

Problems of Innovative Economic Development

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Abstract: *The article analyzes the problems of the development of the innovation sphere, presents the experience of the countries of the world in implementing models of the state's innovation policy and measures to support innovation, formulates proposals for stimulating the innovative activity of enterprises.*

Key words: *innovation, innovative development, innovation policy, technology parks, clusters.*

I. INTRODUCTION

Each state with a developed economy finds its own specific scenario for the development and support of national industry, focusing on the development of innovative high-tech industries. It is also important to take into account that countries formulated their policies at different time periods, with different competitive advantages. Many developing countries have also focused on supporting the development of innovative industries, involving the organization of high-tech industries. In the world there are enough examples of innovative development of the economy, based on the active development of innovative activity in industry. Therefore, it makes sense to turn to the experience of foreign countries. It should be noted that there are two main options for enhancing innovation. This is an Anglo-American model and Franco-Japanese. Their fundamental difference is the degree of state participation in the selection of development priorities and methods of supporting innovation. In the first case, the main emphasis is on creating favorable conditions for the business environment, in the second - on stimulating research in priority areas of development and their state support.

Note that abroad there is a branched structure of sources of financing for innovative companies, in particular, a network of venture funds to support innovations, as well as organizations involved in the promotion of new developments and their commercialization. University science plays an important role in creating innovative developments abroad. In practice, very often, especially in the United States, university scientists create high-tech firms, attracting undergraduate and graduate students. It should be noted that, in the United States, despite the proclaimed priorities of market regulation of all processes, including innovation, there is a sphere in which the state constantly finances scientific developments. It's about military technology. For example, at the end of the 20th century - at the beginning of the 21st century, the US budget expenditures on the development of the country's defense industry exceeded 1,500 billion US dollars. A similar approach is used in the UK. Over the past 5–7 years, the share of expenditures on military research in the total amount of R&D funding has increased from 20–25% to 50%, although in other areas the state uses mainly methods of indirect stimulation of innovations. Although the Anglo-American

model of innovation policy focuses on creating favorable conditions for doing business in general, those companies that introduce innovations receive significant tax preferences.

II. THEORETICAL BACKGROUND

As for the Franco-Japanese model of innovation policy, it is characteristic for the government to choose priority areas for innovative development, which represents significant support to those companies that are involved in the development and development of innovations.

For example, in Japan, the emphasis is on specific technologies, their advantages are determined and the state stimulates the development of these selected areas. Similar support for innovation is being provided in France. European countries and Canada occupy an intermediate place between these two poles (Anglo-American and Franco-Japanese) of innovation policy. They are characterized by the development of the business environment and the use of direct methods of state support for innovative projects. A large role is given to financing innovation through higher education (up to 50% of total costs).

World experience shows that the state plays a key role in the implementation of an innovative strategy, because it unites personnel, education, and science. For example, Finland has achieved significant success due to the fact that its relations with business and science have been clearly defined. Scientific developments were also funded, providing 80% of business access to world markets. However, only 20% of the funds went to risky basic research.

A characteristic feature of the development of the world economy in terms of scientific and technological activity is the growth in financing of this sphere not only in developed countries, but in outsider countries.

According to Eurostat, in these countries there is a high pace of increasing the volume of financing of scientific and technological developments. Since 1995, the average annual rate of increase in these expenditures has been 13.5% in Finland, Greece - 12%, Portugal - 9.9%, Ireland - 8.2%, Spain - 6.9% at an average European rate of 3, four%. This indicates the transition of these countries to the policies and philosophies of economic development on the principles that are inherent in the developed countries of the world.

Among the dynamically developing states, along with China, were India, Vietnam, and Turkey. So, Vietnam at the end of the 80s chose two areas as priority areas for development - the development of exports and agriculture. As a result, it turned into a state that occupies a leading position in the world in the export of rice (in 1987 the country imported rice), coffee, tea, and rubber. In recent years, the development of the economy's infrastructure has been stimulated in the country, and the inflow of foreign capital has increased (about \$ 50 billion). If in 1988 Vietnam's turnover was less than \$ 2 billion, now it

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reaches about \$ 50 billion, with annual export growth of 25-30%. All these achievements became possible due to the successful selection of priority development areas at the state level.

