

INNOVATIVE ACTIVITY AS A FACTOR OF  
INCREASING ECONOMIC  
DEVELOPMENT

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**Abstract: Objective:** This study explores the role of innovative activity as a critical driver of economic development, focusing on the integration of global scientific achievements and innovations to foster growth in various sectors, particularly startups. **Method:** A comprehensive analysis of contemporary innovation practices was conducted, combining theoretical reviews and case studies of successful international examples. The study also examines the intersection of creativity and technological advancements as foundational elements of innovation. **Results:** The findings demonstrate that innovation significantly contributes to economic stability and growth by enhancing productivity, promoting entrepreneurial ventures, and fostering sustainable development. Startups, in particular, benefit from a structured approach to adopting innovative practices, leading to societal and economic advancements. The study highlights the importance of integrating foreign experiences and adapting them to local contexts for optimal outcomes. **Novelty:** This research offers a fresh perspective on the centrality of artistic creativity as a foundation for innovation and emphasizes the strategic importance of startups in the innovation ecosystem. It bridges the gap between global practices and local implementation, providing actionable insights for policymakers and entrepreneurs aiming to enhance economic resilience through innovation.

**Keywords:** Innovative Economy, Innovation, Start-Ups, Innovation Features, Innovation Process.



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## Introduction

Like all countries, our country wants to join the ranks of advanced countries in the world, to change the old way of life. It is also clear what needs to be done for this. It is necessary to develop innovative activity in the country and make it the locomotive of all innovations. However, innovations do not fall from the sky [1]. Without explaining their content and guiding them, it is useless to wonder when young people will create projects that will bring in millions. Startups are the basis for the organization of the country's innovative design. It's no secret, of course, that startups are gaining popularity around the world. For example, small countries like Israel, Estonia, and even Chile have been able to improve their economic situation through this system. That fact must be taken into account. For example, today in Kazakhstan there is a program "Digital Kazakhstan". It is known that for a long time Uzbekistan did not have a unified innovation ecosystem. Efforts to innovate have been fragmented. The situation is improving and there is still a lot to do. The opening of various startups and research centers, innovative technology parks and universities has also benefited from the experience of South Korea, which has reached the peak of innovative development. If we implement projects like the above, we will be able to create innovative products or services with clear coverage. The result is obvious. The first startups in Uzbekistan were in the field of information and

communication technologies. A number of new services, such as *My-Taxi and My-Job*, which appeared on the online market ten or fifteen years ago, later became independent companies. We've also heard reports that the only Wing.ae mobile app developed by our young programmers for transportation logistics has been sold to the United Arab Emirates for \$ 3 million. This is our first globally recognized startup. Unfortunately, we haven't heard of such phenomena lately.

There are not many startups in our country. According to the analytical material prepared by the experts of the UNDP project *"Improving the business environment in the regions of Uzbekistan"*, the number of startups created in the country per year will not exceed 200-250. However, there are more than 30,000 high-tech startups in South Korea and about 20,000 in Russia. Successful startups increase the country's innovation potential and significantly contribute to the development of the economy. From now, children need to be taught the basics of innovative thinking, entrepreneurship and marketing from school. Admittedly, there are many people in our society who are completely unfamiliar with the concept of innovation or misinterpret it. Unfortunately, there are those among us who consider the technology that has already been introduced in other countries to be an innovation. In more detail, the term "innovation" is used to mean investing in something new (visual innovation). The concept of innovation entered the economy in the early twentieth century. In the economic literature, many authors have different approaches and opinions on the concept of "innovation". But for the first time, the Australian economist J. Schumpeter gave a detailed description of the innovation process by analyzing the issues of innovation [2].

According to Busigin, innovation is the renewal of fixed capital or products with the help of science, technology and engineering. R.Fathutdinov notes that the end result of the introduction of innovations and changes in the management of the facility is a social, economic, scientific, technical, environmental and other benefits [3].

From the above definitions, it can be said that innovation is the creation of new products or the improvement of the quality of manufactured goods through the introduction of advanced scientific advances into the production process in order to achieve high economic and social efficiency. Innovation can happen in any field. For example, in science, the achievement of major innovations in one of its areas, the creation of discoveries, research, the discovery of new science and knowledge in science, the creation of a new generation of techniques and technologies, the introduction of new methods in manufacturing, services and more. In economics, it can mean the application of the latest advances in science, engineering, and technology. In the process of globalization, strong competition encourages innovation in every field. The latest achievements in the field of technology, discoveries, innovations, rationalization proposals are rapidly introduced into the field of development and maintenance, and new approaches in marketing, management, production, services, new technologies, techniques and the introduction of a new generation of echnology is a sign of investment. Replacing existing equipment and technology based on innovation can also mean an investment. Innovative activity is the process of ensuring the systematic and continuous introduction of all innovations in the field of discoveries, published innovations, technical and technological advances and technological processes, product supply and other areas, regardless of the field [4].

