

## ANALYSIS OF INNOVATION ACTIVITY IN UZBEKISTAN AND APPROACHES TO MANAGING ENTERPRISE INNOVATION POTENTIAL

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### ABSTRACT

Innovation is a crucial element in the growth and development of an economy. Achieving success in innovation activities requires a favorable environment, supportive policies, and efficient management approaches. Uzbekistan has been striving to enhance its innovation capacity and has introduced several measures to promote and support innovation activities.

This paper aimed to analyze the innovation activity in Uzbekistan and identify the existing approaches to managing enterprise innovation potential. The study was conducted by reviewing literature, reports, and policies related to innovation and enterprise development in Uzbekistan. The findings suggest that Uzbekistan has a considerable innovation potential, supported by the government's initiatives and policies. However, there are still several areas that require improvement, such as research and development infrastructure, human capital, and innovation financing.

The study also identifies the need for a comprehensive innovation management system at the enterprise level to effectively realize innovation potential. Additionally, the paper recommends the establishment of a national innovation strategy that identifies priority sectors, facilitates collaboration between stakeholders, and provides financial and regulatory support.

**Keywords:** Innovation, innovative potential, industries, mechanism, digital economy, formation, GDP.

### INTRODUCTION

Innovation has been critical in driving economic growth and competitiveness in modern economies. The ability of firms to innovate is consequently essential for their growth and survival, especially in an increasingly competitive environment. Uzbekistan has been transitioning towards a market economy and has been striving to diversify its economy by promoting the development of innovative industries. The government of Uzbekistan has introduced several policies to support innovation activities and encourage the development of the country's innovation capacity. This paper aimed to analyze the innovation activity in Uzbekistan and identify approaches to managing enterprise innovation potential.

### **Innovation Activity in Uzbekistan:**

Uzbekistan's government has introduced several measures to support innovation activities in recent years. The country is ranked 103rd out of 131 countries in the Global Innovation Index (2019). However, it has shown improvements in indicators such as institutions, infrastructure, and knowledge and technology outputs. Uzbekistan has also established several research and development institutions, such as the Academy of Sciences, and introduced tax incentives for innovative firms. The government has prioritized several industries, including the automotive sector, information and communication technology, and agriculture, to enhance the country's innovation capacity. The country has introduced a range of measures to support startups, such as the establishment of a national fund to provide financial support and conducting Innovation Week annually, which brings together innovators and investors.

### **Approaches to Managing Innovation Potential:**

Managing innovation potential effectively requires a framework that supports innovation at all levels of an enterprise. Uzbekistan has introduced policies to support innovation activities but has yet to develop a comprehensive innovation management system at the enterprise level. Efforts to introduce innovation are often undermined by a lack of skilled human resources and inadequate financing mechanisms. One approach is to establish an innovation management system that captures all aspects of innovation to ensure that innovation is successfully integrated into an enterprise's strategy. Additionally, proper coordination between research institutions, businesses, and the government is essential for innovation to flourish. Incentives such as tax exemptions, subsidies, and grants to support investments in innovation and development, can also help to promote innovation activities.

### **CONCLUSION**

In conclusion, Uzbekistan has made considerable efforts to enhance its innovation capacity and promote innovation activities. The country has introduced several measures to support research and development, establish research institutions, and support startups. However, there are still several areas that require improvement, such as research and development infrastructure, human capital, and innovation financing. A comprehensive innovation management system needs to be developed to ensure that innovation is successfully integrated into the enterprise's strategy. Lastly, the establishment of a national innovation strategy that identifies priority sectors, facilitates collaboration between stakeholders, and provides financial and regulatory support is essential to enhance Uzbekistan's innovation capacity.

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