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**SECTION 31. Economic research, finance, innovation, risk management.**

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## DEVELOPMENT OF INNOVATIVE MANAGEMENT IN UZBEKISTAN

**Abstract:** In this article, the author studied the models of economic growth in developed countries with approaches to the economic rationale for regulating innovation activities in the country, which are considered the most important factor in economic leadership and competitiveness in the modern economy. As well as commercialization, optimization and organizational management, the life cycle of innovative implementations and modern management approaches for the innovative development of Uzbekistan.

**Key words:** Uzbek, innovation, thought of management, new approaches, innovation projects.

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### INTRODUCTION

The modern socio-economic system is characterized by transition from a reproductive type of development to an innovation oriented. Merger of production and scientific and technical spheres, implemented in the XX century. These predetermined changes which allowed for the in various branches of economic activity. At the present time, the use of science-intensive products, contemporary information technologies, development and implementation innovations in all spheres of economic activity - the main factors that determine competitiveness. In this regard, the formation of innovation processes at macro and micro levels. At the same time, innovative activity is an integral part of the functioning of commercial organizations and enterprises in the country. Government always tries using existing innovation technologies and methods to update total economy. Despite the difference in strategies developed in all sectors Uzbekistan uses the most efficient strategies with the basic principles of national morality to provide productivity, profitability, effectiveness in growth, and competitiveness through continuous improvements and innovation. [1]

### URGENCY

Studying fundamental approaches about management and to discuss them by applied stages

are relevance of appearance of modern management. In spite of the collecting methodological approaches of the management system and analyzing classical viewpoint with modern development models states high level of decision making through innovation. At each enterprise or in each organization, there comes a time when it is necessary to introduce the quality management system into the overall management system. Opportunity of significant position in the existing managerial system, as well as significantly expands the spheres of influence by entering new domestic and foreign markets. Implementation of the innovation methods in sectors are directed expanding of Uzbek markets in international relations. Efficiency of business process management on the basis of a new level. [2],[3]

In order to ensure the accelerated innovative development of all sectors of the economy and social sphere on the basis of advanced foreign experience, modern achievements of world experiences tasks defined by the Strategy of Action for the five priority development directions of the Republic of Uzbekistan in 2017-2021, the Decree of the President of the Republic of Uzbekistan No. UP-5264 of November 29, 2017 "On the formation of the Ministry of Innovative Development of the Republic of Uzbekistan", as well as the Resolution of the President of the Republic of Uzbekistan No. PP-3416 dated November 30, 2017, the Ministry of Innovative



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Development of the Republic of Uzbekistan was established. In general, to achieve effective long-term impact of the above-mentioned reforms, a high-level commitment, in-depth knowledge, an extensive

support and assistance to the Government is required. [4],[5]



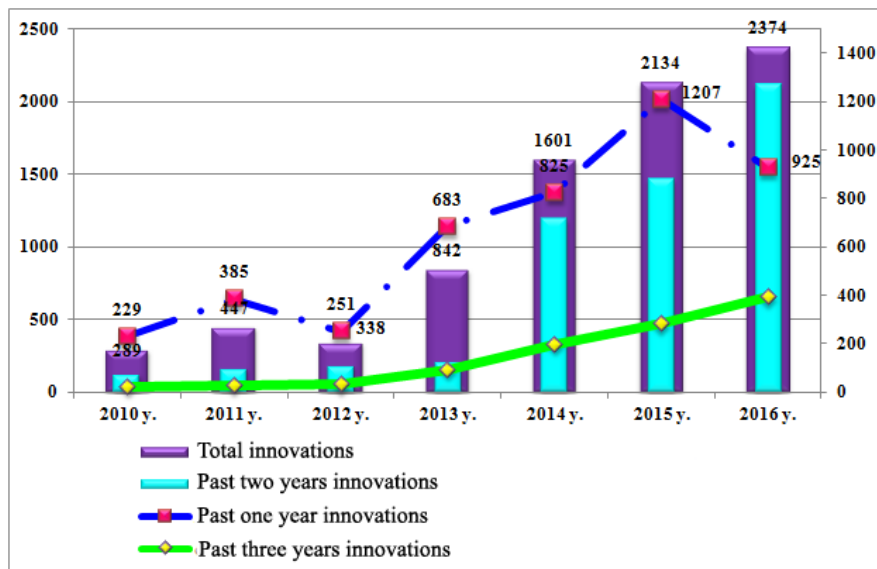
**Picture 1. Structure of the Innovation Development Ministry of Uzbekistan**

Source: Data of the Ministry of Development Innovations of Uzbekistan

Ministry is a body of state administration implementing a unified state policy in the sphere of innovative and scientific and technical development of the Republic of Uzbekistan, aimed at the

comprehensive development of public and state life, enhancing the intellectual and technological potential of the country.