With the intensification of globalization in the world economy, new opportunities have appeared for developing a coordinated innovation policy of developed countries through the use of the following tools. This is the adoption of a single antitrust law, the use of an accelerated depreciation system, preferential taxation of R&D expenses, direct financing of enterprises for innovations in the latest technology sectors, stimulation of cooperation between university science and companies that produce high-tech products. The use of these levers opens up new prospects for the development of innovative business.

The world is witnessing a rapid growth of scientific, scientific, technological and technological parks. Now there are over 700 of them. Most of them are located in the USA, Europe, Japan, China and India. So, 160 operates in the USA, 260 in Europe, 133 in China, 60 in Russia, 44 in India, and 33 technoparks in other countries [1]. In Israel, from 1,300 to 2,000 new companies are created annually, this country has become the Middle East analogue of Silicon Valley in the United States. For the newly created Israeli companies, an even milder innovation policy is applied than in the United States. But outside of Israel, only licenses can be sold, not technology.

Foreign experience testifies to the use of direct and indirect methods of state support in the creation and functioning of technology parks and other innovative structures.

III. METHODOLOGY

Direct methods of state support for innovation include financial incentive programs, direct investment of equity and government loans. This provides acceleration and growth in the field of scientific research, development of innovations in the latest fields of industry. Such methods are used in Japan, France, China, and Russia. Indirect methods of state support include various forms of tax and customs benefits and preferences. This increases the technical level of production, ensures the influx of foreign investment, and stimulates the production of high-tech products. Similar methods are used in the USA, Germany, Great Britain, Turkey.

In the modern world economy, the share of innovative products by the scale of allocated funds is distributed as follows: USA - 39.2 percent, China - 21.2, Japan - 10.2, Great Britain - 7.8, Germany - 6.2, France - 6, Canada - 4, Russia - 2.9 and others account for 2.5 percent. The volume of general innovative products, for example, in the USA is 346 billion dollars, in China - 290 billion dollars, in the EU - 269 billion dollars. and in Russia - \$ 24 billion. R&D costs in the USA are 2.7 percent, in China 1.4, in Japan 3.3, and in South Korea about 6.5 percent (patents) relates to small business and innovative technology.

Undoubtedly, the problem of developing and introducing innovations is complex and multifaceted. In the long term, we are talking about the formation of the NIS, in the short term - an increase in the number of enterprises introducing innovations: new types of equipment, technology, products.

IV. MAIN ANALYSES

Analyzing the evolution of state policy in the field of innovation, we indicate that in recent years several fundamental legislative acts aimed at their activation have been adopted. These are, in particular, laws on innovation and scientific and technical activity, normative acts on the creation of technology parks, free economic zones, territories of priority development, etc. Despite this, there is no noticeable progress in this area.

The program "Strategy of actions in five major areas of state and economic development for 2017–2021" proposed by the President of the country, Sh. Mirziyoyev, determined the strategy for transitioning the republic's economy to an innovative path of development. Serious imbalances in their socio-economic development are currently observed in the regions of the Republic of Uzbekistan. The ratio of the minimum and maximum values of gross value added per capita in individual regions differs by more than five times. The largest contribution to the formation of the republic's GDP was made by the city of Tashkent with a specific gravity of 15.3%. Tashkent and Samarkand regions occupy subsequent places with indicators of 9.3% and 6.4%, respectively. The lowest share of GRP in the formation of the republic's GDP was noted in Syrdarya (1.8%), Jizzakh (2.2%), Khorezm (3.1%) regions. Most of the foreign investment flowing into the country is concentrated in the capital and a number of regions, but their distribution across the territories is extremely uneven. In conditions of constant growth in prices and tariffs, there is a sharp reduction in the investment activity of business entities. Investment costs in the structure of local budgets also decreased. The net inflow of foreign direct investment in Uzbekistan in 2018 amounted to \$ 624 million, which is 3 times less compared with the figures for 2017. According to the Central Bank, this decrease in investment inflows is due to an increase in the repatriation of investments, which amounted to \$ 1 billion in 2018 (\$ 524 million in 2017). A significant amount of funds in 2017 was allocated by foreign investors for the implementation of construction and installation works in order to organize the extraction of mineral resources.

