

**PROBLEMS OF EFFECTIVE USE OF INNOVATIONS IN THE DEVELOPMENT OF ACTIVITIES OF SMALL BUSINESS ENTITIES****Rustamov Alisher Raxmataliyevich**

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Abstract: This article describes the problems of effective use of innovations in the development of small business entities and the scientific proposal and practical recommendations aimed at the effective use of innovations in the development of small business entities.

Key words: Small business, market economy, development of entrepreneurship, use of innovations

In the conditions of modern development of society, high-quality technologies play an increasingly important role, so many countries pay attention to the innovative component of economic growth. At the same time, small business is considered as an important and complete market subject, on the basis of which innovations are carried out. Activation of innovative activities of small enterprises in the conditions of the market economy is primarily related to the search for sources and forms of investments that should ensure a balance between innovation costs and financial opportunities, in addition, this problem deepens the global processes of globalization and competition.

The practice of the countries of the transformation period shows the passivity of the Namangan region in the implementation of strategic tasks of innovative development. However, today, in order to achieve the development indicators of the leading countries, which are the defining goals of the internal economic and foreign policy of our country, and to become an equal participant in the World Trade Organization, the system of measures should focus on the issues of encouraging the development of innovative activities of economic entities, in particular, small business entities.

At the current stage of the development of the national economy, the participation of small business entities in the formation of innovative processes is of particular importance in the conditions of general economic recession, unsatisfactory financial condition of economic entities, volatility, limitation of financial resources and other conditions. The above-mentioned made it necessary to direct the review of some aspects of the innovative activities of small business entities in Namangan region to the development of relevant recommendations, which, in our opinion, will allow us to contribute to its more effective development, and to achieve the goal, the following main tasks should be implemented. In particular:

- to study the nature of innovations and categories of innovative activities as factors of economic growth;
- summarizing the world experience of the innovative activities of small enterprises and determining the role of small enterprises in the development of innovative processes;
- to determine the trends and characteristics of the modern stage of the development of innovative activities in small business;
- development of proposals for improvement of normative-legal, organizational-economic mechanisms of formation of innovative activity in small business entities;
- development of a system of criteria and indicators for determining the effective directions of supporting innovative activities in small business entities. In this regard, the main task of the economic policy of the Namangan region is to accelerate its growth, to achieve stable competitiveness in the world market by exporting high-tech products in its general structure, to gradually ensure the



necessary pace of import substitution, and to further develop an innovative model in order to use all resources rationally.

In this regard, there was a need to activate innovative activities in enterprises that occupy a special place in countries with a market economy, in particular, in enterprises of small business entities. The role and importance of small business and private entrepreneurship in the transformational economy comes from the fact that it is a separate branch of the economy that forms the basis of small production, quickly covers costs and exercises wide freedom in choosing the market, and determines its pace. Economic development ensures that the composition and quality indicators of the gross domestic product are saturated with goods, services and additional jobs.

The development of small business and private entrepreneurship is a necessary condition for transitioning the entire economy to market principles of management, effective restructuring of production and enterprises, solving employment problems, and raising the standard of living of the population. Without the development of small entrepreneurship, it is impossible to form a middle class, that is, to create a reliable foundation of a democratic society. Small business entities have the lowest investment needs and are distinguished by the speed of capital turnover.

World experience shows that this production ensures two to three times higher efficiency of capital investments both in terms of the amount of funds and the payback period. Increasing the innovative potential of small business entities is one of the main directions of the state regulation policy of small business entities in our country. In our republic, direct support for the development of innovative products and processes by providing grants and preferential loans to enterprises, as well as consulting and information support through the network of incubator technologies is widely established.

Currently, various technological information centers, business communication centers, technology transfer promotion funds, and small business entities are working on increasing their innovative potential in our republic. Small businesses in the United States and the European Union produce up to 50% of innovative products, while these enterprises receive no more than 5-10% of the funds spent on research and development. Today, small enterprises cannot fully fulfill their role as a promoter of innovative development in the Republic of Uzbekistan, because the lack of recognition and consolidation of this function for small business entities in the current legislation hinders the determination of the relevant levers of state regulation of innovative processes.