**ANALYTICAL PART**



**Diagram 1. The number of enterprises and organizations that produce innovative products, works, and services by own strength (2010-2016)**

Source: Data of the State Committee of the Republic of Uzbekistan on Statistics

The number of enterprises and organizations producing innovative products, works and services

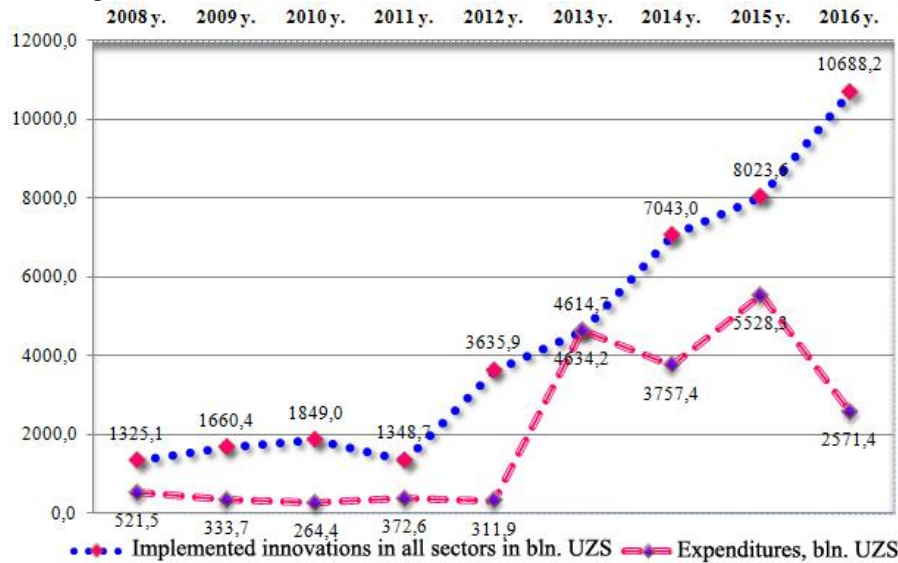
has increased 8 times from 2010 to 2016 and has increased from 289 to 2374. For the first time the

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number of enterprises, which have mastered the production of innovative products and services, has

increased by 696.



**Diagram 2. Dynamics of innovation products, works, services volume and expenditure (2010-2016)**

Source: *Data of the State Committee of the Republic of Uzbekistan on Statistics*

The volume of innovative products, works, and services in 2016 will reach 10688.2 billion sums. This figure is 1.3 times more than in 2015, a 8-fold increase from 2008. Innovation costs rose by 5 times in comparison with 2008, down 53% compared to 2015.

Researchers and industrialists can also discuss ideas at Uzbekistan's annual innovation fairs. Between 2008 and 2016, more than 2 960 contracts for experimental development were signed at these fairs for an investment of more than 85 billion Uzbek sums (UZS), equivalent to US\$ 37 million. The products resulting from these contracts have 'generated US\$ 680 billion (almost US\$ 300 million), providing US \$7.8 million in import substitution. One-quarter (26%) of the proposals vetted concerned biotechnologies, 19% new materials, 16% medicine, 15% oil and gas, 13% energy and metallurgy and 12% chemical technologies. [6]

President of Uzbekistan declared the 2018 in Uzbekistan as Year of supporting active entrepreneurship, innovative ideas and technologies. The proposal was fully supported by the parliament to continue innovation activities in Uzbekistan. President further outlined the priority directions for improving the system of state and public administration. In this context he stated the necessity of forming a professional, mobile and result-oriented system of public service, as well as developing an

