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INNOVATIONS AND INVESTMENTS: THE ESSENCE, INTERACTION AND ROLE IN THE REPRODUCTION PROCESS

Abstract: *From the middle of the 20th century the developed industrial nations' economy was realising the transfer to the intensive type of expanded production, which is based on the technologic progress and innovative activity.*

This provided obvious advantages of development of social and economic systems in these countries. Both in the Western and domestic literature it is connected with the notion of an innovative process and with the active investment process. Any model of management in a state should correspond to a number of major tasks: stimulation of innovative activity, development of the technologic progress, state economic security and, the most important, creation of economic and social conditions for citizens' welfare gain. Realisation of innovative investment activity is one of the factors promoting realisation of these tasks both on macro- and microlevels.

Key words: *investment activity, complex investment mechanism, functions of investments, innovative investment, investments innovations.*

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Introduction

An objective requirement of transition to economic growth and the strategic plan – the phased transfer of economic systems innovative development, based on substantial investment activities requires a new research the intelligent control of the economic nature of investments and efficient use in technological updating of industrial sphere in the period of market transformation of economy of Uzbekistan.

In the works of foreign and domestic authors, many issues of the investment market, financial support for investment, the mechanism for developing and evaluating the effectiveness of investment projects, the main sources of investment, investment risks, the investment climate in the country and regions, financial investment management, methods of state regulation of investment activities, the relationship between investment and entrepreneurship [16, p. 270; 2, p. 435].

At the same time, modern practice makes new demands on economic science to rethink many issues related to the full - fledged resource provision of the transition to economic growth, an innovative type of development of economic systems at all levels. Publications and management practices do not fully take into account the conditionality of various types of investments and their proportional relationship.

A new vision of reproductive investment of resources as factors of high-quality scientific and technological transformation of the production sphere and the complex mechanism of their formation and effective use, will significantly improve the validity and effectiveness of the designed and implemented measures at regional and local levels to enhance investment activities in the industrial sector, aimed at scientific and technological updates, economic growth and increasing competitiveness of Uzbekistan's economy.

The economy needs an influx of funds to create new and modernize existing production facilities, develop new equipment and technologies to saturate the consumer market with demanded goods and services, generate income, and ultimately implement

social goals for the development of society. Such funds are usually considered monetary resources, Bank deposits and shares, shares, technologies, machinery, equipment, patents, licenses, including trademarks, loans, as well as property and non - property rights, including intellectual and industrial property.

All these funds, estimated in value form, constitute the main content of the investment.

The study of various interpretations of the economic category "investment" gives grounds to formulate the main functions of investment. These include the formation of resources for the production stage of reproduction.

These include, in modern conditions, resources - innovations: a) a new type of equipment, new technologies, a new information system, new management, new materials, new level of personnel qualification, etc.; b) restructuring of the main institutions of modern reproduction; C) formation of a new system of capital; d) structural restructuring of economic systems and the national economy as a whole; e) resource support for the transfer of economic systems to an innovative type of development. This function of investment is due to the objective relationship of the investment factor with innovation factors, their participation in scientific, technical and innovative activities; f) a group of social functions related to solving the problem of employment, social development and other social effects of investment; g) regulation of priority areas of economic development.

Thus, the concepts of "investment" and "innovation" are inextricably linked. This can also be seen in the classification of investments by object: • financial resources (monetary funds, target Bank deposits, shares, securities); • material resources (machines, equipment); • intellectual values (patents, know - how, technologies) [15].

In the practice of international economic relations, these resources are divided into portfolio, hard (direct) and soft resources.

It often happens that the material and intellectual values play the role of innovation, which are conditioned by the essence of the latter.

It should be noted that in the modern economic literature there are the following approaches to understanding the content and essence of innovation.

Proponents of the first approach see innovation as a process of introducing new technologies, elements, methods, principles, etc. instead of existing ones [21; 9; 4; 17; 12; 11; 6; 3; 14; 19; 5; 20].

Representatives of the second approach interpret innovation as the result of a creative process in the form of new products (equipment), technology, method, etc. [1; 8; 22].

At the same time, some authors methodologically combine these approaches to defining innovation, first defining it as an object, and then defining it as a process [13; 24; 18; 23; 7].

Without denying the significant contribution of these researchers to the definition of the content and essence of innovation as an economic category, it seems necessary to Supplement the existing approaches by considering innovation in terms of its relationship, direction and nature of impact on the structure of the social product in its cost form c + v + m.

Indeed, the process of industrial development through innovations: first, the introduction of energy - saving technologies, which leads to a reduction of funds allocated for the reproduction of the means of production; second, the active release of high-tech products, with - holding a significant share of intellectual labor; third, the placing on the market of a new product with enhanced consumer value that obuslovlen - provides an opportunity to increase profits.

Thus, by innovation we will understand the most effective, previously unknown in a particular socio - economic system, method of intensifying reproduction processes, which is a source of increasing added value and is based on the achievements of science and best practices.

At the same time, it should be emphasized that considering innovation as the most effective way to intensify reproduction processes, which is a source of added value, is, in our opinion, the most important essential characteristics of innovation as an economic category. In addition, innovation is an area where investment ensures the creation of a high – tech structure of the economy, the development and implementation of new technologies, and the production and export of competitive products with high added value. However, high rates and efficiency of economic development are justified not only by the amount of invested capital, but also by its quality provided by innovation.