According to official statistics, the rate of diffusion of innovative processes in local small business entities significantly lags behind the similar indicator in the local economy as a whole and in small businesses in developed countries of the world. In this regard, the main problems of the development of innovative activities of small enterprises are as follows:

- problems of a financial nature: lack of own funds of enterprises, difficulty in attracting financial resources from market sources (in particular, strict terms of lending, insufficient financial support from the state);
- problems of an organizational and communication nature: underdevelopment of the technology market, immaturity of the innovative infrastructure that should provide mediation, information, legal, expert, financial-credit and other services;
- problems in the legal basis of innovative activity: lack of conditions for establishing cooperation relations with other subjects of the innovative process;
- informational problems: lack or unavailability of systematic information about new technologies with potential for commercialization, as well as state and forecast assessments of market conditions for the sale of innovative products;



- internal production problems: lack of qualified technical and management personnel against the background of low innovation potential of the enterprise, immaturity of consulting and engineering infrastructure;

- problems of a market nature: high cost of innovations, uncertainty of innovation process conditions, high economic risk of innovative activities, long-term reimbursement of innovations, low ability to pay for domestic innovative products.

The low level of innovative activity of small business in the Republic of Uzbekistan is connected with the increase of institutional and resource problems of innovative activity, in particular: financial, organizational-legal, information and market problems. The solution to the problem of providing small innovative entrepreneurship with resources is to increase the infrastructure facilities of innovative entrepreneurship, capable of directing the flow of market resources to the implementation of innovative projects and helping to adapt the innovative products of small business entities to the market.

The experience of developed countries shows that innovative structures such as technoparks, technopolises, innovative business incubators, scientific and scientific-technological centers, which specialize in creating favorable conditions for the effective operation of small innovative enterprises that implement specific scientific and technical ideas, are operating effectively. They also create and implement innovative products, but the main purpose of such structures is to provide small innovative enterprises with temporary use of production areas, material-technical base, information networks, experimental devices and equipment, and to support them in scientific-technical, economic and legal issues. is to support with a wide range of advisory services.

Currently, the field of specific infrastructure objects of innovative activity in Namangan region does not show a high rate of development. In this regard, it should be noted that the technological parks of the Republic of Uzbekistan are practically the only effective mechanism that ensures the connection of science with production and provides a complex of infrastructure services at the expense of a separate regime for the implementation of innovative projects. However, their number does not meet the conditions of the innovative strategy of economic development.

An important institutional problem of the economy of the Republic of Uzbekistan is the lack of conditions for the integration of small business into the processes of innovative development of regional and national economic systems. This leads to the blocking of the access of small innovative enterprises, on the one hand, to economic resources, and on the other hand, to sales markets. A general problem that complicates the in-depth analysis and development of state support measures for the innovative activities of small business entities is the lack of an operational statistical base in this area.

Thus, both the State Statistics Committee and the State Committee for Regulatory Policy and Entrepreneurship mainly record the general indicators of small business development in the Republic of Uzbekistan only retrospectively, which makes it impossible to respond quickly to certain trends in the field of small business. In this sense, if we pay attention to the number of enterprises that have introduced innovations in the Republic of Uzbekistan, it can be seen that positive results are being achieved in the republic in terms of technological innovations (Table 1).

Table 1**The number of enterprises and organizations that introduced innovations in the Republic of Uzbekistan**

| Indicators | 2010 | 2015 | 2020 | 2021 | 2022 | Change in 2022 compared to 2010 (-,+) |
|------------|------|------|------|------|------|---------------------------------------|
|------------|------|------|------|------|------|---------------------------------------|



| | | | | | | |
|--|-----|-----|------|------|------|------|
| Number of enterprises and organizations: | 149 | 935 | 1217 | 1151 | 1185 | 1036 |
| technological | 145 | 894 | 1148 | 1098 | 1123 | 978 |
| marketing | 1 | 14 | 37 | 29 | 36 | 35 |
| organizational | 3 | 27 | 32 | 24 | 26 | 23 |

If we focus on the data presented in Table 1, it can be seen that a high level was reached in 2020 for all indicators. In turn, it is appropriate to consider this as a result of the attention paid to the production sectors among the measures to reduce and eliminate the effects of the pandemic that has occurred all over the world, since the decree issued by our government and other regulatory documents provide for the implementation of tasks to support the introduction of innovations in all economic sectors indicates.

According to the values of Table 1, it can be seen that in 2022, a total of 1185 enterprises introduced innovations, and 1123 of them, i.e., an increase of 978 compared to 2010, introduced technological innovations. Of course, in the remaining marketing and organizational areas, it was observed that in 2022, compared to 2010, 35 and 23 increased to 36 and 26, respectively.

Today, small business and private business entities cannot fully fulfill the role of stimulating innovative development in the Republic of Uzbekistan, due to the fact that this function for small enterprises is not recognized and consolidated in the current legislation, while the relevant levers of state regulation of innovative processes are determined.

