

FACTORS AND ASPECTS OF IMPROVING THE MECHANISM OF FINANCIAL INCENTIVES FOR INNOVATIVE ACTIVITIES IN INDUSTRIAL ENTERPRISES OF THE REPUBLIC OF UZBEKISTAN

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ABSTRACT

The article examines factors and aspects for the formation and improvement of the mechanism of financial incentives for innovative activities in industrial enterprises. Therefore, one of the main customers and consumers of innovations is industry.

KEYWORDS: *Innovation Activity, Incentives, Industrial Enterprises, Financial Incentives, Efficiency, Globalization, Economic Growth.*

1. INTRODUCTION

One of the main customers and consumers of innovation in every country is industry. Industrial enterprises strive to produce and offer better and cheaper goods than their existing ones. Thanks to innovations, businesses will benefit, the state will receive tax payments, and society will prosper. However, in some cases, the desire of enterprises to innovate is much weaker. Because the transition to new equipment and technology often leads to the suspension of existing production, it is necessary to invest in the purchase of equipment and the introduction of new production, waiting for production capacity to be reached. The market may not be well received by the new product. The failure to disclose failures gives the impression that the introduction of innovations will always yield the expected results. [1]

It is known that an industrial enterprise is an open system that is connected to the external environment. It must be able to adapt to the external environment in order to be competitive and efficient. The main characteristics of the external environment are expressed in its complexity, uncertainty, mobility and interdependence of factors. The complexity of the environment is determined by the diversity of factors and the variability of each. Uncertainty depends on the amount and reliability of information on each factor. Mobility is measured by the rate at which environmental factors change. [2]

The state plays a special role in the formation of the external environment of innovative activities of the enterprise. These include subsidies, tax breaks, legal norms, customs benefits, quotas, credit policy, and more. It is also necessary to find buyers for the product, which is the result of innovative activities, to adapt to their requirements. All this affects the financing of innovative activities. A similar connection can be seen in the terms of contracts in the provision of material and technical resources for production, pricing, responsibility for the quality of resources, protection of the interests of the parties. Government regulation of these processes should also be aimed at encouraging innovation. [3]

It is important to take into account the risks associated with changes in prices for fuel, energy, raw materials, etc. in the context of environmental change in the financial incentives for innovative activities of industrial enterprises. Limited resources, including limited monetary resources, are also a limiting factor in the introduction of innovations. In other words, the mechanism of financial incentives for innovative activities should be closely linked with the concept of logistics in the implementation of innovations. [4]

2. MAIN PART

In addition to the general laws of innovative development, such development in each enterprise has its own characteristics, because:

- Innovative activity is focused on solving specific production and commercial problems;
- Some stages, such as the research stage, can be performed outside the enterprise;
- Uncertainty of the final results of innovative activities increases the role of the risk factor, which affects management decisions on the implementation of projects for the release of new products. [5]

These features have a significant impact on the period of innovation mastery. During this period, innovation affects the production process. The period of innovation mastering is divided into stages, which can be distributed both within a single enterprise and among specialized organizations. [6]

The laws of development of innovative activity in industrial enterprises, the real trends of innovative development are also reflected in the statistics. In the context of liberalization of the economy, the role of consumers in the structure of factors that stimulate innovative changes in production technologies and products in industry is changing radically. Currently, the first steps to meet the needs of the market begin with the research and development phase, which is carried out mainly in the organizations of the network, called "Science and Scientific Services". Therefore, the state and prospects of innovative activity in industry can be considered only in the light of the state of science.

Statistics show that the state of science in our country is still unsatisfactory. In particular, the poor condition of the material and technical base of scientific organizations hinders the creation of industrial innovations. The bulk of the equipment in the scientific organization has been in service for more than 20 years, particularly in the case of laboratory equipment, instruments and measuring instruments.

According to experts, the average duration of the development of new models is 2-3 years. This period, of course, is also affected by the difficulties in financing the initial stages of innovation processes. In the initial stage, the results do not yet have sufficiently clear dimensions, and market relations tend to encourage incentives based on more clearly visible results. This challenge can be overcome by government funding for research and development. However, until recently, the opportunities in this area in our country were very limited.

In the first years of independence, for some reason, the reduction of public investment in science had a negative impact on innovation. In recent years, the situation has changed radically. There is an increase in the number of government initiatives of enterprises and organizations. [7]

There is no denying that there are a number of reasons that are currently slowing down the expansion of innovative activities in industrial enterprises:

- First, the high level of obsolescence of fixed assets, including equipment in enterprises;
- Difficulties in the sale of products manufactured for technical purposes. Large buyers are state-owned enterprises whose payment discipline is not high, and private enterprises are unable to place orders in large volumes;
- The use of outdated technologies in many enterprises also narrows the scope of innovative products.