However, the high proportion of investments in the creation of various non - production facilities indicates their low quality, which, if the products are not competitive, can lead to a violation of the economic management mechanism and a financial crisis. The active development of the investment and innovation process contributes to the diversification of industry, modernization of basic sectors of the economy, thereby increasing the return on investment. This is confirmed by the fact that in developed countries, about 50-70% of GDP growth is achieved through STP and the use of the latest technologies.

Thus, we can conclude that "innovation – investment" is a single interconnected system, and it is innovation that provides a high quality level of investment.

To search for a new, more effective mechanism of forming and effective use of the factor innovation investments are expected to study features of

reproduction of investment resources, and also updated content concepts: "innovation investment", "investing in innovation", "investments in innovations".

In the works of scientists, the problem of reproduction of a new type of equipment and its features are considered in detail, taking into account the specifics of the market mechanism. From our point of view, one of the features of reproduction of such an important investment resource as a new type of equipment can be attributed in addition:

• special integrity and innovation of all initial investment resources;

• the need to continue production at the stage of consumption with a guarantee that the new type of equipment will retain all its properties until the end of the life cycle;

• a sharp increase in the value of venture capital;

• integration of science, production and market;

• significantly increasing role of the business resource.

Features of reproduction of such a complex investment resource, as a new technology, due to several circumstances: first, the technology as a resource (technology – complete set of scientific and technological knowledge, processes, materials, equipment, organization and management, which can be used in the development, production and (or) exploitation of products); secondly, the peculiarities, the specifics of the state of the economy and its technological base; the third, a set of priorities in social and scientific-technical spheres, in the economy as a whole.

Analysis of these circumstances gives grounds to identify the following features of reproduction of new technologies as an investment resource:

• integrity of the set of initial scientific knowledge, including scientific and technical, organizational and managerial;

• social, psychological and other knowledge. Their presence determines the ability of the economy to reproduce modern macro - technological systems, they act as an initial innovative resource;

• a high degree of intellectualization of labor at all stages of a single reproduction process, including distribution and exchange phases;

• as a rule, the closest connection with the reproduction of a new type of technology, more precisely with several reproduction processes that are ahead of the reproduction of technologies in time; • a decisive impact on the transfer of economic systems to an innovative type of development, on the renewal of the production apparatus;

• a pronounced intersectoral and interregional character;

• the greatest aggregate efficiency of investment resources used;

• as in the reproduction of new system technology, high integration of the;

• a variety of sources of investment, using almost all types of capital (equity, venture, depreciation, banking, bond, mutual, etc.).

Having considered the concept of "investment", we see that some authors [16], imply the following investments: investment with the aim of obtaining economic and (or) social effect; expenditure of funds allocated for the reproduction of capital (maintenance and expansion); the current increase in the value of capital assets in productive activities of the period; part of the income for the period, which was not used for consumption.

Although different authors have different interpretations of the concept of "investment", their essence is as follows: investments are investments of money, intellectual property, buildings, structures that are not used for current consumption in order to increase them in the future, as a result of which economic, social and other effects should be obtained. All these interpretations of the concept of "investment" give grounds to conclude that these goals can be achieved by investing in innovation, since the result of innovation activity is economic, social and other benefits, and not immediately, but after a certain period of time, which corresponds to the concept of "investment", i.e. it is of a long - term nature.

If we pay attention to the concept of "innovation", we note that many authors, such as L. M. Gokhberg, E. A. Utkin, S. I. Abramov and others, mean by this concept the final result of innovative activity, which was embodied in the form of a new or improved product or an object introduced into production as a result of scientific research or discovery, qualitatively different from the previous analog.

In this case, it is advisable to divide and consider the investment in stages. If innovation is the end result of scientific activities in the form of a specific object, the step from idea to production of a particular object is innovation, which in these stages doesn't, but helps to ensure in the future that corresponds to the concept of "investment". In this regard, it is necessary to separate the concepts of "investment in innovation"and "investment in innovation". Accordingly, different sources of funding will correspond to each of them.

We will consider and distinguish such concepts as "innovative investment", "investment in innovation", and "investment in innovation".

Innovative investment – new forms of innovation investment (new sources of innovation financing are proposed).

Investment in innovation – means that are included in the reproduction of innovation resources or involved in the reproduction process already in the form of innovations (equipment, technologies, new personnel with new qualifications, information resources, intellectual resources, etc.).

Investment in innovations – investment in the formalized result of fundamental, applied research, development or experimental work in any field of activity to improve its efficiency. Innovations can be issued in the form of: discoveries, inventions, patents, trademarks, innovation proposals, documentation for a new or improved product, technology, management or production process; organizational, production or other structures, know-how, concepts, scientific approaches or principles, document (standard, recommendations, methods, instructions, etc.), results of marketing research, etc.

Thus, the basis of resource provision for innovation is investment, the absence of which makes the process of creating and implementing innovations impossible.

The relationship between investment and innovation can also be traced in the fact that investments can be made in economic, scientific, organizational, environmental, social and other areas. And only an innovative approach will give tangible effects and desired results from investing in these areas.

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