

**SCIENTIFIC AND THEORETICAL IMPROVEMENT OF  
ORGANIZATIONAL AND ECONOMIC MECHANISMS OF  
INNOVATIVE MANAGEMENT OF INDUSTRIAL ENTERPRISES IN THE  
CONDITIONS OF ECONOMIC GLOBALIZATION**

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**ABSTRACT**

*The activities hold in my country to form an innovative economy are aimed at increasing the competitiveness of the national economy, improving living standards while creating favorable conditions for the development and implementation of innovative activities, eliminating unemployment problems, launching the production of import-substituting and export-oriented products.*

**KEYWORDS:** *Globalization, Innovation, Innovation Processes, Organizational-Economic Mechanism.*

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**INTRODUCTION**

It serves to ensure the sustainable growth of national products by increasing the competitiveness of domestic products in domestic and world markets, solving macroeconomic and social problems, as well as modernizing production in various sectors of the economy. Globalization and increased competition in the world are ensuring that the economy emerges as one of the important areas for improving innovative management and regulation methods. The development of the modern socio-economic system is characterized by the transition of innovation-oriented reproduction to an innovative path. In the 20th century, the integration of production and science and technology marked these changes, which made it possible to ensure technological acceleration in various areas of economic activity [1].

In recent years, the role of scientific and technological development in ensuring the sustainable development of the economy has increased, and the role of innovation in ensuring socio-economic development in our country is growing. This high-tech level will make any country a key factor in improving living standards and conditions.

The role of the country's scientific and technological potential in relation to natural and labor resources in ensuring the development and efficiency of the country's economy is growing. The effective functioning of the economy depends mainly on the level of use of advanced technologies and remains the basis of scientific and technological development. The transition to a new qualitative state of economic development has increased the importance of science-

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intensive production and innovation, which is ultimately one of the most important factors in overcoming the economic crisis and creating the conditions for economic growth.

Economists who study economic growth have found that no matter how rich or poor a country is, the economy must have four factors:

- Human resources (amount of labor resources, education, discipline, skills, motivation);
- natural resources (land, minerals, fuel, environmental quality);
- capital(machines, factories, roads);
- Technology (science, engineering, management, entrepreneurship).

For entrepreneurs, innovation is the main means of increasing profits, the key to entering the trade market, while the state pays great attention to innovation in overcoming the economic crisis and developing production. Many scientists and experts believe that the role of modern technologies and other innovations in socio-economic development is expected to increase in the new 21st century.

## **Review of references**

In the economic literature, the term "innovation" is interpreted as the introduction of potential scientific and technical discoveries into new products and technologies, their application in practice. With the formation of market relations, along with "innovation", the terms "innovative activity", "innovative process", "innovative solution" and others began to be actively used.

Scientific and technological developments and innovations are the final result when they are put into practice in a way that manifests itself as an intermediate result of the scientific and production period. Scientific and technical innovation and its application in production are necessary signs of innovation.

In general, innovative activity is an integral part of social life in a broad sense, it includes socio-political, economic, social and other factors of social development. In the narrow sense (in the economic sense), innovative activity is reflected in the provision of a new level of interaction of factors of production using new scientific and technical knowledge.

The essence of innovative activity is the creation and dissemination of innovations in material production, which combines the links between science and industry, and as a result of their interaction, the technical and economic needs of society are met in practice.

Specialists and scientists have long since begun to focus on innovative processes in the economy. These processes not only meet the current demand in the market profitably and rationally, but also have a positive impact on its formation. World practice shows that innovation is a strong foundation for overcoming conflicts and crises.

In general, the concept of "innovation" refers to an advanced innovation that has begun in dynamics, which is new to the organizational system that receives and uses it.

## **Analysis and results**

There are various interpretations in the literature on the definition of the content of innovations. For example, innovations in terms of content or internal structure are divided into: technical,

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economic, organizational, managerial and other types, the scope of innovations (global and local), life cycle parameters (separation and analysis of all stages and sub-stages), the legitimacy of the implementation process and differ in other respects.

In general, innovations can be classified as follows [2]

- Technological innovations aimed at the creation and development of new products in production, modernization of technology, production equipment, reconstruction of buildings, implementation of environmental protection measures;
- production innovations aimed at expanding production capacity, diversifying production activities;
- economic innovations related to changes in production planning methods;
- social innovations related to targeted changes in sales activities;
- Innovations in the field of management aimed at improving decision-making methods, organizational structures.

The classification of innovations in the above areas makes it necessary to consider the theoretical and methodological problems of studying innovative activities at the level of regional and national economies in the context of modernization and diversification of the economy. This is determined by a number of reasons. They are:

- The 80s and 90s of the last century were a sufficiently active period for scientists to consider the problems of innovation. Many approaches have emerged to understand a range of concepts that reflect innovation and innovation processes. To get rid of different interpretations, it is necessary to clarify the author's point of view on the matter;
- There are a number of ambiguities and contradictions in the concept of innovation that need to be "resolved", such as confusing the concepts of "innovation" and "innovation activity";
- To solve the research problem, in particular, it is necessary to develop a conceptual apparatus to define the meaning of the concept "organizational and economic mechanism of innovative management."

