



INNOVATIVE ECONOMY FUTURE PERSPECTIVE: THEORY AND PRACTICE

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Abstract

This article talks about the world innovation economy, and also analyzes the role of innovative projects in attracting investments, the demand for innovative production and services in business, as well as funds directed to science. The article presents the opinions and approaches of economists on the subject, and interprets the effectiveness as a result of bringing the innovative economy to a higher level.

Keywords: Innovations, investments, innovative projects, business, investment in innovative production, service, science, Global Innovation Index.

Introduction

1. Introduction.

Modern trends in the development of the world economy are closely related to the increasing role of innovative technologies and knowledge in the life of society. The economy is changing, becoming innovative, and these changes are based on new technologies, the use of high-speed telecommunications and changes in the education system. Also, innovation is the main factor of economic changes and development, the driving force of social and economic development. Stimulating and accelerating innovation has become the main strategic goal of the economic policy of developed countries, and is gaining more and more attention in developing countries [1].

Innovation is becoming a key factor in human development and economic growth. The continuous development of the innovation process has a serious impact on the change of humanity and social life. Innovation has a great impact on the



modernization of economic entities. Effective innovative activity determines not only the production strategy, but also the strengthening of the country's economic potential. Innovation includes the creation or improvement of a product (goods, work, service) in a new form, the introduction of a new view of the production process or the improvement of this process, the introduction of new marketing or organizational methods in conducting business, the creation of jobs, or the establishment of external relations. the final result of the activity is understood.

2. Literature review

The concept of “innovation” is used to mean investing in something new. The concept of innovation entered the economy in the early twentieth century. Australian economist J. Schumpeter was the first to address innovation issues and give a detailed description of the innovation process. In the economic literature, many authors have different approaches to the concept of “innovation”. Many authors consider innovation to be economically feasible, meaning that new resources are created or existing ones are used in an unconventional way. According to A. Busigin, innovation is the renewal of fixed capital or products using science, technology and engineering [2]. According to R. Fatkhutdinov, innovation is the end result of innovation, and the change of management of the object is effective in social, economic, scientific, technical, environmental and other ways [3]. Foreign economists B. Needles, H. Anderson, and D. Caldwell consider “intangible assets to be intangible assets that constitute capital investment in acquired assets” [4]. Prof. A. Sheremet defines intangible assets in general as follows: assets that represent a legal and other legal relationship that has no intangible value, bring profit (income) to its owner for a certain period of time, create convenience for users [5]. Innovation is the process of ensuring the systematic and continuous introduction of all innovations in any field, regardless of the field of innovation, published innovations, technical and technological advances and technological processes, product supply and other areas [6].



3. Research Methodology

In this article, economic research methods such as graphical grouping, economic-statistical analysis and synthesis, logical thinking are widely used as research methodology.

4. Analysis and discussion of results

Innovation appears as a necessary tool that continuously ensures economic growth and competitiveness in sectors with a high capacity of traditional and new science.

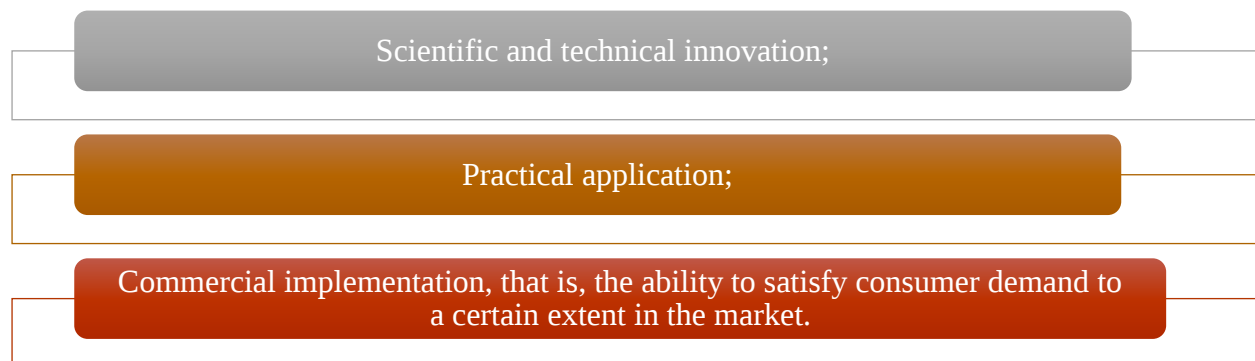


Figure 1. The main features of the innovation [7]

In general, the innovation process is the formation and distribution of an innovation to a product.