Innovative activity is evaluated according to several criteria:

- The level of higher education in the field of natural and technical sciences;
- research work and programs;
- the creation of new knowledge, including the cost of research for the development of high-tech products;
- implementation of information technology;
- sale of new products in the markets and its export;
- the number of registered patents, licenses, new brands, etc.

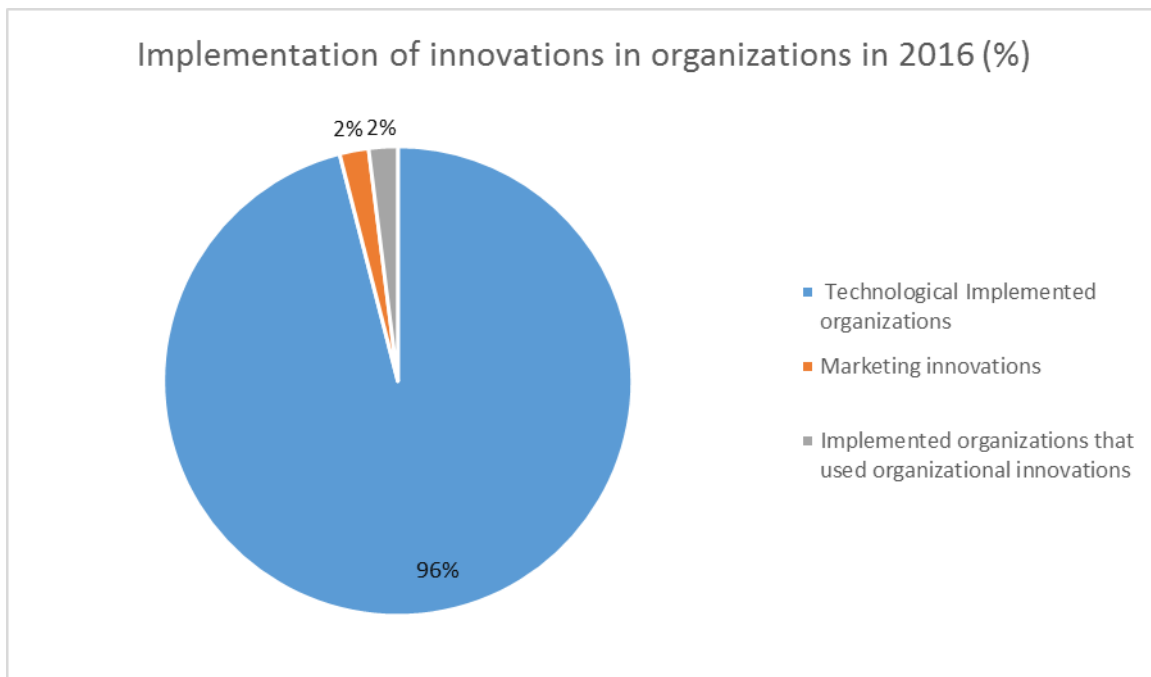
In this regard, in modern conditions it is difficult to ensure the fulfillment of these requirements by small enterprises, which generally do not have the necessary personnel, technical and material resources for the development and implementation of new products. According to statistics, the vast majority of them work not in the production sector, but in the sphere of trade and services.