In the Republic of Uzbekistan, the problem of attracting small enterprises to innovative activities has not been solved. According to official statistics, the rate of diffusion of innovative processes in local small businesses significantly lags behind the similar indicator in the local economy as a whole and in small businesses in developed countries of the world. It should be noted that the main problems of the development of innovative activities of small enterprises are:

- financial problems: lack of own funds of enterprises, difficulty in attracting financial resources from market sources (in particular, strict terms of lending, insufficient financial support from the state);

- organizational and communication problems: underdevelopment of the technology market; the immaturity of the innovative infrastructure that should provide mediation, information, legal, expert, financial-credit and other services; deficiencies in the legal basis of innovative activity; lack of conditions for establishing cooperative relations with other subjects of the innovation process;

- informational problems: lack or non-existence of systematic information about new technologies with potential for commercialization, as well as state and forecast assessments of market conditions for the sale of innovative products;

- internal production problems: lack of qualified technical and management personnel against the background of low innovation potential of the enterprise, immaturity of consulting and engineering infrastructure;

- problems of a market nature: high cost of innovations, uncertainty of innovation process conditions, high economic risk of innovative activities, long-term reimbursement of innovations. In this regard, in our opinion, in order to improve the innovative activity of small business entities, it is necessary to implement urgent measures to support their innovative activity:

- local market conditions of small business entities (search for raw materials, services, goods, partners, contractors, etc.); creation of a network of local information centers in the directions of the



availability of offers for free material and technical facilities (buildings, equipment, vehicles, office equipment, communication tools, etc.);

- creation of a database of information on scientific developments and inventions, etc., which can be provided for use by small business entities;

- disclosure of clearly targeted offers to encourage the introduction of innovative technologies in trade enterprises;

- development of a program for the creation of regional intellectual property markets, in which, in particular, in the field of small business, technology transfer and protection of intellectual property rights are provided, and the results of activities are used for commercial purposes; stimulating the development of intellectual activity, innovative ideas and introducing them into production processes in large enterprises;

- formation of an electronic exchange of innovations, in particular: development of regional internet portals of innovative entrepreneurship in the direction of publicizing and advertising innovative projects of small businesses focused on investment-attractive innovations. creation of a database of small enterprises in the preparation of business plans and investment projects of small enterprises in the innovative field;

- to consider the possibility of creating a venture innovation fund of the Republic of Uzbekistan with the participation of the state budget funds, which should act as a catalyst for the creation of regional venture funds with the participation of local and foreign capital.

Encouraging the active use of e-commerce plays a very important role in supporting innovative small businesses and private enterprises. Another example of applying the achievements of scientific and technical development to the development of small and medium-sized businesses is Internet technologies. Business-to-consumer e-commerce enables small businesses to increase their presence in national and global markets by eliminating barriers of time and space. This type of trade is also useful because it allows companies to significantly reduce the cost of maintaining commercial premises, salespeople's wages, and advertising costs, because in this case Internet technologies enable not only information dissemination.

Research shows that the first national programs for attracting small and medium-sized enterprises to the electronic world have appeared in the EU countries. These programs were supported by the initiatives of Chambers of Commerce, trade associations and local self-government bodies. The reduction in indirect costs resulting from the use of e-commerce tools is critical to improving the efficiency of innovative small business enterprises, whose costs require a longer payback period than that of conventional enterprises.

The implementation of the above-mentioned measures will not only help to develop the innovative activities of small business entities, but also create a basis for the formation of an intellectual economy, strengthen the competitive advantages of local businesses, and accelerate the formation of a full-fledged business. on this basis, it accelerates the formation of the middle class in the Republic of Uzbekistan.

The conducted analyzes allow to determine the important role of small innovative enterprises in the formation of the innovative model of the economy of the Republic of Uzbekistan. They can be effective intermediaries between science, production and the market. The study of world economic processes shows that the policy aimed at supporting the development of small innovative entrepreneurship provides significant balanced economic growth. State support of innovative entrepreneurship serves to realize all the opportunities available in the subjects of this branch of entrepreneurship.



Information, education and financial support for the innovative activities of small business entities are the main directions. Small innovative business plays an important role in the transition to the innovative stage of the economic development of a certain region and the entire country. It has a number of differences, among which is the interdisciplinary nature, which means that innovative business is usually not limited to some narrow network boundaries. Its strengths are manifested in innovation-oriented areas of activity related to the creation and development of new products, technologies, materials, management systems and their elements, as well as the promotion and development of new markets.

Despite the high level of risk associated with the risky nature of innovation, small businesses have a relatively high chance of entrepreneurial success compared to large businesses. Innovative entrepreneurship within the enterprise allows to effectively use the abilities of company employees to achieve the set goals and individual tasks, to find effective solutions to production problems at the level of innovation development and commercialization, as well as to evaluate the economic results of production. In conclusion, the involvement of innovative processes as one of the ways to develop small business is a promising and necessary measure in the current situation related to the state and development of small business and private business in the Republic of Uzbekistan.

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