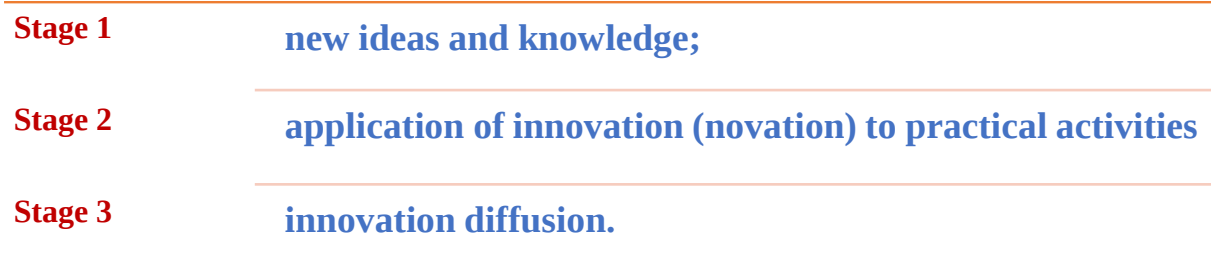


Figure 2. Stages of the innovation process [7]

The use of innovative products, services and technologies in new spaces and conditions. Thus, the concept of “innovation” refers to developments in all areas (production, scientific research, and others) as innovations and improved tools that provide spending opportunities or, if not, them. The ultimate goal of



innovation is to increase the competitiveness of the product, expand its market, increase the volume and rate of profit (income) based on ensuring the stability of the company's (enterprise) activity.

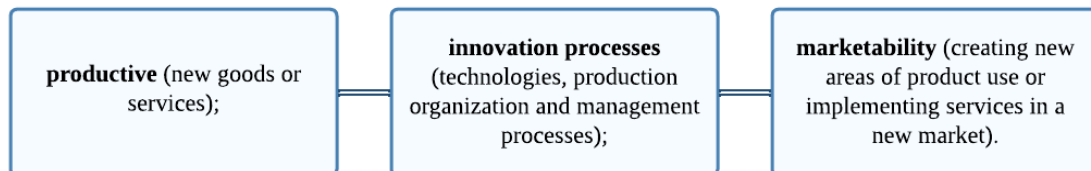


Figure 3. Innovations are divided into the following according to their subject and fields of application [8]

Another feature of modernity is the outsourcing of innovations, which shows the processes of forming a single scientific and technical space. The concept of the techno-industrial system of production, which forms self-regulating local systems that builds exchange relations according to the network principle, comes to the fore in the context of the global economic recession. As a result, there is a system in which the direct manufacturers of high-tech products do not completely manufacture their products - a part of the business is outsourced to third-party contractors, often spread across different countries. there is a model when done. A new type of division of labor is being formed - scientific research, development and innovation are carried out by “core countries”, while “semi-countries” are engaged in direct production of the final product.

Based on the latest technological achievements, innovative business that creates high value-added products that are in high demand by consumers can use the opportunities offered by the internationalization of economic relations. The undisputed leader in terms of the share of exports of products requiring science in the volume of world trade is the Philippines - 60.5 percent, followed by Malaysia (52.3 percent) and Singapore (51.7 percent), a group of countries (China , South Korea). , France, Israel, Great Britain) confidently exceeds the 20% limit. The USA (18.9 percent), Japan (17.3 percent), and Germany (15.7 percent) complete the top three. Russia ends this series with 11.0%.

