific knowledge and technology within national borders. consists of Their interaction is ensured by a set of legal, financial and social institutions with strong national roots, traditions and unique political and cultural characteristics. ” The importance of the NIS concept as one of the most powerful analytical tools is based on the following three factors:

- Understanding the economic importance of knowledge;
- increased focus on a systematic approach;
- Increasing the number of institutions involved in the process of knowledge creation.

The analysis of scientific approaches to the development of innovative potential, advanced foreign experience and many economic literatures in this area shows Socio-economic development of the country, its competitiveness in foreign markets is scientifically based through the availability of developed innovative infrastructure.

The opportunity to increase the innovation potential in the country through the rational and effective use of market mechanisms is very wide. For this, first, it is necessary to pay attention to the fact that entrepreneurs must fully comply with market rules and their enforcement mechanisms.

In a modern market economy, the development of the country's innovation potential cannot be achieved without the development of effective innovative marketing strategies and tactics.

We believe that innovative marketing should be viewed not only from the point of view of the producer, but also from the point of view of the consumer. After all, consumer determines the dynamics of innovation potential. The field of innovation marketing is the innovative market. In this market, a single good or service can be represented as the ready product of a particular enterprise (research institutes or experimental design bureaus) at the “exit” and as the raw material by other companies at the “entrance”.

Innovative activity in the enterprise is determined not primarily by the tasks and opportunities to improve production, but by the results of a study of what consumers prefer in terms of new product descriptions. When launching a new product, the focus should be on testing the product on the market rather than testing it in the lab.

The unique feature of innovative marketing technologies is that they work not with a physically existing product, but with the concept, which is being developed. This makes it very difficult to conduct marketing research, in contrast traditional marketing.

Innovative marketing represents the systematic integration of the entire innovation cycle from the study of innovation market conditions and business design of an innovative project till its implementation to the market of innovation, innovation diffusion and income. Thus, the innovative marketing complex represents a set of practical measures to influence the target market and the potential consumer of innovation, as well as to operatively respond to changes of consumer needs in the competitive environment and consumer preferences.

To sum up, at the current stage of economic development, innovation is a key factor in increasing competitiveness. Not only in the example of one enterprise, but also in a particular sector or national and global economy, in the context of limited natural resources, innovative activities are aimed at developing their alternatives, creating resource-saving technologies and reducing environmental damage and it allows increasing sales volume and profits.

Because of the deepening of market relations, the formation of a healthy competitive environment, the production of competitive products becomes an objective necessity. In this case, the technical and technological renewal, modernization of production is important, and, of course, it is expedient to use the achievements of modern science.

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IMPROVING THE ACTIVITIES OF SMALL BUSINESS ENTITIES ON THE BASIS OF INNOVATIVE MARKETING TECHNOLOGIES

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ABSTRACT

The article highlights the development of small business and private entrepreneurship in ensuring economic development. The advantages and opportunities of small business and private entrepreneurship development are studied. In modern conditions, the importance of modern marketing technologies, including innovative marketing tools, in the development of small business is showed. The article also provides recommendations on the functions and tasks performed by innovative marketing and the use of innovative marketing in small business development.

Key words: *Small Business, Competition, Innovation, Innovative Marketing, Employment, Manufacturing, Innovative Product, Integration.*

The deepening of economic relations, the intensification of competition in the market and the spread of the COVID-19 pandemic around the world make it important to ensure employment and improve the quality of life. The main criterion for ensuring effective employment in modern conditions, improving the quality of life and welfare of the population is the development of small business and private entrepreneurship.

The special attention is paid for improving economic mechanisms for the development of small business and private entrepreneurship, including increasing the competitiveness of this form of entrepreneurship, ensuring the stability of the "business cycle", creating organizational and legal forms that fully reflect the positive nature of business relations and interaction with other forms of management.

Small business plays an important role in stabilizing the economy in developed countries such as United States, Germany, China, France, Japan and Italy. "According to the International Small Business Council (ISBC), the share of small businesses in all enterprises is more than 90%, in employment it's 60-70% and in GDP it is 50 %"⁵.

Uzbekistan is taking comprehensive measures to support and encourage entrepreneurship improve governance mechanisms and increase its efficiency.

The Action Strategy for the five priority areas of development of the Republic of Uzbekistan for 2017-2021 identifies important tasks to "Reducing state participation in the economy, protection of private property rights and further strengthening of its priority position, continuing institutional and structural reforms aimed at stimulating the development of small business and private entrepreneurship"[1].

The role of small business and private entrepreneurship in the economy and the objective need for its development are explained by the followings: Firstly, small business and private entrepreneurship is one of

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⁵MSME Day 2019. <http://www.intracen.org/MSME-day/2019/>