## Methods

The research employed a qualitative methodology to analyze the role and development of innovative activity as a factor for economic growth. This involved a comprehensive review of literature, including theoretical frameworks and definitions of innovation provided by prominent economists such as J. Schumpeter and R. Fathutdinov. Additionally, case studies of successful global

practices, such as innovation ecosystems in South Korea, Israel, and Estonia, were analyzed to draw insights into fostering innovation. The study also examined the current state of startups in Uzbekistan, utilizing data from analytical materials by the UNDP project "Improving the Business Environment in the Regions of Uzbekistan." By comparing the number and impact of startups in Uzbekistan with those in technologically advanced countries, the research identified gaps and opportunities for improvement. This approach enabled a detailed understanding of the factors influencing innovative activity and its implications for economic development.

## Results and Discussion

*Innovation is seen as a necessary tool for sustaining economic growth and competitiveness in industries with high levels of traditional and new science.* When talking about the main features of innovation, keep in mind the following:

1. *Scientific and technical novelty;*
2. *Practical application;*
3. *Commerciality, the ability to meet consumer demand in the market to some extent.*

In general, the innovation process is the formation of innovation from idea to product and its dissemination to the market. Stages of the innovation process [5]:

1. *Phase 1 is new ideas and knowledge;*
2. *Phase 2 is the application of this innovation in practice, i.e. innovation;*
3. *Stage 3 is the diffusion of innovations.*

That is, the application of innovative products, services and technologies in new spaces and conditions [6].

*Thus, the concept of "innovation" as a means of development, innovation and improvement in all areas (manufacturing, research, etc.) provides cost opportunities or creates the conditions for their provision.*

Due to the fact that the organization of production is the backbone of any economy, it is necessary to constantly improve it, update it, use advanced techniques and technologies, apply progressive management methods, use effective economic and financial resources in various areas. requires investment. In a market economy, production requires perfect factors and the necessary economic resources, ie investment [7].

At the same time, investments in innovations are focused on improving the material, socio-economic and ideological-political features of the socio-economic system. Such investments focus on the priority of resources, products, services, forms of ownership, economic mechanism, the idea and policy pursued. In recent years, a number of laws, decrees and decisions have been adopted to develop the organizational, legal and institutional framework for the implementation of innovative projects in Uzbekistan [8]. In particular, they include: *the Resolution of the Cabinet of Ministers of September 11, 2018 "On measures to further support innovation", the Resolution of the President of the Republic of Uzbekistan "On the establishment of the Ministry of Innovation Development of the Republic of Uzbekistan" the decree.* Today the countries with the most innovative models of development and "smart" technologies are the most successful and sustainable [9]. The sustainable development of such countries, their competitiveness in world markets is based not on the export of natural resources and the use of physical labor, but on innovative ideas and developments. The main task of the agencies responsible for innovative development is to ensure the country's economic growth and competitiveness in world markets through the widespread introduction of innovation and scientific achievements, as well as to increase the intellectual share in the economy. In other words, we must

transform. Uzbekistan into a stable market economy with a high share of innovation and intellectual contribution to production, a competitive industry in the modern and global markets, as well as a rapidly developing country with a favorable investment and business environment [10].

## Conclusion

**Fundamental Finding:** This study highlights the critical role of innovation as a catalyst for economic growth, emphasizing its core features of scientific and technical novelty, practical application, and commercial viability. It demonstrates that the systematic adoption of innovative practices and investments can significantly enhance productivity, competitiveness, and sustainability in various sectors of the economy. **Implication:** The findings underscore the importance of creating a robust legal, organizational, and institutional framework to support innovation-driven development. Policymakers and stakeholders should prioritize fostering an innovation ecosystem that integrates advanced technologies and intellectual contributions, thereby enhancing Uzbekistan's global economic competitiveness. **Limitation:** The research primarily focuses on the conceptual framework and policies supporting innovation in Uzbekistan, with limited empirical analysis of sector-specific applications and the outcomes of implemented policies. **Future Research:** Further studies should evaluate the effectiveness of existing innovation policies, explore industry-specific innovation practices, and investigate the socio-economic impacts of innovation on local and national scales. Additionally, comparative research with other emerging economies could provide valuable insights for refining strategies to achieve sustainable innovation-led development.

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