



THE INNOVATION DEVELOPMENT OF SMALL BUSINESSES IN THE INDUSTRIAL, SCIENTIFIC, AND EDUCATIONAL SECTOR IN UZBEKISTAN

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Abstract. The description and understanding of the innovation development of entrepreneurship is becoming an object of mutual scientific debate. In recent years, development of innovative business and entrepreneurship is important as it covers different areas and directions of business.

In this article, a widespread definition of small business is depicted, its industrial organization and social obligations are revealed, and the specific functioning mechanisms in the Uzbek regions are classified.

Introduction:

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 [1,2,3,4,5,6,7,8,9]. 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 is involved in innovative processes expressing positive attitude and support. In particular, it is reflected in many normative legal documents adopted in Uzbekistan and draft laws widely discussed in social networks. The Law of the Republic of Uzbekistan of July 27, 2020 on innovative activity, the Law of the Republic of Uzbekistan "On Science and Scientific Activity", the Decree of the President of the Republic of Uzbekistan of January 22, 2018 "On the Republic of Uzbekistan in 2017-2021 Presidential Decree on the State Program for the Implementation of the Strategy of Actions in the Five Priority Areas of Development in the Year of Supporting Active Entrepreneurship, Innovative Ideas and Technologies", by the President of the Republic of Uzbekistan Decree No. PF-5975 dated March 26, 2020, "On measures to fundamentally update the state policy on economic development and poverty reduction", "On the activities of the Ministry of Economic Development and Poverty Alleviation of the Republic of Uzbekistan and its system organizations on organization" No. PQ-4653 dated March 26, 2020, "Improving the system of attracting the population to entrepreneurship and developing entrepreneurship on additional measures" Resolution No. PQ-4862 of October 13, 2020, "On effective organization of the activities of the entrepreneurship development agency under the Ministry of Economic

Development and Poverty Reduction of the Republic of Uzbekistan Among them are normative documents such as the decision of the Cabinet of Ministers of the Republic of Uzbekistan on February 17, 2021. The purpose of adopting these documents is to develop business activities, to create favorable conditions for the creation and development of new entrepreneurs, to help increase the potential and efficiency of the innovative system, and to create a regulatory, financial and informational environment favorable for innovation. It is also to increase competitiveness and productivity in the industry, to encourage the increase of the share of high-tech products, to increase production and to increase the share in the structure of production and export, to expand the use of innovative technologies and advanced management.

The development of small innovative businesses in the industrial, scientific, and educational sector plays a crucial role in the economic growth and technological advancement of Uzbekistan. This article aims to provide a scientific perspective on the challenges, opportunities, and strategies for fostering the growth of small innovative businesses in these sectors.

Research methodology.

The aim of the research work is to help increase the potential and efficiency of the system through the 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 of the share of high-tech products, to increase the production and 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.

Analysis of literature on the topic

According to some authors, there is both a traditional economy and a new economy that is developing on a different basis. In our opinion, it is appropriate to use the positive aspects of both of these models without opposing them, because it shows that a new one is gradually developing at the core of the traditional economy. Indeed, it is true that innovation has become a factor of production in the modern world. It is known that traditionally there are three factors of production: land, labor and capital. They were first analyzed by JB Sey. [5,6] Currently, these factors usually include the ability of entrepreneurs and, according to some authors, the information factor, thus emphasizing the role of information in economic development. In our opinion, it would be more correct to replace entrepreneurial opportunities with innovation or to connect both new factors with traditional factors. Currently, by studying the factors of production, the analysis is carried out more deeply and each factor is broken down. Land or natural factors are factors that do not provide long-term competitive advantages when used as the basis of entrepreneurship. In addition, many types of natural resources are non-renewable and can be exhausted after some time. On the other hand, the innovative factor is practically inexhaustible and it creates innovations that can be introduced into production; their expansion can ensure long-term competitiveness, because it is currently based on new, SJIF 2023:5.971 License type supported CC: Attribution 4.0 International (CC BY 4.0) 14 especially developed factors. In fact, such a point of view cannot be called "absolutely new". Analyzing the factors of production mentioned above, "Sey" emphasizes the role of the entrepreneur, because he coordinates the following factors of production: land, capital and labor, as well as the labor factor, which he used very widely,

