THE ESSENCE AND MAIN DIRECTIONS OF INNOVATIVE DEVELOPMENT OF THE UZBEKISTAN ECONOMY

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Annotation. *The article main approaches to the definition of the concept of "innovation" are analyzed; the main features of innovation as a socio-economic phenomenon inherent in most definitions are highlighted. Various approaches to the classification of innovations have been generalized, a unified classification system of innovations has been formed. In the research work, the author considered the relationship between innovation and scientific activity. The structural and logical scheme, reflecting the author's view of the relationship between research and innovation activities, is presented.*

Based on the analysis of the foreign experience of state management of innovative development, conclusions were drawn about the state's growing role in scientific and innovative spheres of activity in most of the world's leading countries. The study of the main indicators of developing scientific and innovative Uzbekistan activities, their dynamics, and cross-country comparison revealed several Uzbekistan innovation system problems. A significant predominance of imports of innovative goods, services, and technologies over exports, a low share of the national economy structure's knowledge economy was revealed.

Keywords: *Innovation, research activity, innovative activity, export, import, national economy, socio-economic infrastructure, benefits, tourism, strategy.*

Currently, the question of the definition of the concept of "innovation" is open. There is no consensus among Uzbekistan and foreign scientists and accordingly, there is no generally accepted definition of this concept. The concept of "innovation" is multifaceted, depending on factors such as the level of socio-economic development, scientific and technological progress and others.

According to researchers Baev LA. and Shugurova EV(1995,p.210), there are five approaches to the definition of the concept of "innovation": object, object-utilitarian, process, process-utilitarian and process-financial. The object approach implies the understanding by “innovation” of a specific product of scientific and technological progress. The object-utilitarian approach characterizes innovation in the form of a new product, service, and technology to meet social needs. The process approach interprets the concept of "innovation" as a complex process that includes stages from development to introducing new products, services, technologies, organizational forms, others. The process-utilitarian approach focuses on the economic and social benefits of these processes. The process-financial approach understands innovation as investing in developing new products and services, technologies and others.

Some researchers consider innovation in applying ideas and developments (Nixon F, 1990, p. 231;Prigozhin AI, 2003, p. 863; Santo B, 1990, p. 296; Twiss B, 1989, p. 271) resulting from this process (Novikov BC, 2010, p. 208; Sokolov DV, Titov AB, Shabanova MM, 1997, p. 97). Both approaches do not contradict each other but reflect the versatility of the concept of "innovation".

Despite a large number of definitions available, some characteristics of innovation as a socio-economic phenomenon inherent in most of the above definitions can be distinguished:

1) innovation - the application of new knowledge and skills in practice;

2) the primary goal of innovation is to obtain benefits and meet human needs.

According to R.A. Fatkhutdinova(2012, p.16), “it is inappropriate to include in the concept of‘ innovation ”the development of innovation, its creation, implementation and distribution. These stages refer to innovation as a process, the result of which can be innovations or innovations ”. In our opinion, this position is the most objective, allowing us to distinguish between the concepts of "innovation" and "innovative activity", respectively, to give them a quantitative and qualitative assessment.

The President of the Republic of Uzbekistan's decree (September 21, 2018) on "Approval of the strategy of innovative development of the Republic of Uzbekistan for 2019 - 2021" awakens the grounds for the study.

To accelerate the development of the country based on modern achievements of world science innovative ideas, developments and technologies, as well as the consistent implementation of the tasks defined by the Action Strategy for the five priority areas of development of the Republic of Uzbekistan in 2017-2021, the decree was issued to Approve:

1. Strategy for innovative development of the Republic of Uzbekistan for 2019 - 2021;

2. "Roadmap" for the implementation of the Strategy for Innovative Development of the Republic of Uzbekistan for 2019 - 2021;

3. Target indicators of innovative development of the Republic of Uzbekistan until 2030.

As a result, it is necessary to determine:

a) the primary goal of the Strategy is the development of human capital as the main factor that determines the level of the country's competitiveness in the world arena and its innovative progress;

b) the main objectives of the Strategy to achieve the main goal:

- the entry of the Republic of Uzbekistan by 2030 into the 50 leading countries of the world according to the rating of the Global Innovation Index;
- improving the quality and coverage of education at all levels, developing the system of continuing education, ensuring flexibility in the training system based on the needs of the economy;
- strengthening the scientific potential and effectiveness of research and development, creating effective mechanisms for integrating education, science and entrepreneurship for the widespread implementation of the results of research, development and technological work;
- increasing investment of public and private funds in innovation, research, development and technological work, the introduction of modern and effective forms of financing activities in these areas;
- increasing the efficiency of government bodies through the introduction of modern methods and management tools;
- ensuring the protection of property rights, creating competitive markets and equal conditions for doing business, developing public-private partnerships;

- creation of a sustainably functioning socio-economic infrastructure.