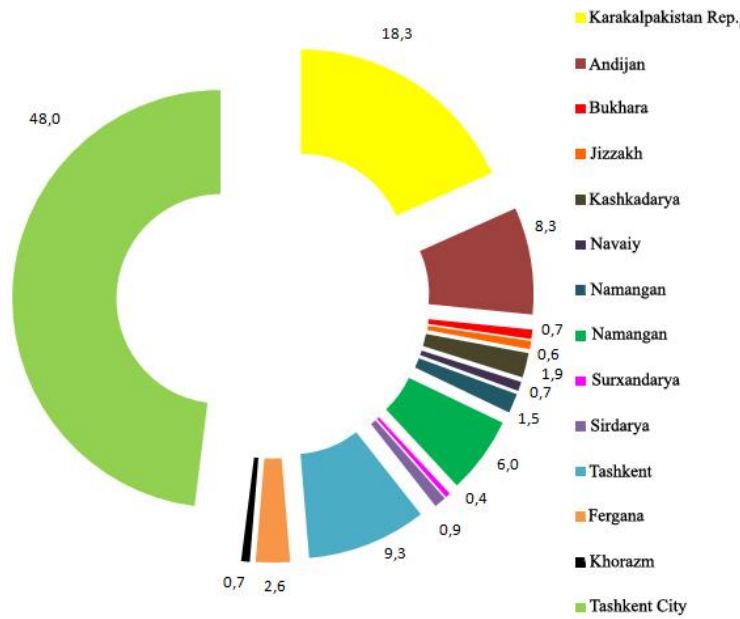
effective system that opens the way for initiative, open-minded and highly patriotic people. President stressed that in 2018 priority attention will be given to provide a wide scale support creating favorable conditions for entrepreneurs, significantly reducing various bureaucratic hurdles. [7]

In February 2017, the Government announced a broad market-oriented reform program that included five priority areas: improving public administration and state-building; ensuring the rule of law and judiciary reform; maintaining economic growth and liberalizing the economy; enhancing social safety nets; and ensuring security and implementing a constructive foreign policy. The program also reiterated the authorities' commitment to ensuring macroeconomic stability, and improving the business climate in the country.

It should be noted that Ibrahim Abdurahmanov, the Minister of Innovative Development of the Republic of Uzbekistan, and Alfonso Garcia Mora (Lead Financial Sector Specialist in the World Bank's Finance and Private Sector Development) met in Bratislava in April of the current year and exchanged views on the goals and objectives of the newly created Ministry of Innovations. That is why Alfonso started his meetings with the Ministry of Innovation in Tashkent. According to the speech of Alfonso, The World Bank is ready to open a credit line for the projects of the Ministry of Innovation in Uzbekistan. [8]

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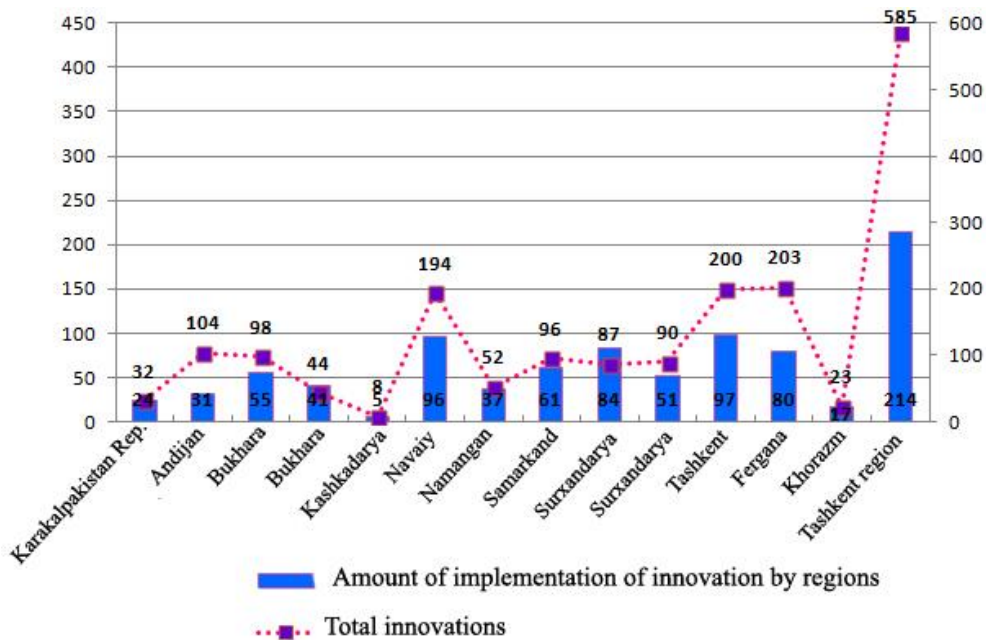


**Diagram 3. The volume of innovative products, works, services produced in 2016 (VAT and without excise)**

Source: *Data of the State Committee of the Republic of Uzbekistan on Statistics*

The largest share of innovation products, works, services in Tashkent city (0.4%) was registered in Tashkent city (48%), the Republic of Karakalpakstan

(18.3%), Tashkent region (9,3%) and Andijan region (8,3 percent), and the remaining 16.1 percent belong to other regions of the country.



