

UDC 2964

The role of innovation and entrepreneurship in economic development

Tagaev B., head of the "Regional Economy and Management" department, associate professor,

Yusufova B., student

*National University of Uzbekistan named after Mirzo Ulugbek
Tashkent, Uzbekistan*

Abstract:

Innovations and entrepreneurship that are considered important today and their role in the development of the economy, their positive results for society and companies, what needs to be done to develop and further expand innovation and entrepreneurship, and modern innovations are discussed today.

A number of categories are important for the organization of the economy, its sustainable development and stability. Including innovation, entrepreneurship, marketing, management, etc. The most important of these are innovation and entrepreneurship. Today, the role of innovations in economic development is important, and many countries are achieving rapid development of entrepreneurship through their effective use. Every country is trying to increase the standard and quality of life of the population by supporting and encouraging active entrepreneurship, introducing innovative ideas and modern technologies for the sustainable growth of its economy. Innovation brings many new technologies to the economy by producing new technologies, products and services. As a result, labor productivity and efficiency will increase, competitiveness will increase, new jobs will be created, and economic growth will be stimulated.

Innovation is a result implemented to improve the efficiency of a process or to improve the quality of a product required by the market. Entrepreneurship is important in the implementation and testing of innovations. For example, startups and new businesses are created and implemented based on new ideas. As a result, new sectors in the economy begin to form. Entrepreneurs bring innovative ideas to the market, expand them, and intensify economic activity. In addition, the support of the state policy is also an important factor in the further development of innovation and

entrepreneurship. Measures such as investment in education and research support economic growth. Today, innovation and entrepreneurship are considered a new source of economic growth and further development, and are considered one of the main means of creating competitive and modern economic systems. In particular, many reforms are being implemented in Uzbekistan to further develop innovations. For example, in 2020, the Law of the Republic of Uzbekistan "On Innovative Activities" was adopted. In this law, innovation is defined as follows: "Innovation is a new development introduced into civil circulation or used for personal needs, the use of which in practice ensures the achievement of great socio-economic benefits" [1]. In addition, the 51st goal of the Development Strategy for 2022-2026 defines the task of providing an innovative environment in the country. In it, it is intended to master the production technologies of innovative products that are cheaper than existing analogues by up to 50 percent and create 2-3 times higher added value compared to the price of raw materials in the districts that are being transformed into innovative regions. Including, in the development strategy of New Uzbekistan for 2022-2026, the task is set to implement a total of 195 projects with a total cost of 165.9 billion soums [2].

Today, innovative technologies used by the private sector can be seen in the development of society. For example, artificial intelligence and automation, blockchain and cryptocurrencies, green technologies, fintech, 5G and IoT (Internet of Things) and biotechnology and genetics. These innovations are the main factors accelerating changes and developments in today's economy, while these innovations are creating new opportunities in many areas. Let's talk about each of them, the first is that artificial intelligence is making light in many fields today. For example, in the medical field, it is widely used in diagnostics, improving user experience, and accelerating and automating business processes, and it is becoming more popular day by day. Nowadays, you can find people from all over the world using artificial intelligence. Most of them are young people.

The main results of blockchain and cryptocurrencies were seen in the mix. Blockchain technology is used to improve the financial system, ensure its transparency and security. Blockchain-based systems like cryptocurrencies have made transactions faster and simpler. Blockchain technology is widely used in the world to strengthen supply chains and store information. Our next innovation is biotechnology and genetics. Innovations of this type greatly contribute to the creation of new drugs and the

acceleration of new treatment processes through the development of genetic engineering and biotechnology. If every sector in the country develops well, this country will achieve sustainable development. That is why it is necessary to pay special attention to each branch and create sufficient conditions for their development.