Innovations as the basis for the socio-economic development of society perform a number of functions, which include (Belokrylova OS, Rostov N, 2009, p. 376; Novikov BC, 2010, p. 208):

- reducing the cost of manufacturing products, providing services and others, thereby maintaining a balance between endless human needs and limited material resources;
- increasing the variety, as well as improving the quality of the goods and services produced;
- embodiment and dissemination of the achievements of human intelligence and raise the educational level of the population.

Innovation is the result of innovative activity, which is "activity (including scientific, technological, organizational, financial and commercial activity) aimed at the implementation of innovative projects, as well as the creation of innovative infrastructure and ensuring its activities".

According to Kozlovskaya E.A., Yakovleva E.A., Buchaev J.G., Gadzhiev M.M.(2013,p.5-12), the innovation process consists of the following stages:

1) fundamental scientific research,
2) applied research,
3) development work,
4) implementation of innovation,
5) diffusion of innovation,
6) use of technology,
7) obsolescence of innovation.

In this case, the innovation process is understood as "the transformation of scientific knowledge into innovation" (2013,p.30).

In our opinion, there is a contradiction between the data of a particular innovation process and the identified phases. According to the content of the first stage of the innovation process, the main phase of obtaining new knowledge. The definition of the process of this phase excludes. Therefore, the concepts of innovation and scientific activity should be distinguished. Scientific (research) activity - activities aimed at obtaining and applying new knowledge. The latter includes:

 fundamental scientific research - experimental or theoretical activity aimed at obtaining new knowledge about the fundamental laws of the structure, functioning and development of man, society, environment;

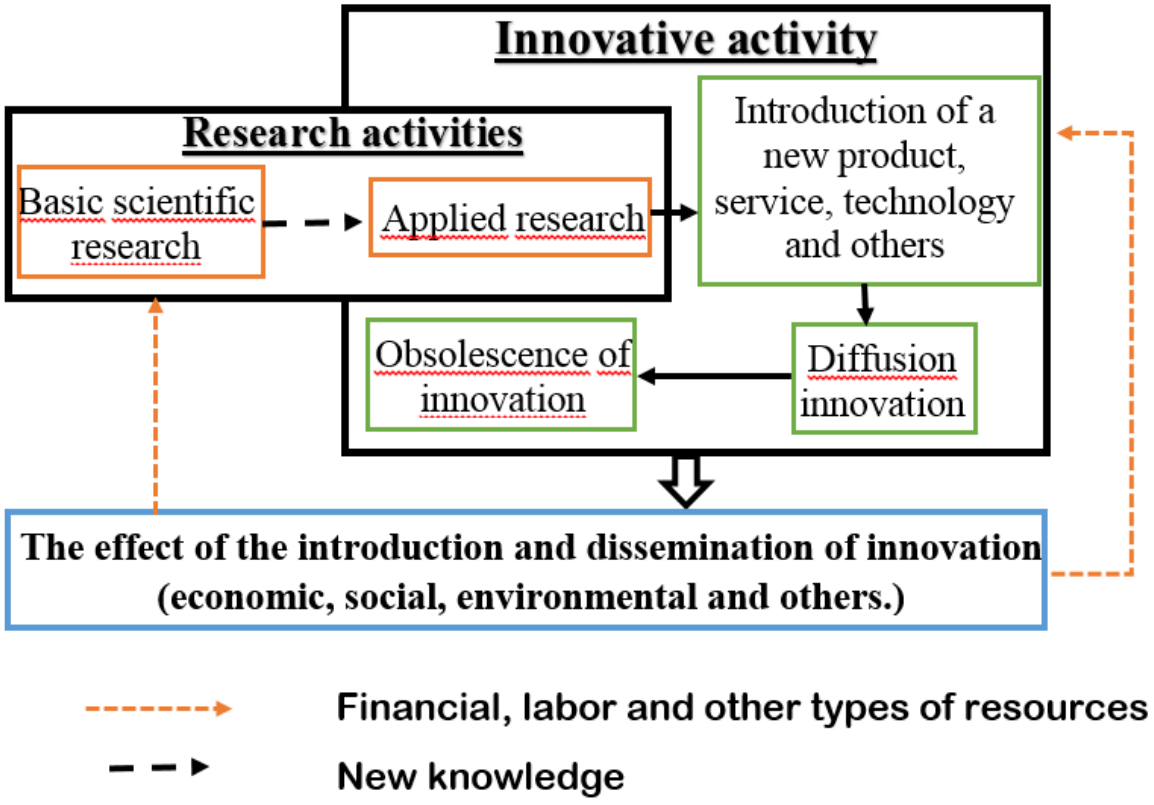
 applied scientific research - research, mainly on applying new knowledge to achieve practical goals and solve specific problems (President of the Republic of Uzbekistan Sh.MIRZIYOYEV, September 21, 2018).

