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# ROLE OF INNOVATION IN ECONOMIC DEVELOPMENT

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**Abstract**

In this article, innovation is becoming one of the most characteristic features of economic development and is analyzed as a factor accelerating market development. There are also suggestions and recommendations on how to achieve rapid development of entrepreneurship in the modern world through the widespread use of innovation.

**Key words:** Innovation, capital, innovation process, factors of production, innovative entrepreneurship.

Currently, innovation is becoming one of the most characteristic features of economic development. Not long ago, this name reminded of something exotic, unknown and not very clear even among professionals, but now the innovation itself and its concepts are rapidly conquering the world. The international capital market, which plays a significant role in the innovation process and turns innovation into a strategic resource for enterprises, is expanding, and new financial structures are helping it in this regard.

The experience of developed countries shows that innovation is often hindered by people's direct negative attitudes and attitudes. However, a paradoxical situation is developing in Uzbekistan, that is, the whole society expresses a positive attitude and support for innovative processes.

The aim of the research work is to help increase the potential and efficiency of the system through innovative development of the economy and the creation of new entrepreneurs. The tasks of the research are researching the stages of increasing competitiveness and productivity in the industry

and justifying its specific features; to stimulate the increase in the share of high-tech products, to increase production and to increase the share in the structure of production and export, to identify the factors affecting the expansion of the use of innovative technologies and advanced management.

If we compare the innovative processes in our country with the situation in developed countries, now the developed countries of the world have been under the influence of the innovative economy and the fifth technological cycle (long wave) for more than 15 years. What should countries do that are only able to enter the fifth wave, and even beyond?

Will they reach these countries first of all by starting their scientific research in new high-tech directions? Apparently, this is very problematic. However, this is an obstacle for these countries, especially in our country, to use the technologies created by other countries and to use them in the development of their economy, to try to surpass the developed countries by creating as many conditions as possible for foreign investments to enter the country. does not Some time ago, this experiment was carried out in Japan, South Korea and other countries. In fact, the opportunities provided by innovation and the positive aspects of globalization were first of all captured by South-East Asian countries (often called "tigers"), such as South Korea, Taiwan, Hong Kong, Singapore, as well as the Celts. The "tiger" is Ireland, one of the leaders in the field of innovation. These countries can serve as a paradigm for Uzbekistan, because our country, with its small market, poor traditional resources, can only develop successfully if it chooses an innovative path using its competitive unique non-traditional resources.

The competitiveness of the country develops on the basis of the competitiveness of individual enterprises. Every business uses its own strategy to achieve competitive advantage. However, the evolution and development of successful companies will be similar in nature as companies create competitive advantages based on innovation. The reason for the weakness of innovative processes in the enterprises of our country is due to the influence of the following factors:

➢ low number of scientists working in industry, as well as low percentage of scientists and researchers in the labor force;

➢ not to enter the field of high technology patenting;

➢ weak cooperation between the production sector and universities;

➢ relative failure of innovation promotion and activity of entrepreneurship support mechanisms;

➢ complex procedures for starting a business; insufficient quality of technological education.

It is also worth noting the so-called "European innovation paradox" from the world experience - on the one hand, when assessing the share of investments in education and science in the GDP, as well as the percentage of highly educated people in the population in most countries of the European Union, the U.S. or even better than Japan. Europe also surpasses them in terms of indicators of scientific potential (for example, the number of Nobel laureates, SCI publications, number of scientists with doctoral degrees). Nevertheless, the productivity of the economy in the European Union is twice as low as that of the United States, and its trade balance with the United States is

negative. Students from different parts of the world are trying to study in higher educational institutions of the USA. The United States itself is a very successful country in the use of innovation, commercializing knowledge created not only in its own country, but also around the world. The best specialists in the field of higher education and research (project managers, researchers, highly educated technology specialists) move to the USA. Europe is betting on training in US companies and education in higher education institutions. According to these and similar facts, the term "European innovation paradox" also appeared. From the above, we can conclude that innovation is the main driving force. Thus, innovation provides an opportunity to develop a competitive economy. In recent years, not only economists, but also politicians have understood this. In order to achieve the main goals, it is necessary to allocate 3% of the gross domestic product to research and development, increase the employment rate to 70%, reduce bureaucracy, eliminate corruption, and encourage entrepreneurship. If these problems are solved, our country's economy will achieve great success in innovative development. It is envisaged to allocate funds from the state budgets for research and innovation and to increase the volume of its provision. In particular, three main directions are given priority:

- ➢ investment in education and formation and increase of intellectual property;
- ➢ strengthening competitiveness in industry and service sector;
- ➢ establishment of monocenters in the labor market.

It can be seen that in all the cases mentioned above, increasing competitiveness is related to innovation. It is necessary to create a coordinated and common space for conducting research and expanding knowledge for effective exchange of knowledge between countries and individual enterprises. It is not only about supporting research and development of technologies and protection of intellectual property rights, but also about ensuring the diffusion and dissemination of innovations, because where innovations are introduced, the results are expected.

A new trend has been formed regarding the use of innovations in the industry of Uzbekistan. Until then, industries related to the processing of natural resources with the use of cheap labor dominated. However, today Uzbekistan aims for a completely new approach to the use of natural resources. A clear example of this is the new UzGTL plant, which has launched the production of products with high added value based on the deep processing of natural gas. Thanks to such large projects, Uzbekistan is gradually abandoning the export of raw natural gas and reducing the import of oil products. This indicates that a significant contribution is being made to strengthening our energy independence. This UzGTL complex, which is considered one of the largest investment projects not only in Uzbekistan, but also in the CIS countries, is also an example of innovative production. Also, one of the most modern and innovative in the territory of the CIS is the central control panel of the enterprise and the central factory laboratory. The new enterprise has the capacity to process 3.6 billion cubic meters of natural gas per year and produce 1.5 million tons of finished products - aviation kerosene, diesel fuel, naphtha, liquefied gas - based on GTL, i.e. "gas-to-liquid" technology. Until now, such a plant has been established in only 4 countries in the world - Qatar, Nigeria, South African Republic and Malaysia. Oil products and hydrocarbon raw materials that replace imports with a total value of 1 billion US dollars or more than 12.8 trillion soums are produced here. Obtaining value-

added products from natural gas based on GTL technology is carried out in three stages. Modern types of fuel made on the basis of this technology are environmentally friendly and clean. This, in turn, corresponds to the principle of not harming nature, which has become an urgent issue today. Take GTL diesel, for example. GTL diesel with a high technical specification and almost no sulfur content does not emit significant emissions into the atmosphere. Also, GTL kerosene offers airlines a safe and cost-effective way to reduce emissions.

To sum up, in modern enterprises engaged in innovative entrepreneurship and introducing innovations using foreign experience in the production process, compared to traditional enterprises, wages are 2-3 times higher, productivity is 2 times higher, especially for employees. The quality of life and prosperity compared to before shows the positive aspects of today's innovative economic reforms. But along with the progress being made, there are also problems to be solved. In particular:

➢ that our entrepreneurs do not have sufficient skills in business management;

➢ inability of employees to quickly absorb news;

➢ they cannot adequately assess internal and external risks, the need for innovation, and their position in the world market;

➢ not enough attention is paid to the development of enterprises, increase of competitiveness;

➢ there are many problems in the organization of the business environment and the development of the innovation promotion structure.

We consider the following suggestions and recommendations appropriate for solving these problems:

➢ it is necessary to increase the role of private business in the process of financing scientific research, which will give an impetus to increase the efficiency of investments in research and development;

➢ it is necessary to increase the level of investments necessary for innovation and strengthen competition;

➢ It is necessary to support the marketing search system for developments, which is the main element of stimulating innovation and foreign patenting of scientific developments created in Uzbekistan.

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