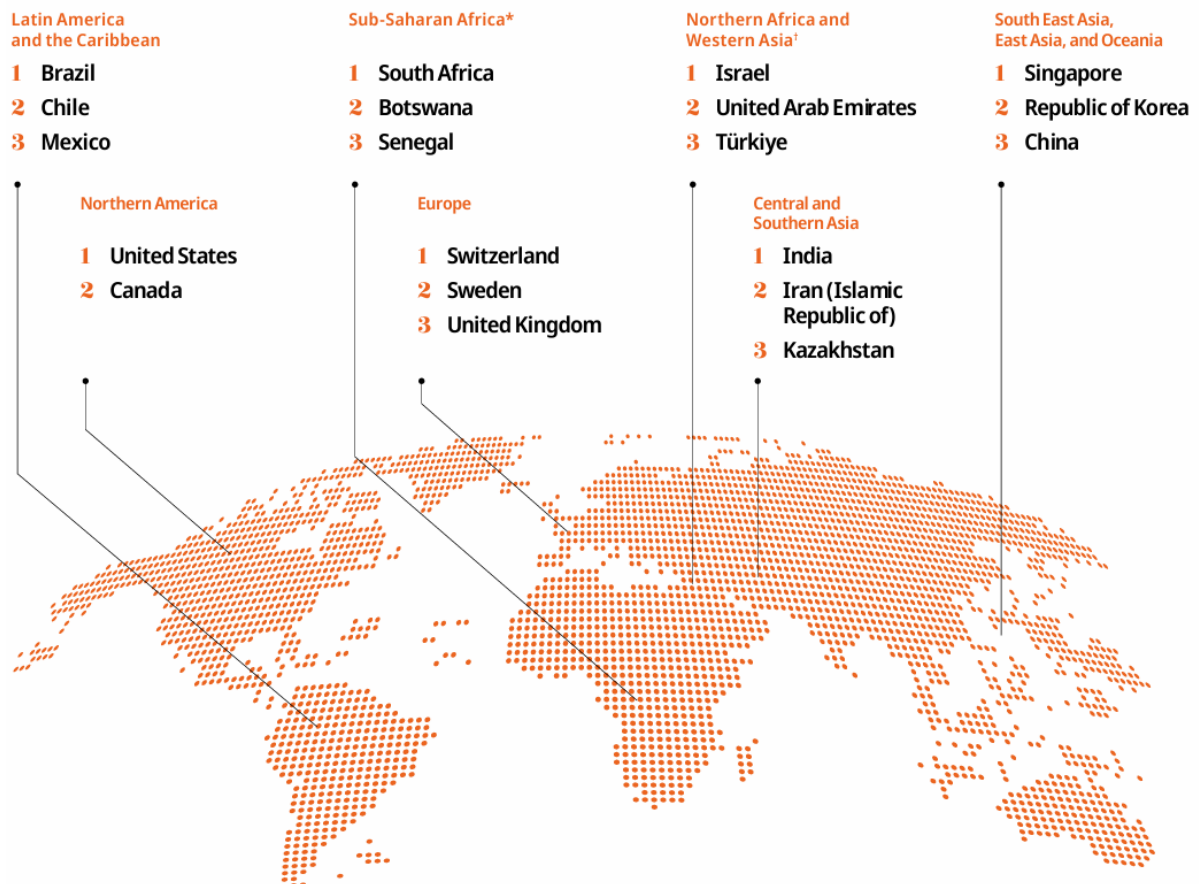


Figure 4. Top three innovation economies by region [9]

Classification of innovations into types by the mentioned criteria gives opportunities to determine the firm's (enterprise's) strategy, to develop forms of goods (services) realization and economic mechanism management based on innovation types. Any innovation, that is, innovation, is expressed in specific projects, focused on specific goals, and based on deep calculations, analysis and expertise, the perspective of future results is determined. Innovation is the application of innovation in any field, a continuous process. indicates the implementation of a systematic activity and a clear strategy. Striving for innovation, creativity, discoveries and developments based on them require resources in any field. in connection with the fact that production is the main link of the economy, its regular improvement, renewal, the use of advanced techniques and technologies, the use of progressive management methods, economic and financial resources that are effective in various directions, i.e.



requires the introduction of investments. Investments aimed at innovations at the macroeconomic level are focused on improving the socio-economic system and improve the general conditions of economic development and economic mechanisms provides improvement. In the conditions of the market economy, production is required to have perfect factors and requires the necessary economic resources, i.e. investments. Investments aimed at innovations are mobilized to improve the material, socio-economic and ideological-political characteristics of the socio-economic system. Such investments are focused on ensuring priority of resources, manufactured products, services, forms of ownership, economic mechanism, desired idea and policy.