From our perspective, fundamental scientific research is the initial base, the initial link in the innovation process. Applied scientific research acts as a source of new products, services, technologies,

methods and others. The result of innovation is the creation of use-value (Figure 1.).Also, innovative activities include:

- ***Technological work,***
- ***Preparation of production and industrial testing,***
- ***Acquisition of patents, licenses and know-how,***
- ***Investment activity,***
- ***Certification and standardization,***
- ***Marketing and sales market organization,***
- ***Training and retraining of personnel.***

Figure 1.2. The relationship between research and innovation



***Source:** *Completed by the author*

Subjects of innovation can be divided into two categories:

1) directly carrying out innovative activities - enterprises, research institutes, design bureaus, higher educational institutions and others;

2) providing innovative activities - organizations and individuals that provide financially, investment, marketing, consulting, information and other types of services.

In the field of innovation, the state's role is exceptionally significant since its active position is necessary to distribute the high risks inherent in innovative entrepreneurship and stimulate the innovation activity of small and medium-sized enterprises.

State innovation policy is an essential tool for forming a favourable innovation climate and linking research activities and the production process. The state apparatus's primary task is to create and constantly modernize the legal framework for all business spheres.

The Uzbekistan reality is that companies, tiny and medium-sized ones, often face economic, bureaucratic and other barriers. Innovation activity is an additional risk and uncertainty. Therefore, the state should strive to create such an innovative environment where enterprises realise the need for innovation, undertake the organization, and finance scientific research, development, and others. Of course, the understanding of this need should be cultivated by the state for a long time. The Republic of Uzbekistan is at the initial stage of the formation of an innovative culture. Therefore, its government should maximally support the business environment through normative regulation of innovation activity, identification of priority promising areas of development, improvement of the personnel training system, innovative infrastructure and others (Ushakov DS, 2010, p. 446).

The state's innovation policy is "a set of forms, methods and directions of influence on business to intensify the development and release of new types of products and technologies" (Ed. prof. VL Popova, 2009,p.34). The state innovation policy's primary goal is to form an innovative economy characterized by "the formation of a market for innovations and products of scientific intellectual property" (Ed. prof. VL Popova, 2009, p. 19). Economists have formulated the main criteria for characterizing the economy as innovative (Tikhomirova II, Gorenko LG, Andreeva AA, 2014, p. 11):

- *more than 80% of GDP growth is provided by the production and sale of innovative products and services;*
- *the growth rate of funding for fundamental scientific research should exceed the growth rate of purchases of foreign science-intensive technologies;*
- *the supply of innovative products and services exceeds the demand for them.*

In an innovative economy, innovation is the prerogative of the whole production sphere and extends to education, health care, culture, and other social and humanitarian spheres.

The Ministry of Innovative Development tasks includes coordinating the interaction of public authorities and determining the priority areas of the state scientific, technical and innovation policy (with the assistance of the Council for Science, Technology and Education, as well as the Council for Education and Science). Economic modernization and innovative development of Uzbekistan.

The Council of Uzbekistan has a Committee on Science, Education, Culture and Information Policy; scientific centres, government and non-profit foundations that support research and innovation.

Today, there are three types of models of innovative development of countries (Fatkhutdinov RA, 2012,p.56):

1) leadership in the scientific and innovative field, the implementation of large target projects with significant scientific and innovative potential in the national sector (USA, France, Great Britain);

2) diffusion of innovations focus on creating a favourable innovation environment (Germany, Switzerland, Sweden);

3) focus on applying the achievements of world scientific and technological progress, on the development of innovation infrastructure and a coordinated innovation system (Japan, China and South Korea).

Let us turn to the experience of the countries with the most developed national innovation system: the USA, the countries of the European Union and the PRC.