including not only labor, but also took into account scientific conclusions and knowledge necessary for product production and organization of production. English scientist GA Hobson expressed this idea more vividly and included creative abilities in the factors of production. [10,11,12,13,14] Analyzing the part of the economic system where new products appear, new markets appear, and new technologies are introduced, he called it "progressive production field" he called. Now we call it the innovation economy. Of course, in the course of studying such a phenomenon as innovation, one should not forget the names of two scientists, that is, N. Kondratiev and the Austrian JAS Schumpeter. It was Schumpeter who first defined the concept of innovation in his study "Theory of Economic Development". [15,16,17,18,19] He interpreted innovation as a scientific and organizational combination of existing production factors aimed at solving commercial problems. Schumpeter directly noticed the source of development of economic systems in innovations. Because specific content innovation is change, they point out five typical changes: 1. Provision of new technologies, new technological processes or new production markets; 2. Introduction of products with new features; 3. Use of new raw materials; 4. Changes in production organization and material and technical support of production; 5. Emergence of new markets. In addition, he used the concept of innovation and explained it as changes, the purpose of which is to introduce and use new types of consumer goods, new production and means of transport in the form of new production organization. When describing innovation, Schumpeter always emphasized the role of the entrepreneur in this process, because it is the entrepreneur who is the driving force, implements new inventions and receives the profit as a reward. Not all inventions become innovations. Innovations are inventions that bring profit and satisfy market demand. In other words, thanks to science, an idea that can be implemented appears, and the next step is the commercialization of this idea, which turns the invention into an innovation, which brings income. It says: If science is the process of converting money into knowledge, "Economics and Innovative Technologies", innovation is the process of converting knowledge into money with added value. Kondratiev justified the idea that economic cycles (waves) have different lengths: long - 48-55 years, medium - 7-11 years and short - 3-3.5 years. His most important contribution is related to the study of long waves. To support his theory, he analyzed a large amount of factual material covering the four most developed countries - Great Britain, France, Germany and the United States. The studies conducted were related to the dynamics of prices, interest rates, wages, foreign trade volume and the dynamics of basic industrial goods. The time period under analysis was extended to 140 years. Research has confirmed the existence of long waves and science, its discoveries, the SJIF 2023:5.971 License type supported CC: Attribution 4.0 International (CC BY 4.0) 15 uneven development of science and technology, innovations, etc. have been noted as one of the reasons (Kondratiev N. (1925)). [18,19,22] Kondratiev discovered empirical patterns associated with long waves. Before the development of the wave and at its beginning, deep changes occur in the economic life of society associated with important changes in technology (important technological discoveries and inventions took place). He considered scientific and technical innovations to be the main factor. Innovation creates excitement by changing the economic environment from its trend to an upward trend. Kondratiev also showed that innovations are unevenly distributed over time. They appear in groups or, in modern language, clusters. Therefore, in the study of Kondratiev, we can find one of the first examples of the use of the cluster approach. Currently, Kondratiev's recommendations can be used in the development of

innovative strategies. [20,21,22,23,24,25] The role of technological cycles is manifested in the development of the economy and society, which, on the one hand, increases the mass of capital production, and also increases its technological level. On the other hand, the skill level of the workforce and management will increase due to improved education and skills. Over time, with the achievement of a high technological level of production, the innovative characteristics of the labor force are the characteristics that grow the fastest, because the skilled labor force not only absorbs new technologies faster and uses them more efficiently, but also creates these technologies in production. Schumpeter JA in his "Business Cycles" (1939) combined N. Kondratiev's long wave theory with his innovation theory, resulting in the first cyclical theory of development.[12,20,21] According to him, the cyclical development of the economy is mainly related to the internal mechanism of the system, and it is an innovative process. Research methodology The article uses methods of scientific abstraction, analysis and synthesis, induction and deduction. The data of this research is taken from official sources and the economy of well-known economists in development of innovation The study of innovative entrepreneurship was achieved based on the comparative analysis of scientific and theoretical views on the role of b, summarizing foreign experiences and the results obtained in our country.

Analysis and results

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, starting their scientific research in new high-tech directions? Apparently, this is very problematic. However, this prevents these countries, especially in our country, from using the technologies created by other countries and using them in the development of their economy, trying to surpass 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, SJIF 2023:5.971 License type supported CC: Attribution 4.0 International (CC BY 4.0) 16 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.

Importance of Small Innovative Businesses.

1. Small innovative businesses contribute to job creation, economic diversification, and technological progress [10]. Uzbekistan has been making efforts to foster the development of small innovative businesses in various sectors, including the industrial, scientific, and educational sectors. The government has recognized the importance of entrepreneurship and innovation in driving economic growth and diversification. In recent years, Uzbekistan has implemented several initiatives to support small innovative businesses.

