



## **The Role of Innovation In the Economy of Uzbekistan**

**Khashimova Naima Abitovna**

Doctor of economics, professor

**Buranova Manzura Abdukadirovna**

Candidate of Economics, Associate Professor

Tashkent State University of Economics

Alfraganus University

**Abstract:** This article analyzes the fact that innovation is becoming one of the most characteristic features of economic development and is a factor that accelerates market development. Also, proposals and recommendations are given that rapid development of entrepreneurship can be achieved through the wide use of innovations in the modern world.

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

*Date of Submission: 05-11-2023*

*Date of Acceptance: 15-12-2023*

### **Introduction:**

Innovation activity is a complex process that requires the participation of many participants, and such complexity is related to the concept of the national innovation system. The concept of the national innovation system was proposed by the British economist Christopher Freeman in the 80s of the 20th century, and according to him, "the national innovation system is a network of private and public organizations and institutions, which, as a result of their activities and interactions, create new technologies are created, imported and updated and distributed."

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 positive attitude and support to innovative processes.

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 radically update the state policy on economic development and poverty reduction", "Organization of the Ministry of Economic Development and Poverty Alleviation of the Republic of Uzbekistan and its system organizations" on" No. PQ-4653 of March 26, 2020, "On additional measures to improve the system of attracting the population to entrepreneurship and development of entrepreneurship" No. PQ-4862 of October 13, 2020, Among these are normative documents, such as the decision of the Cabinet of Ministers of the Republic of Uzbekistan dated February 17, 2021 "On the effective organization of the activities of the entrepreneurship development agency under the Ministry of Economic Development and Poverty Alleviation of the Republic of Uzbekistan." The purpose of adopting these documents is to create favorable conditions for the development of entrepreneurial activities, the creation and development of new entrepreneurs, to help increase the potential and efficiency of the innovation system, and to create a regulatory, legal, 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 application of innovative technologies and advanced management. The purpose of the research work is to help increase the potential and efficiency of the system through innovative development of the economy, 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 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.

Emerging online exchange platforms have reshaped traditional businesses by enabling buyers and sellers to interact and trade in innovative ways. The benefits of the sharing economy include optimizing business-to-business interactions by reducing transaction costs, inefficiencies, and search costs in addition to payment tools. These platforms are marketing, finance, transportation and computer science. The sharing economy represents a network of consumers to increase social connections and ensure strong social ties. In addition, sharing requires less resources and reduces environmental impact. However, in sharing economy platforms, one of the pressing strategic challenges is to develop customer loyalty in a changing environment. Recent advances in digital technologies have accelerated the pace of service innovation fueling fierce competition in the digital services market.

The literature in the context of business-to-customer (B2C) exchange emphasizes that new technologies such as Big Data Analytics (BDA), Artificial Intelligence (AI) and Blockchain Technology (BT) enable exchange platforms to offer high-level innovative services, quality, wide variety and highly personalized resulting in customer engagement and profit. However, due to some considerations, these conclusions may not be sufficient to formulate the relationship between digital technologies and customer loyalty in the context of sharing platforms. First, the unit cost of acquiring new customers is relatively lower than retaining customers. Thus, expanding the established customer base is not enough to gain a competitive advantage by maintaining and expanding the loyal customer base. Moreover, managing customer loyalty in the B2B context is fundamentally different from the

B2C context, as it is a different relationship that needs to be carefully studied. and behavioral factors emerge. Therefore, there is a need for sharing economy platforms to understand the relationship between digital adoption and customer loyalty in a B2B context.

An important mechanism forming the link between digital adoption and customer loyalty is the emergence of a new era of word-of-mouth, called eWOM. eWOM is defined as digital communication between customers about the features of a product or service. In the context of B2B exchanges, customers are business representatives driven by the behavior of various agencies. In addition, because the digital platform in the B2B context is not integrated into the social and personal structure of customers, the impact of advanced digital technologies will be different for individual customers. Therefore, digital technologies can potentially lead to more subtle effects on eWOM and customer loyalty in the context of B2B exchanges.