Through innovative technologies, it provides an opportunity to optimize the use of limited resources necessary for the economy and increase efficiency in business and production processes. Having modern innovations helps to speed up production processes and reduce costs significantly. In addition, with their help, it is possible to develop competition in market relations as a result of the production of technological innovations and new types of products. It is also worth noting that the use of innovation is also necessary in data analytics. Because every company has a better understanding of consumer needs through data analysis. As a result, if the products needed for the market conditions are produced, it will contribute to the growth and development of the country's economy. From all of the above, it can be understood that innovation is an integral part of society and economy.

Also, the role of entrepreneurship is very important for the growth and development of the economy and is one of the main driving forces of the multifaceted economy. Entrepreneurship is an independent activity in which entrepreneurs can own property, sell products and make a profit. Entrepreneurs are also benefiting by bringing new ideas to life, creating new markets, and providing innovative products or services to further revitalize the economy. That is, if there are sufficient conditions for doing business in the country, the number of entrepreneurs in our country will increase. As we can see from the table 1 that the share of small business was 51.2% in GDP, 94,8 % in agriculture, forestry and fishing, 91.6% in passenger transport, 83,8 % in retail trade, 74.7% in construction.

Table 1 – Main indicators of small business entities, 2022-2023 years [3]

| Small business shares | Unit of measurement | 2022 year | 2023 year | (+;-) |
|---|---------------------|-----------|-----------|-------|
| Share of small business entities in GDP | | 51,6 | 51,2 | -0,4 |

| | | | | |
|---|------|---------|---------|----------|
| Active small enterprises and micro-firms the number | Unit | 523 556 | 417 080 | -106 476 |
| Create a new one | Unit | 90 177 | 86 030 | -4 147 |
| GDP | % | 51,6 | 51,2 | -0,4 |
| Industry | % | 26,0 | 26,9 | 0,9 |
| Village, forest and fishing farm | % | 94,8 | 94,8 | - |
| Investment | % | 47,9 | 51,4 | 3,5 |
| Construction | % | 71,5 | 74,7 | 3,2 |
| Retail trade | % | 84,7 | 83,8 | -0,9 |
| Services | % | 49,4 | 47,7 | -1,7 |
| Trucking | % | 47,4 | 50,8 | 3,4 |
| Cargo turnover | % | 72,4 | 73,5 | 1,1 |
| Passenger transport | % | 92,4 | 91,6 | -0,8 |
| Export | % | 31,2 | 29,0 | -2,2 |
| Import | % | 49,5 | 50,7 | 1,2 |

In addition, entrepreneurs are developing new products and services, bringing innovations and new goods to the economy, creating a competitive environment in our country. It is also possible to create new markets or expand existing markets through entrepreneurial activities. As a result of this process, the volume of production in the national economy will increase, and the export potential will increase. Through entrepreneurs, a good amount of money comes to the country's budget through taxes. In this way, they help finance social programs, infrastructure projects, and public policies. At the same time, exporting businessmen are also involved in increasing foreign exchange reserves of our country. Also, entrepreneurship contributes to the creation of new jobs in the economy of our country, stimulation of innovations, expansion of the market, economic

stability of our country, strengthening of technological progress and competition, social development and improvement of infrastructure. Technological progress also develops through entrepreneurship. Entrepreneurs compete with each other and try to bring the best product to the market. This process creates technological progress and accelerates technological innovation in the economy. Among them, they strive to introduce new innovations for the economy. Needless to say, entrepreneurship also leads to social development. Many entrepreneurs are investing in social projects, education, medical and infrastructure projects in the process of expanding their business. This will help the socio-economic development of the country. One of the most important positive aspects of entrepreneurship is the creation of new jobs for the people of the country.

Entrepreneurship leads to the creation of many new business projects in society. As a result, many new jobs will be created. This is especially important for small and medium-sized businesses, which are now the main employers in many countries. Small and medium-sized businesses can easily adapt to market conditions, so they can operate for a long time and provide employment to many people. In general, entrepreneurship is one of the important factors of development by accelerating innovation processes in the economy, creating jobs and increasing social mobility [4].