Here are some key developments in each sector:

Industrial Sector:

In terms of industrial innovation, the government has implemented various measures to support small businesses. This includes simplifying administrative procedures, reducing bureaucratic barriers, and providing financial incentives such as tax breaks and grants. Uzbekistan has also established technology parks and business incubators to foster innovation and provide infrastructure and support services to startups and small businesses. These initiatives have helped create an ecosystem that encourages the development of small businesses in the industrial sector. Special Economic Zones (SEZs): Uzbekistan has established several SEZs, such as Navoi, Angren, and Jizzakh, which provide favorable conditions for small businesses. These zones offer tax incentives, simplified administrative procedures, and infrastructure support to attract investments and stimulate innovation in manufacturing and industrial activities.

Technoparks:

Technoparks have been set up in Tashkent and other major cities to facilitate the growth of small innovative businesses. These technoparks provide infrastructure, research and development (R&D) facilities, and access to funding and mentoring for startups in the industrial sector.

Scientific Sector:

In the scientific sector, Uzbekistan has been investing in research and development (R&D) activities to promote innovation. The government has increased funding for scientific projects and established partnerships between research institutions and businesses. These collaborations aim to facilitate the transfer of scientific knowledge and technologies into commercial applications, benefiting small businesses in the process. Additionally, Uzbekistan has been actively participating in international scientific and technological cooperation, which provides further opportunities for small businesses to access global networks and markets. Research and Development Support: The Uzbek government has increased funding for scientific research and development activities. Grants and funding programs have been introduced to encourage collaboration between universities, research institutions, and small businesses. These initiatives aim to promote innovation and commercialization of scientific

knowledge. Technology Transfer Offices: Technology Transfer Offices have been established in universities and research institutions to facilitate the transfer of technology and knowledge from academia to small businesses. These offices provide assistance in intellectual property protection, licensing, and commercialization of research outcomes.

Educational Sector:

Incubation Centers: Incubation centers have been established in universities and educational institutions to support student entrepreneurship and innovation. These centers offer mentorship, training programs, and access to resources and networks to help students turn their ideas into viable businesses.

Startup Competitions and Funding: The government and private organizations organize startup competitions and provide funding opportunities for innovative projects in the educational sector. These initiatives encourage students and researchers to develop their entrepreneurial skills and launch their own ventures.

In addition to these sector-specific initiatives, the government has taken steps to improve the overall business environment in Uzbekistan. This includes simplifying business registration procedures, reducing bureaucratic barriers, and implementing policies to protect intellectual property rights.

It's important to note that the information provided is based on the knowledge available up until September 2021, and there may have been further developments since then. To get the most up-to-date and detailed information on the current state of small innovative businesses in Uzbekistan, it is recommended to consult official government sources and relevant stakeholders in the country. While significant progress has been made in developing small innovative businesses in Uzbekistan, there are still challenges that need to be addressed. These include access to financing, improving the business environment, enhancing the availability of skilled talent, and fostering collaboration between academia, industry, and government. In the educational sector, Uzbekistan has been focusing on promoting entrepreneurship and innovation among students and researchers. Entrepreneurship education programs have been introduced in universities and vocational schools to develop the necessary skills and mindset for starting and managing innovative businesses. The government has also supported the establishment of technology transfer offices in universities to facilitate the commercialization of research outcomes and the creation of spin-off companies. The government's efforts to promote small innovative businesses in the industrial, scientific, and educational sector have created a more supportive ecosystem for entrepreneurship and innovation in Uzbekistan. With continued investment and support, small businesses in these sectors can play a significant role in driving economic growth and technological advancement in the country.

Furthermore, Uzbekistan has been working to improve intellectual property rights (IPR) protection and enforcement. Strengthening IPR laws and regulations provides a secure environment for small businesses to invest in innovation, as it safeguards their intellectual assets and encourages them to develop and commercialize new ideas.

Conclusions and suggestions.

In conclusion, in modern enterprises engaged in innovative entrepreneurship and using foreign experience in the production process and introducing innovations, wages are 2-3 times higher than traditional enterprises, productivity is 2 double increase, especially the quality and well-being of workers' living standards 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;
- worker inability of x people to absorb news quickly; ➤ 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 also 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 funding scientific research, which will give an impetus to increase the effectiveness 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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