A B2B customer is more concerned with a strategic approach to digital technology than an individual customer who focuses primarily on emotional aspects. Digital technology management must include a number of strategies whose impact goes beyond the satisfaction of the individual customer and encompasses the entire customer organization. The current study makes a number of contributions. First, we extend the existing literature on the collaborative economy by examining actual customer behavior in a B2B context and the interaction of strategic management of digital technology adoption. Second, we apply several new methodological approaches to studying the sharing economy, including a comprehensive measure of eWOM and customer loyalty, developing a suitable analysis framework for assessing digital adoption in the context of B2B sharing, and better controlling for customer heterogeneity in outcome evaluations. DID matching raters to do. These methods reduce bias due to client self-selection and reverse causation.

### MAIN MACROECONOMIC INDICATORS OF UZBEKISTAN FOR JANUARY–SEPTEMBER 2023



According to the Statistics Agency, Uzbekistan's gross domestic product (GDP) grew by 5.8%, which is slightly less than the growth rate for the same period of the previous year (6.2%)<sup>1</sup>. Despite

<sup>1</sup> Infographics: Development of the economy of Uzbekistan in January–September 2023 - Review.uz <https://review.uz/en/post/infografika-razvitie-ekonomiki-uzbekistana-v-yanvare-sentyabre-2023-g>

the persistence of geopolitical instability affecting the global economy, in general, a favorable economic environment was developing in the main trading partner countries. In Kazakhstan, GDP grew by 4.7% in 9 months, in Kyrgyzstan by 4.2%. According to the estimates of the Ministry of Economic Development of the Russian Federation, Russia's GDP in January-August increased by 2.5% compared to the same period of the previous year.

Inflation in Uzbekistan is slowing down. In January-September, prices increased by 5.1%, which is lower than in the same periods in the previous 5 years. Food inflation for the period under review slowed down to 5.6% (for 9 months of 2022 – 10%). Prices for non-food products increased by 4.8% (7.9% for the same period in 2022), services by 4.7% (4.8%).

The growth of investments in fixed assets increased significantly from 3.3% in 9 months of 2022 to 11.8% in the same period of 2023. Double-digit growth dynamics is observed for non-centralized investments - an increase of 13.6% in January-September of this year. In particular, high growth rates are noted for attracting foreign direct investment and loans – 16.3% (at the same time, the volume of foreign direct investment increased by 47%), due to loans from commercial banks – 27%. Investments at the expense of the population also increased by 10.6%.

Centralized investments increased by 1.3% due to a 23.5% increase in government-guaranteed loans this year. The share of non-centralized investments continues to increase – 86.9% (in January-September 2022 - 85.5%). During the period under review, all sectors of the economy showed an increase in production.

Agriculture is growing at a faster pace – 4.1% for 9 months of this year, against a 3.6% growth in January-September 2022. Crop production, livestock and forestry accelerated, while fisheries production slowed slightly – 10.9% (in January-September 2022 – 18.1%). The industry grew by 5.7% in 9 months of 2023, which is higher than in January-September 2022 - 5.3%. The main driver is the manufacturing industry, which showed an increase of 6.4% (5.4% in 9 months of 2022), and the production of the water supply, waste collection and disposal sector also increased. The extractive sector, although there is an increase of 0.4%, but it is lower than last year (1.1%). In the electricity, gas supply and air conditioning sector, the growth rate slowed from 14.7% in January-September 2022 to 8.9% in 9 months of this year.

It is also necessary to note the slowdown in the growth of consumer goods production from 27% in 9 months of 2022 to 7.7% for the same period in 2023. There is a slight slowdown in the dynamics in the construction sector this year. So, if for 9 months of 2022 the growth was 6.6%, then in January-September 2023 it slowed down to 5.6%.

During the period under review, the volume of market services provided increased by 12.1% (in January-September 2022 – 15.4%). Growth is observed in all sectors. In particular, information and communication services showed the highest growth rates – 24.8%, education – 23.5%, financial services – 18.2%, accommodation and catering services – 10.9%, real estate transactions – 10.2%. The volume of transport services increased by 7.3%. The growth rates of cargo turnover and passenger turnover have slowed down.

The volume of retail turnover increased by 7%, but this is lower than in the same period last year – 10.8%. The volume of foreign trade in January-September 2023 increased by 22.1% to \$44.8 billion. Despite the significant growth, this is less than in the same period last year – 29.4%. Export increased by 23.5% to \$17.7 billion, import by 21% to \$27 billion. The export growth is due to an increase in the supply of gold abroad by almost 90%, as well as machinery and transport equipment by 44%, services by 21%, finished products by 20%, food products by 19%. At the same time, Uzbekistan has

increased imports of machinery and transport equipment by 45%, fuel products by 45%, finished products by 14%, chemical products by 14%.