Thus, increasing the level of innovative activity of the country's enterprises requires a change in the

structure and ratio of enterprises by type of economic activity in the direction of increasing the share of large industrial complexes. Foreign experience shows that large companies have more favorable conditions for introducing innovations, as they create small venture firms or small firms to develop new products in their structure, then ensuring their mass production and economies of scale.

It should be noted that the Strategy for Innovative Development of Ukraine for 2019 - 2021 indicates that the analysis showed insufficient work on the innovative development of processes of modernization, diversification, increasing production volumes and expanding the product range of competitive products in the domestic and foreign markets. According to international experts, in 2008, 11.6% of enterprises were engaged in technological innovations in the republic (in 2010 - 9.8%). At the same time, the share of

such enterprises in the Czech Republic was 41.7%, Great Britain - 44.6%, Sweden - 54.9%, Austria - 57.5%, Ireland - 61.4%, Germany - 74%. The lag of the Republic of Uzbekistan from technologically developed countries of the world is on average 4-5 times or more. We regret to say that this negative trend is growing and assuming an irreversible character. So, in the aspect of technological patterns, domestic enterprises mostly use the technologies of the third, less often the fourth structures, while the developed countries have switched to the fifth and sixth structures. Catching them is becoming increasingly difficult. The general conclusion is that without a radical modernization of the economy on the basis of institutional and structural changes, there are no prospects for the transition to an innovative development model.



During 2016, about 2,000 innovations were introduced by more than 900 organizations and enterprises of the Republic of Uzbekistan. Moreover, most of the innovations introduced, i.e. 1816 of them were aimed at modernizing enterprises using new effective technologies. This means that the introduction of innovations in our country mainly occurs through the import of machinery and equipment from abroad.

Another area of innovative revival can be considered the organization of cluster structures. Since at present most of the business entities are isolated from each other and are experiencing serious difficulties in the development of new products, it is necessary to coordinate their actions. For example, the experience of the United States shows the effectiveness of cooperation among business entities through the creation of clusters in the development of innovation. In this case, the efforts of all the links involved in the innovation process are combined: customers of products, suppliers of raw materials and components, constructs and technologists, manufacturers, marketing units. At the same time, clusters as an organizational economic structure are not defined in domestic legislation and can function in the status of public

organizations, the commercial activity of which is significantly limited.

A major role in the development and implementation of innovations is played by staffing and training of specialists in this area. It should be noted that today 8.9 percent of the population of our country have higher education, while in developed countries this indicator is at least 25 percent. And the basis of innovation is primarily higher education. The figures indicated above show that his condition in Uzbekistan is unsatisfactory. Although a number of universities of the Republic of Uzbekistan train innovation specialists, the situation with practical training and studying the real life of enterprises is unsatisfactory. On the one hand, financial resources for the practice are not allocated, often it is organized on personal contacts or on a voluntary basis. So talking about its quality is problematic. On the other hand, not knowing the real production processes, and especially those related to the development and implementation of new products, future specialists cannot master the necessary work skills. This reduces their competitiveness in the labor market.

The process of employing university graduates in technical specialties is also complex. On the one hand, the



number of manufacturing enterprises has sharply decreased. On the other hand, if earlier, young specialists, when doing internships, could directly communicate with potential employers, now, due to the complexity of its organization, they are left alone with the problem of finding a job. Some business leaders propose introducing tax incentives for those who hire young professionals.

V. RESULTS AND FINDINGS.

To solve the problem of innovative development, it is necessary to stimulate demand for high-tech products, which are of higher quality, cost more and provide the company with higher profits. The state can provide growth in consumer demand in the context of structural modernization of the economy. If this happens nationwide, an increase in national income and sustainable economic development can be expected.

The solution to the above problems will allow us to intensify innovative processes and increase the competitiveness of the Republic of Uzbekistan, taking into account the global challenges of the modern world economy.

VI. CONCLUSION

The article analyzes the problems of the development of the innovation sphere, presents the experience of the countries of the world in implementing models of the state's innovation policy and measures to support innovation, formulates proposals for stimulating the innovative activity of enterprises.

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