



ESSENCE OF THE NOTION INNOVATION AND ITS FINANCING BASES

D.A. Rakhmonov¹, S.A. Sulaymanov²

¹The Republic of Uzbekistan. AFB, Head of "Finance" Department, Doctor of Science in Economics

² Student, TSUE Faculty of "Corporate Governance", Direction of "Banking Work" BW-92 Group

Abstract:

The given article discusses scientific approaches to innovation. Independent author's position on innovation and financing. Developed international innovation includes indices and scientific findings.

Keywords: Innovation; News; Global Innovation Index; Financing.

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1. Introduction

The year 2018 in Uzbekistan was proclaimed as "The year of supporting business, innovative ideas and technologies". The main set objective is to reinforce the advance of the country even more and to support competitiveness of economic networks. It would be doubtless to mention the vitality of developing our country's economics by running innovative activities is not only included in the given year's program, but also it takes a considerable position in the innovative index of the world countries.

To our mind, innovative development is comprehensively linked to personal assets and reflects in macroeconomic indicators. Namely, factors as content of exporting products, competitiveness of industrial goods are considered as pivotal.

If we look into trade balance the amount of import and export are 5,4 billion and 8,1 billion USD respectively. As a result of this, the negative difference of trade has shown 2,7 billion USD (according to the actual rate in the Central Bank 2018). In occurrence of such situation it has been revealed the outgoing currencies from our Republic is becoming stronger. Development of such kind of condition imposes gaining good results by increasing the export of national products. For this of course, production of goods that support competitiveness based on scientific capacity. Regarding this, reaching decree № 5544 of the President of Uzbekistan "Concerning innovative development strategy of the Republic of Uzbekistan in 2019-2021 years" is aimed to eliminate existing problems. An array of important directions were assigned.

- To these included are developing personal assets, financing mechanism of and optimizing the innovations.
- We believe that by the year 2021 in financing researches by state assets GDP should reach 0,8 percent.
- Nowadays, if take into consideration the current 0,3 percent, its aimed to improve it by 0,5 and it will realize dramatic financial changes.
- We can observe that some leading countries in the group of innovative index have 1,2-2%, sometimes around 3-3,5% And in addition, in this field by attracting.

2. Resource Analysis

There exist various approaches towards innovations. In particular, V. Ratten, F. Cristina, I. Fernandes (2017) pinpoint the importance of innovations in global business realization conditions to supply dominance of competitiveness.

According to scientific inferences of S. Philipov, G. Moi (2010) researches are considered to be a component of innovations emergence and they believe that innovations get to appear not only in networks of developed high technologies, but also in developing ones of small technologies networks.

With the help of A. Mantovani's (2013) and others' surveys scientific decisions were reached. For instance, by 2020 The Republic of Serbia on innovative development, in partnership with the World Bank and European Commission, have set an objective of completing the following criteria:

- Reinforcing fundamental researches;
- Entering objective fundamental surveys;
- Enriching or advancing technical and technological researches;
- Creating a system of research results realization;
- Strengthening the system of financing researches;
- Organizing the fund supporting researches;
- Rewarding the sciences and innovations.

Originally, the theories about emergence of innovations traces back to early years of XX – century. Concerning this, by a French scientist - Gabriel Tarde, inputs his first ideas in his works about imitation. Namely, he pinpoints the five following steps to realize:

- Background knowledge;
- Forming a treatment;
- Decisions about approving or disapproving;
- Realizing and using;
- Confirming the decision.

If we pay attention to the categories mentioned above, we will surely figure out that emergence of innovations is directly linked to the importance of different knowledge and their usage in practice. In our opinion, new ideas to consider as innovations it is extremely vital to determine or verify the measurement criteria and to realize them. This, of course in its place, creates opportunities to economically evaluate. Though, in the third part of the writings by G. Tarde it was told about

reaching decisions, he did not state how to perform them in particular. Out of this viewpoint we can infer that it is very necessary to work out criteria of innovations. In the countries of European Union, evaluating activity extent of areas and networks are realized via applications by national statistics organizations. To realize this evaluating system Oslo Manual method is utilized. And in additional, this method is also used by OECD.

The category of innovation was input into economic development theory by Y. Shoumpeter (studme.org) in 1930 and he states that innovation is the new combination of producing factors under the influence of business. He also mentions the economic increase considering changes based on innovative activity.

Out this point of view, Y. Shoumpeter he exemplifies the 5 following changes at the consequence of economic development:

- Using new techniques, new technological processes, new way of market production (buying - selling);
- Realizing goods with new features;
- Using new raw materials;
- Organizing new production and financial-technical supplement change;
- Creating new market.

Generally, when a question regarding innovation is given, loads of scientists came up with similar ideas or views. We think, however, there is a difference between innovation and news. Namely, a new idea should meet the following requirements in order to get the right to be called as an innovation:

- Firstly, should economize time;
- Secondly, decreasing the extent of expenses (economizing the resources);
- Thirdly, being environmentally friendly.

It's a certain, in today's modern life promoting innovations is becoming very crucial. Even so, - can we call everything new as innovations? The answer is no, of course. The reason for this, as already abovementioned, is that we should give titles on two factors. This can me be explained more clearly in our example. For instance, a company that produces shirts gives them blue color. With the lapse of time those shirts may not meet the needs or taste of buyers and therefore, the color is changed to green and by this way the company can save their position in the market. And as a result, in this one observes no change in expenses or time consuming factors of production are changed. Because only the expenses of color may or may not change. And this is welcomed by the consumers as a new item and they proceed to buy.