Despite the fact that these reasons are real, market relations, which are becoming more intensive due to the liberalization of the economy, are increasingly emphasizing the need for enterprises to consistently innovate:

- The enterprise that has achieved innovation, even temporarily and within certain limits, has a monopoly position on the use of innovation and begins to receive the corresponding innovation income;
- Market freedoms increase the need for innovation through the competition of technologies and production systems;
- The selection of effective innovations and innovative projects is based on the criteria of economic efficiency and economy. [8]

In a free market economy, a manufacturer is always interested in maintaining a high price for its product. Maximum profit should be made from the sale of the product. This can be achieved by constantly improving production and absorbing new consumer properties into the product.

We consider it appropriate to comment on another serious factor that has a negative impact on the expansion of innovation in industry and in a number of other sectors in general. This factor is that the quality of labor is not high, and therefore it is cheap, and there is an excess of this power. In such a situation, the use of cheap labor instead of innovative equipment and technology, which is relatively expensive, will be more economically viable. The retention of backward equipment and technology has a very negative impact on the environment for innovative activities in the industry. [9]

Another aspect of the issue is that in many cases, manufacturers will have to master the production of new products based on technology and equipment located abroad. In some cases, these technologies have been abandoned abroad. Of course, this is due to the fact that in our country there are no manufacturers and suppliers of such technologies. However, there is no denying that there are situations when it is impossible to abandon this option.

Based on the experience of economic practice in our country, the following factors hinder the rapid development of innovative activities in industrial enterprises:

- Lack of own financial resources;
- High interest rates on bank loans;
- Limited market demand for its products;
- High investment risks;
- The complexity of the procedure for obtaining loans for investment projects;
- Imperfect regulatory documents governing investment processes.

At present, innovative activities in industrial enterprises are carried out in order to solve the following tasks:

- Transition to the production of new products and expand the range;
- Improving product quality;

- Maintain its position in traditional sales markets.

At the same time, it is becoming increasingly clear that innovation should focus on the following goals:

- Achieving full compliance of the product with modern standards and regulations;
- Creation of new sales markets in the country;
- Ensuring and strengthening export-oriented production.

The following issues should not be overlooked in the implementation of innovative activities in industrial enterprises: [10]

- Achieving competitiveness in foreign markets;
- Expansion of production capacity;
- Reduction of material costs;
- Reduction of energy consumption;
- Reduction of environmental pollution;
- Improving working conditions;
- Creation of new jobs in interconnected enterprises.

When considering the industrial sector as a whole, the following factors hinder innovation in industrial enterprises:

- Lack of financial resources;
- Insufficient amount of financial support for innovative activities by the state and the imperfection of its mechanism;
- Innovative work requires large sums of money in terms of the real potential of our economy;
- Low innovative potential of enterprises;
- Legislation and regulations governing innovation are not perfect and the incentive mechanism is not strong;
- Low solvency demand for new products;
- High economic risk;
- Lack of qualified personnel;
- Lack of information about new technologies;
- Lack of information on sales markets;
- Insufficient thirst for innovation by enterprises;
- Uncertainty of the duration of the innovation process;
- Underdeveloped innovation infrastructure;
- Underdevelopment of the market of new technologies.

In developed countries, diversification of new products seeks to increase efficiency by optimally changing the scale of small-scale production of the scarce product requested by the market. The main task of innovation processes in them is the introduction of flexible modular technologies that can quickly adapt to meet demand. Of course, such demand is typical of strongly segmented markets. Our market is not so segmented. Therefore, enterprises are trying to increase profits from the capabilities of modern technologies through the production of mass standard products.

At present, great attention is paid to the innovative development of industrial enterprises. For the effective implementation of the mechanism of innovative development, the following tasks must be addressed and, accordingly, financial incentives:

- Selection and development of fundamentally new technologies in order to increase the country's export potential for consumer goods;
- Large-scale application of basic technologies based on the use of scientific and technical achievements in mass production, ensuring a significant increase in product quality, cost savings and elimination of product shortages in the domestic market;
- Consistent and abandonment of obsolete technologies in production, elimination of technological backwardness;
- Achieving changes in equipment and technology that provide large-scale resource savings;
- Pursuing an innovative policy to ensure radical change in science and technology;
- Reorganization of science on the basis of supporting innovative development in the field of science and technology;
- Integration of scientific and industrial potential of the country into world economic relations on the basis of high technology transfer.