Table 1 Top-10 2024 rankings overall and by innovation pillar [9]

Developed countries	Overall GII	Institutions	Human capital and research	Infra-structure	Market sophistication	Business sophistication	Knowledge and technology outputs	Creative outputs
Switzerland	1	3	4	7	5	4	1	1
Sweden	2	16	3	1	9	1	2	6
United States	3	17	12	30	1	2	4	8
Singapore	4	1	2	11	7	3	9	19
United Kingdom	5	26	7	18	3	14	5	3
Republic of Korea	6	24	1	9	15	5	10	2
Finland	7	4	6	2	11	8	6	17
Netherlands	8	9	14	25	14	7	8	7
Germany	9	19	5	27	13	18	11	5
Denmark	10	2	9	8	21	12	13	10

The above data shows that Switzerland is ranked 4th in human capital and research, 7th in infrastructure, 5th in market sophistication, and 4th in business sophistication and in knowledge and technology outputs and creative outputs, it is taking the first place. It can be seen that among the developed countries, Switzerland is taking the first steps, which, along with defining the innovative position of the country, also opens a great way for a favorable investment environment and innovative economy.

Instead of information, it should be noted that among high-income economies, Switzerland (1st) leads in producing higher levels of outputs compared to Sweden (2nd), the United States (3rd) and Finland (7th), while the United Kingdom (5th)



and the Republic of Korea (6th) produce higher levels of outputs than the United States, but with lower input levels (Figure 19). Among the upper middle-income group economies, China (11th) also shines, producing levels of outputs that are higher than those of high-income economies, such as Singapore (4th), Finland (7th), the Kingdom of the Netherlands (8th), Denmark (10th) and France (12th), but with fewer inputs. Türkiye (37th) does likewise relative to Iceland (22nd) and Australia (23rd); while Bulgaria (38th) also surpasses the level of outputs of New Zealand (25th) with lower input levels.

Among the lower middle-income group economies, the Islamic Republic of Iran (64th), Morocco (66th) and Pakistan (91st) are efficient innovators, while Madagascar (110th) stands out among the low-income group for its innovation efficiency. However, certain economies, including Australia (23rd), the United Arab Emirates (32nd), Saudi Arabia (47th), Botswana (87th), Cabo Verde (90th) and Rwanda (104th), find it harder to translate inputs into outputs. This year, Serbia (52nd), Montenegro (65th), Peru (75th), Kazakhstan (78th), Azerbaijan (95th) and Kyrgyzstan (99th) have improved their performance in converting inputs into outputs.

Innovation leaders (top 25) demonstrate balanced and strong performance across all seven pillars. Beyond the top 10, which all have balanced ecosystems, this group includes France (12th), Japan (13th), Canada (14th), Estonia (16th), Austria (17th), Norway (21st) and Australia (23rd). Some lower ranked economies excel in specific innovation pillars, such as Botswana and Rwanda in Institutions (36th and 38th, respectively), Kyrgyzstan in Human capital and research (42nd), Albania (84th) in Infrastructure (31st) and the Islamic Republic of Iran and Cambodia in Market sophistication (17th and 39th, respectively). Barbados and Costa Rica rank relatively highly in Business sophistication (49th and 50th, respectively). India and Hungary excel in Knowledge and technology outputs (22nd and 25th, respectively), while Türkiye and Mongolia shine in Creative outputs (16th and 32nd, respectively). These examples showcase the diverse strengths of economies that are vibrant in innovation, which can be nurtured to enhance their overall rankings [9].



5. Conclusions and Suggestions

The portfolio of innovative projects often allows you to choose from them. Innovative projects are designed for a certain period of time and differ in their aspects. The common denominator is that all innovative projects have their own life cycles and phases. Innovative projects are technically and economically justified, the feasibility of their implementation is assessed, the source is analyzed, the results of specific goals are calculated. The future results of innovative projects are effectively compared, the risks in the phases of the life cycle process are measured, and mitigation measures are developed through their management.

- The innovation strategy provides for the development of enterprises in specific areas, strengthening their position in a free competitive environment, ensuring financial stability, high incomes and expanding other opportunities.

- The innovation strategy is shaped as an innovation project, its business plan is developed and its prospects are determined.

In short, the need to use innovation in enterprises is explained by ensuring labor productivity, increasing production volume, surviving in the competitive market and reaching the top, increasing profits based on the use of new techniques and technologies, the results of scientific achievements. In addition, the formation of modern structures that ensure that the economy meets the rapidly changing market requirements, solving social and employment problems, and increasing the income of the population also ensure the development of their innovative activities based on the extensive use of scientific and technical achievements in small businesses. And progress cannot be imagined without innovation.

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