The United States, as a world leader, was the first to start transferring its economy to a new technological order, which means, first of all, the transition to a new type of energy. This caused an increase in the need for the concept of state innovation policy of the United States, and today it is characterized by the following features (Tikhomirova II, Gorenko LG, Andreeva AA, 2014, pp. 23-29):

• the growing role of the state in the national innovation system and in supporting innovative projects, especially radical ones;

 a course to increase science intensity by qualitatively improving the resource provision of the scientific and technological sector;

 large-scale state support for the most promising scientific and technical means (alternative energy and the production of cars with hybrid power plants);

 the significant role of the university sector in fundamental and applied research (it accounts for a third of government spending on science);

 emphasis on the advanced development of knowledge-intensive services and intangible assets.

The rapidly changing global competitive environment forces the United States to adapt to new realities and strengthen its advantages. Undoubtedly, the country continues to search for new forms and priorities of innovative development, which allows us to speak about maintaining leadership positions.

There are several options for the current innovation policy of the European Union (Tikhomirova II, Gorenko LG, Andreeva AA, 2014, pp. 23-29):

 increase in state funding for priority projects in energy, healthcare, computer technology and others.;

 unification of methods, tools and forms of innovation policy of the EU countries (preference is given to infrastructure projects, measures to support demand for innovative products, tax incentives and public-private partnership projects);

 coordination of the directions of innovation policy of individual countries and the EU as a whole.

Pandemic with 2019 catalyzed the growth of innovative activity in the EU countries and identified the need for integration in science, innovation, and education to increase competitiveness.

In most cases, the PRC's rapidly growing economy was focused mainly on adapting innovative Western developments due to the low qualifications of engineering personnel (including the discrepancy

between students' theoretical and practical training). Today, the PRC government has embarked on a course to modernize the education system to obtain highly qualified, competitive, innovatively active engineering and technical workers.

Another distinctive feature of the Chinese innovation policy is the widespread use of planning to manage its innovative development. It proceeds by a comprehensive state strategy, which allows setting goals and tracking the results obtained at all economic system levels. One of the strategic goals of the PRC's innovative development is to bring Chinese research centres to the world level. The PRC has achieved tremendous success on this path.

The main measures of state support for the PRC's innovation sphere: the allocation of investments to create zones to develop new and high technologies.The provision of tax incentives to organizations conducting innovative activities.

In general, the analysis of foreign experience in managing innovative development indicates the strengthening of internationalization processes, making the world's leading countries look for new directions and innovation policy instruments.

A global trend is the increasing role of the state in scientific and innovation spheres of activity, expressed in an increase in state funding for priority innovation projects and the extensive use of the public-private partnership system as a critical factor in the modernization economy (Olimjonov Asilbek Ulugbek ugli, 2017, pp. 1-7).

The Strategy for innovative development of Uzbekistan for the period up to 2025 adopted the main goals of innovative development of Uzbekistan, expressed in the leading indicators:

1. By 2020, the share of industrial enterprises introducing technological innovations should be 40-50% of their total volume. According to data for 2019, organisations' share of technological innovations in surveyed organisations' total volume was only 9.7% (Accessed: 1 December 2020).

2. Increase the share of Uzbek exports of high-tech goods in world exports of high-tech goods up to 2%.

An increase in the volume of exports of high-tech goods is possible only if new technologies are created in the state and, accordingly, the export of technologies exceeds their imports. The United States is the absolute world leader in terms of technology export revenues, while the volume of payments on technology imports is also the largest in the world. The volume of receipts from the export of technologies exceeds payments on imports in Germany by 1.2 times, in Finland - 1.3 times, in the Netherlands - 1.4 times, in the USA - 1.5 times, in France - 1.6 times, in Austria - 1.7 times, in Great Britain and Sweden - 1.8 times, in Norway - 2 times, in Israel - 3.8 times, in Canada - 5.4 times, in Japan - 5 times, 8 times, which is the best indicator among all countries of the world.

Analysis of the set goals for the development of the innovation system of Uzbekistan, international comparison of the leading indicators of the innovative development of countries, identification of the

place and role of Uzbekistan in the world market of innovative goods and services indicate the presence of the following problems in the Uzbekistan innovation system:

1) a significant predominance of imports of innovative goods, services and technologies over exports indicates the non-competitiveness of export industries;

2) low share of domestic expenditures on research and development in GDP, zero growth of this indicator over the past 3 years, which indicates insufficient funding for research and development and innovation;

3) the low share of the knowledge economy in the national economy structure testifies the national economy structure's inconsistency with modern realities.

Consequently, the Republic of Uzbekistan's low positions in the intercountry comparison indicates errors in the management system for innovative development, the need to introduce new management methods based on the analysis and adaptation of international experience.

The necessity of transition to an innovative way of tourism development has been substantiated. The main factors that determine the features of innovation in tourism are revealed, including the specific properties of a tourism product, producers, and tourism services consumers.

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