3. Analysis and Results

Though, in 2017 Uzbekistan was not included to the General International innovation index, it was shown in other minor indicators. Namely, shares of students studying at higher educational institutions at agricultural directions was marked as the second of the 5 economic criteria above. Overall, the given index was worked out coming out of food safety viewpoint. If we take a glance at the expenses spent on researches in the field agriculture is in India constituting 3,857, Korea – 1,521, China – 1,149, Netherlands – 1,145 and Australia 0,842 thousand. Goods are being directed

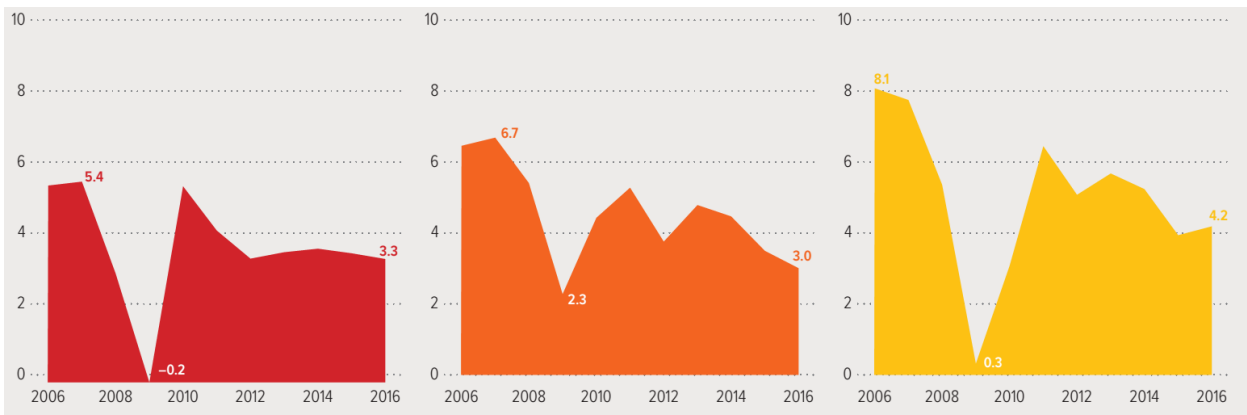
in dollars of the United States of America. And in Singapore according to its agricultural financing 10 percent and in Denmark 6 percent (GII, 2017). We hold the opinion that we should be improving the sphere of supplying the rising population with agricultural products with newer ways. Especially, in this process leading countries are taking considerable measures in supporting researches financially.

And in the international innovative index of the year 2018 in our country energy revival has been developed. In the given report Uzbekistan is not stated. However, it was present in that of 2017. But in the report of 2018 the following requirements are markedly stated:

- Industrial and export content diversified countries with high revenues should be leading in creating innovations;
- The importance of investing in realizing innovations;
- The extent of personal assets and effectiveness of researches.

In general, 2017-2018 personal assets were firmly pointed out as the mainstay of the innovation program in the country. Particularly, from the viewpoint of personal assets it is fairly noticeable that the countries that were at the top of the list personal development announced by the UN were also in the leading positions in the innovations index as well.

In 2018 in a report published in China’s experience was taken as different or outstanding. Because a country with medium revenue was given as that with high profitability in the line of 30 countries. This is definitely should be indicated primarily as the result of highly effective reforms.



**The first picture show:
The rate ofGDP rose**

**The second picture
show: The portion of
totalexpenses to
researches**

**The third picture
show: The portion of
particular expenses to
researches**

Resource: Global innovation index 2018 Energizing the World with Innovation.

It should be noted that at the international level, economic growth reduced during 2008-2010. This is associated with the occurrence of the economic crisis as far as we believe. Nevertheless, it should be emphasized that the research has been parallel to the same trend as that of the funded resources. In summary, it is known that economic growth will most likely be steady with the support of research. At the same time, we believe that the growth of the funds allocated by the private sector to the research costs is also significant (see Figure 1-3).

It should be mentioned that the high level of research in the development of innovations leads to the need for funding for research. And, the question is what are the factors that need to be taken into account in financing innovative ideas?

4. Conclusions and Suggestions

To summarize, creation of a cluster method in our country, from innovation creation to financing processes, is a strategic issue. Therefore, the following points should be considered:

- Developing legal and normative basis of criteria for distinguishing innovations from novelties;
- Time and resource efficiency should be considered in financing innovation;

Accordingly, the following trends appear:

- Certain conditions for products with high scientific capacities are created;
- Competitiveness in can be high in the goods (works, services), where the scientific capacity is usually high, and consequently a hidden monopoly is achieved;
- In manufacturing products with high scientific capacity, the production costs will be reduced;
- In the conditions of unlimited use of human aptitude, the issue of “meeting unlimited needs with limited resources” is solved positively;
- Through creation of a high-productive product, forms a positive stability of trade balance;

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*Corresponding author.

E-mail address: dilshodjon.rakhmonov@ mail.ru/samandar_8008@ list.ru