Summarizing the results of scientific research, it is worth noting that new information and technology management models provide an opportunity to quickly respond to the emerging problems and requests of the XXI century. This is seen as an absolute success factor from the point of view of the country's competitiveness. From this point of view, the formation of the local digital economy is one of the conditions for innovative breakthrough. It is a set of organizational, economic, technological and other activities carried out in the field of information and communication that create a favorable innovation environment. Activation of innovative development is the most important condition for better and more efficient development of the economy. From this point of view, digitization of the state will be of great importance.

## REFERENCE

1. Decree of the President of the Republic of Uzbekistan No. PF5544 of September 21, 2018 "On approval of the innovative development strategy of the Republic of Uzbekistan" in 2019-2021.
2. Sh.M. Mirziyoyev. Critical analysis, strict discipline and personal responsibility should be the daily rule of every leader's activity. The report of the President of the Republic of Uzbekistan at the extended meeting of the Cabinet of Ministers on the main results of the social and economic development of our country in 2016 and the most important priorities of the economic program for 2017. People's word. 15.01.2017
3. Abduvaliyev A.A. Theoretical foundations of cluster models in the formation of the market of innovative services under the conditions of globalization. T.: LESSON PRESS. 2015. -3116 pp. 10-14.
4. Abduvaliyev A.A. Theoretical foundations of formation and development of innovative clusters in the national economy//Economy and education. T. 2017. #2.B73.
5. N.A. Khashimova The Essence of the Investment Potential and Patterns of the Investment Fields in the Economy N.A. Hashimova 2019 International Social Sciences Conference organized jointly by Ankara Center for Thought and Research 167-168 ISTANBUL
6. Tursunkhodjaev M. L. Implementation of Innovative Activity in Uzbekistan as a Development Factor of the Enterprise. Journal of Marketing and Emerging Economics | e-ISSN: 2792-4009 | www.openaccessjournals.eu | Volume: 3 Issue: 2
7. Essence Of Investment Potential And Patterns Of Investment Fields In The Economy N. Khashimova, B. Tillaeva, B. Razzakova 2020/2 INTERNATIONAL JOURNAL OF SCIENTIFIC & TECHNOLOGY RESEARCH No. 9 6054-6056
8. Ensuring Employment of the Population is a Pledge of Effective Use of the Labor Potential of the Country N.A. Khashimova, M. Buranova 2019/6 International Journal of Advanced Research in Science, Engineering and Technology No. 6
9. Improving mechanisms for generating investment potential in order to ensure sustainable economic growth N.A. Hashimova 2019 Jamiyat va Boshkaruv No. 2 38-50 Tashkent
10. PRIORITY AREAS FOR THE DEVELOPMENT OF INVESTMENT POTENTIAL OF UZBEKISTAN N.A. Khashimova, M. Abdurashidova M. Buranova 2020/4 International Journal of Psychosocial Rehabilitation
11. Buranova M. A. The Role of Innovation in Economic and Social Development. BEST JOURNAL OF INNOVATION IN SCIENCE, RESEARCH AND DEVELOPMENT



RESEARCH AND DEVELOPMENT [www.bjisrd.com](http://www.bjisrd.com) ISSN: 2835-3579 Volume:2 Issue:6|2023

12. Buranova M. A. „Analysis of the Green Economy of Developed Countries and the Green Economy of Uzbekistan. Volume 2 Issue 6, Year 2023 ISSN: 2835-3048 <https://univerpubl.com/index.php/semantic>
13. Buranova M. A., INFLATION AND THE FIGHT AGAINST IT. Volume: 03 Issue: 06 | Jun-2023 ISSN: 2181-2624 [www.sciencebox.uz](http://www.sciencebox.uz)
14. Buranova M. A., Counterclaims and Payments in International Investment Arbitration Vital Annex: International Journal of Novel Research in Advanced Sciences (IJNRAS) Volume: 02 Issue: 06 | 2023 ISSN: 2751-756X <http://innosci.org>