Positive changes are observed in the development of innovative activities of industrial enterprises in these areas. Industrial enterprises are increasingly supplying the consumer market with advanced technology-based products. Small and medium-sized enterprises are developing the production of import-substituting components, and a number of enterprises are introducing Western standards of product quality. [11]

Of course, innovative activity is carried out through investment processes. Therefore, we can talk about an innovation-investment strategy in the country. This strategy is clearly targeted, consistent and comprehensive. It is aimed at solving the following tasks:

- Accelerated formation of the national science and innovation system, the central basis of which should be fundamental science, and the core of which will be scientific and innovative cycles that develop priority technologies;
- Providing free universal secondary and vocational education to all segments of the population, which will allow them to independently seek knowledge and improve their cultural level;
- Providing conditions for all interested citizens with independent scientific and innovative creative abilities to receive higher education and postgraduate education free of charge;
- Creation of various environments and infrastructure for inventions, discoveries, know-how in the domestic market, organized on the basis of legislation, with which to stimulate access to world markets.

Currently, the innovation system of the Republic of Uzbekistan consists of: [12]

- 1) Reproduction of knowledge through fundamental and scientific-practical research in the Academy of Sciences of the Republic, other academies with state status, universities;
- 2) Carrying out of applied researches and technological developments in the state scientific centers and the scientific organizations of the industry, introduction of scientific and technical results in production;
- 3) Production of competitive innovative products in industry and agriculture;
- 4) Development of the infrastructure part of the innovation system of the country;
- 5) Training of personnel for the organization and management of innovative activities.

In connection with the difficulties in the socio-economic development of our country, the development of science has also faced certain challenges. Nevertheless, the country's scientific and technological potential has significantly maintained its strength. Of course, the adequate scientific support of innovative activities of industrial enterprises is achieved

through the effective use of this potential, the structural restructuring of science.

There are three stages to address the conceptual challenges of the transition to an innovative economy and to achieve the main goal of the scientific innovation strategy: **[13]**

Phase 1 - provides for the substantiation of the system-innovation strategy and priorities for the development of science, macrotechnology and innovation, the formation of a national research and innovation system, the creation of legislative mechanisms for the development of an innovative economy. It will be necessary to increase the share of state support of targeted programs for targeted financing of innovative production to 20% of GDP, to increase the share of funding for basic science from the budget to 6.54 percent of GDP.

Phase 2 is to diversify the structure of the economy on the basis of structural and innovative movements to ensure the priority development of advanced industries and innovative technologies. This will be done on the basis of the development of the national science and innovation system and the establishment of the country's market of innovations and technologies, the formation of an investment-incentive tax system.

Phase 3 - the transition to a structurally-reproducible innovation-investment movement. It relies on the integration of scientific and innovative potential, the restoration of highly qualified personnel and scientific potential through the introduction of general higher education. Higher education will serve as a basis for the formation of the future socio-scientific community.

At present, the problems of interaction between the state and enterprises in the process of capital movement in the field of innovation are not sufficiently developed. There are issues that need to be explored in terms of the mechanism and mechanisms of this. A number of issues in the conceptual and methodological direction remain unresolved, and it is very important to justify and define the directions in the formation of the path of innovative development of the economy.

Structural and investment efforts are needed to create the conditions for the transition to an innovative economy and the development of advanced industries. To do this:

First, in accordance with the long-term priorities for the development of innovative production and services, it will be necessary to increase the market size of the product by 20-30 times and improve the structure of demand.

Second, in order to invest in the priority development of the economy and the social sphere on the basis of innovations, it is necessary to introduce state incentives for population growth and, in general, the full formation of the country's investment and financial market.

Third, based on foreign experience, the establishment of a social development fund in Uzbekistan, as in Kuwait, Sweden, Kazakhstan and other countries, should consist of individual savings of each citizen and investment in the innovative economy.

Achieving these goals requires the creation of certain socio-economic conditions and mechanisms. These are:

- 1) Ensuring the rapid development of fundamental science, the most important applied research and development;
- 2) Providing state funding for research;
- 3) Improvement of the regulatory framework of scientific, scientific-technical and innovative activities;

- 4) Rational combination of state regulation and market mechanisms;
- 5) Improvement of the system of training highly qualified scientific and engineering personnel in the field of science and technology;
- 6) Development and modernization of defense innovations;
- 7) increase the economic and innovative security of the country.

In general, Uzbekistan has the basic conditions necessary for the transition to an innovative path of economic development, the necessary elements of the national innovation system have been formed. At the same time, the involvement of private and corporate capital, as well as foreign capital in the development of innovative activities will give a strong impetus to this process. [14]

3. CONCLUSIONS AND SUGGESTIONS

Thus, the impact and changes of the above factors should be taken into account in the implementation of financial incentives for innovative activities in industrial enterprises. Prospects for the development of production are determined by the introduction of innovations. Therefore, it is necessary to build innovative potential in industrial enterprises and ensure high efficiency of innovative activities. The innovation process combines technology, science, manufacturing and entrepreneurship. Achieving the necessary results in such a harmonization requires the creation and improvement of a similar financial incentive mechanism.

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