**Diagram 3. Number of innovation-based organizations in regions (2016)**

Source: *Data of the State Committee of the Republic of Uzbekistan on Statistics*

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By 2016, every innovation-based organization has introduced an average of 2 innovations. In particular, each innovation activist has an average of 3 innovations in Andijan, Fergana, Tashkent, average 2 innovations in Bukhara, Kashkadarya, Navoi, Samarkand, Syrdarya, Tashkent regions, Karakalpakstan, Jizzakh, Namangan, In Surkhandarya and Khorezm regions average 1 innovation has been introduced. In 2016, 45.9% (1180.0 billion sums) of expenses for technological, marketing and institutional innovation were financed by own funds, 12.2% (314.9 billion sums) of foreign capital, 6,1 percent (157.3 billion soums) of commercial banks' loans, 35.7 percent (919.1 billion sums) of other funds. Fulfillment of the government projects it is important being in one network according to the western experiences. Due to achieve effective execution launched an online "virtual reception hall" where Uzbeks are encouraged to air grievances against the authorities. [9]

### THEORETICAL APPROCHES

The process of managing an organization is in continuous, purposeful process. This process depends on the external and internal factors, its ability to adapt to various changes. For the successful operation of the company in international markets, globalization of activities and high innovative facilities.

Innovative management is a not relatively new concept for scientific and business circles in globalization. Many scientists consider innovation management as part of the strategic and include an innovative orientation of the enterprise in the corporate strategy. The innovation strategy should define the framework in which organization.

The first major step toward considering management as a science was made by Frederick Winslow Taylor is an American engineer, the founder of the scientific organization of labor and management (1856-1915), who led the movement of scientific management. He was interested in the effectiveness of not the person, but the activity of the organization, which initiated the development of the school of scientific management. 1990-1910 scientific management concept, F. Taylor, rising effectiveness for new education and skills. Taylor believed that it was not technology and economics, but human management was the key problem of modern America. Only by deciding it, you can create a modern organization of work. [10]

1910-1920 y. Concept of orientation in innovation changes by Joseph Alois Schumpeter (1883-1950), Austrian and American economist, political scientist, sociologist and historian of economic thought. He offers model by application of new technologies, new ideological methods, new raw materials, changes via material technical skills, emerging new markets.

1920-1930y. Planning technological operations. Henry Laurence Gantt, (1861-1919 American mechanical engineer and management consultant). According to his approach People- machine theory by diagram Gantt.

1930-1940y. Concept of scientific organization for creating new jobs by psychological factors. Richard L. Gilbert and Frederick F. Gilbert, psychologist offers methods of work action on achievements via psychological issues, new work places by surveying small analyses.

1940-1950y. Concept of rationalize organizational decisions by J. Atanassov Department of Psychology, University of Pennsylvania, American physicist, mathematician and electrical engineer who created first digital computer. It was the first best effective way of software programming for the innovation management in the world.

1960-1970y. Concept of Technological Push model, G1. It was the first time manufacturing, practice connected with science, mainly it is called Research and Development (R&D).

1970-1980y. Concept model of Market Pull. G2. It is responsible for learning demand and supply of the all markets by researches and its solutions by planning, modeling, designing and developing.

1980-1990y. Concept of coupling innovation model, G3. It mainly propagate logical approaches, interactive resources, center point work force engineering constructional activities for more efficient and productivity in organizations.

1990-2000y. Concept of integrated innovative model, G4. For a high level of decision making to become many small groups by dividing problems and other problematic factors. Group of specialists will kindly organize and solve the given tips and hints.

2000-2010y. Concept of innovation model of strategic network, G5 by Wil-Rita-Clarke and R. Cooper. It study multi institutional group of working activities via network. Sometimes, own company, delivery, supplier, competitor finally it responsible all become innovation.

2010-2020y. Concept of innovation model of information technology, G7. Materials for required organizational activities are innovation products of all employment sphere. It is easily applicable for almost all sectors of the government and economy for the best result and pleasure of working conditions.[11]

### CONCLUSION

In conclusion innovation activity in our country is becoming more active the state needs to pay close attention to this issue and provide supporting business. It is necessary to help in the development and implementation of competitive products, to provide subsidies and benefits to enterprises that produce innovative products. Support innovation in production, which can be risky, but the results from





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which will help bring local and foreign enterprises to a new, optimal level. We hope enterprises of our country will focus on high level of effective managerial issues will be able to reach a new level and compete with Western companies in short run. According to international experience, industrial sectors and manufacturing enterprises, corporations and firms should fund and put up money for applied

research they need on a par with the state, providing more funding for applied research, as well as funding for scientific and technological innovation projects. We believe that even at the stage of development of the state scientific and technical programs, significant financial contribution shall be provided by industries interested in these and other projects by their orders.

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