As for proposals to increase the role of innovation and entrepreneurship in the development of the economy, I think it would be appropriate to implement a number of strategic measures to improve innovation and entrepreneurship.

First, strengthening the education system. It is possible to develop entrepreneurial skills among young people by expanding practical education and introducing entrepreneurial skills in schools and universities. It is important to introduce training programs that provide practical knowledge and skills to support innovation and entrepreneurship among young people by expanding practical education. Through this, the interest and passion for entrepreneurship among young people will increase, and the opportunity to attract them to entrepreneurship will increase.

Secondly, it is necessary to improve financial support mechanisms, allocate grants and subsidies for startups, and strengthen relations with investors. Increases opportunities to support innovation environment and entrepreneurship by establishing relationships with venture capital funds, angel investors and private investors as key investors.

Thirdly, in order to further develop the economy, it is necessary to create a competitive environment in our country, improve legislation, and create industrial clusters. In this regard, it is necessary to use simplified tax systems and state procedures in order to create favorable conditions for young people and young people who have just started entrepreneurship in our country by improving the legislation. Most importantly, tax breaks and subsidies can be introduced for startups.

Fourth, it is possible to develop digital technologies by developing technological infrastructure, establishing technology parks and incubators, and expanding digital infrastructure. As a result, the expansion of Internet networks and the increase of digital services created favorable conditions for the development of entrepreneurs and the economy. Also, creating an innovative ecosystem in our country, developing a culture of open innovation, and strengthening international cooperation are also important in the development of the economy. Because it is necessary to introduce an open innovation model to increase innovation through the development of open innovation and culture, that is, entrepreneurs, enterprises and scientific institutions can unite to create new products by sharing information and technology. It is necessary to strengthen international cooperation, to develop international cooperation that helps to develop entrepreneurship and innovation by attracting foreign technologies and experiences. International forums, conferences and technology cooperation programs can help these processes. In addition, it is necessary to invest in scientific-research and experimental developments, allocate funds to scientific-research institutes, and expand cooperation with higher educational institutions. Because R&D is important in creating innovative technologies by allocating funds to R&D institutions. Therefore, it provides an opportunity to accelerate technological processes by allocating funds from the public and private sectors.

Fifth, social support of entrepreneurship, expansion of mentoring and training programs, improvement of entrepreneurship culture also serve as an important support in economic development. Because it is important to share experience and knowledge in the field of entrepreneurship through mentoring and expanding training programs. Especially for young entrepreneurs entering the market today, mentoring and consulting programs can improve their knowledge and skills. Enhancing the entrepreneurial culture, engaging young people in various platforms in the media,

education and society to further develop entrepreneurship and innovation will serve to implement new ideas through them. These offerings help foster innovation and entrepreneurship, create a strong ecosystem, and contribute to long-term economic growth.

To sum up, entrepreneurship is an important element of the market economy. Therefore, it is impossible to solve the problem of creating competition and solving the problem of employment without it. Through entrepreneurship, it is possible to positively solve the problem of unemployment of the population of the society, to form a middle class in the country. As a result, it becomes an important factor in the country's socio-economic stability. If we talk about innovations, their creation and implementation is related to entrepreneurship. Entrepreneurship is a major part of every country's GDP in today's modern economy. As a result of the increase of entrepreneurs in the market economy, the assortment of goods in the consumer markets increases, their quality and development increases. Entrepreneurship serves not only as a basis for the development of society, but also as an important factor for the practical realization of each person's abilities and talents. Entrepreneurship and innovation have their place for economic development.

List of sources used

1. Development strategy of New Uzbekistan for 2022–2026.
2. Law of the Republic of Uzbekistan «On Innovative Activities». July 24, 2020.
3. Socio-economic situation of the Republic of Uzbekistan – 2023. Statistics Agency under the President of the Republic of Uzbekistan.
4. Тагаев, Б. Э. Развитие предпринимательства – основной инструмент обеспечения занятости населения/ Экономика и финансы. Узбекистан, 2019. – С. 74–80.