The concept of innovation was recently introduced into the scientific community by Y. Schumpeter in the 1930s, who directly linked the periods of economic conjuncture with the constant concentration of innovations and their subsequent spread. [3]

Research shows that there are three main approaches to understand the concept of innovation in the scientific literature today:

**First** is the subject-technological approach, according to which innovation is considered as the end result of scientific or scientific-technical activity integrated in the form of a specific product. Y.Schumpeter also had the same opinion. This approach has been studied in the works of P.N. Zavlin, Ya.Muyjel, A.F.Sukhovey, I.T.Balabanov and a number of other authors.

**Second** is the activity-functional approach, in which innovation is reflected as a process of creating, implementing and disseminating innovation. One of the brightest supporters of this trend is B. Santo, who believes "innovation is a socio-technical and economic process in which the practical use of ideas and discoveries leads to the creation of better products, technologies

...". A similar interpretation can be found in B. Twiss, in a number of Russian authors, such as L.A. Jolents, N.I. Lapin and A.I. Prigogine.

**Third**, the universal-process approach, in which innovation is understood as "the application of innovation to change in the economic, social, environmental and other spheres of society", ie the combination of innovations, as well as the consequences of their application to society.

The most favorable for the application of the state, including in the practice of regional governance, is the subject-technological approach, which has a result-oriented, precision nature. Unlike the activity-functional approach, it prevents the interference of the concepts of innovation and innovative activity. In contrast to the universal-process approach, it clearly distinguishes the product of innovative activity from the social, economic, environmental and other effects it brings. In addition, the subject-technological approach eliminates the need to introduce additional concepts that define the products of innovative activity.

It should be noted that not only international, but also national legal documents are often preferred in the subject-technological approach. For example, it is used in the International Standards for Science, Technology and Innovation, developed by experts from the Organization for Economic Development and Cooperation (OECD), where innovation is defined as "a new or improved technological process used in practice or as a new approach to social services".

Proponents of the subject-technology approach have differing views on what types of innovations should be included in the list of innovations. Other proponents under the concept of innovation, propose to introduce innovations in all areas of human activity, from technology to religion and spirituality or, logically, to introduce innovations not only in technology but also in the social sphere. One of the proponents of this idea is, for example, J. Muijtel, who believes that innovation is the application of new technologies in industry.

The exclusion of social innovation from the structure of innovations that need to be regulated by the state means that the narrow-technocratic approach is formally consolidated in the innovation policy of the state. At the same time, the issue of ensuring the necessary socio-economic and psychological monitoring of production and technological processes is neglected, which in turn leads to a violation of the principle of complex management of innovative activities and a decline in the viability of innovation policy.

A number of authors, in order to emphasize the specificity of innovation in terms of its commercial benefits, point out the features of its practical application and commercial introduction into a number of independent features, although in fact they are the product of production.

Scientific and technical innovation can be absolute (created for the first time in the world) or relative (this enterprise is new to the region, the country). According to the current classification of innovations, they are classified according to about 30 different formal characteristics, the list could go on and on, but the most appropriate on the research topic is their classification according to the level of novelty and scale of distribution.

For the first time, foreign scientist A.A. Klayknext proposed to divide innovations into basic (radical) and complementary types according to the level of novelty. Among the former, he

included those who set new directions, and among the latter, those that emerged within the existing directions.

Complementary innovations, in turn, are usually divided into: improvement innovations and micro-innovations aimed at the distribution and differentiation of basic innovations, taking into account the specific requirements of different applications, which include partial improvements to the products used. Innovations aimed at prolonging the life of obsolete innovations, which have completed their brand and technological features, are considered fake innovations.

The interrelationship between basic and complementary innovations determines the movement of the phenomenon known as the “innovation multiplier”, which links investment to growth in aggregate demand for innovation: investment in basic innovation determines production growth, allowing secondary innovations to replace outdated technologies; the introduction of secondary innovations will be followed by the introduction of new investments, which will stimulate further growth of production. Depending on the boundaries of the spread of innovation, M. Huchek divides innovations into innovations that are new to global, national and regional enterprises. The first type of innovation provides the best opportunities in terms of technological advancement and leadership in the world market. The latter two are crucial for solving problems based on imported technologies, including import substitution and modernization of domestic production.

Innovation is understood not only as an object introduced into production, but also as an object successfully introduced and profitable. According to the results of scientific research or discovery, it is qualitatively different from the previous one. A set of scientific, technical, technological and organizational changes can be considered as an innovative process. The period of creation, distribution and use of innovations is called the period of innovation.

**TABLE 1 SCIENTISTS VIEWS ON CLASSIFICATION OF INNOVATION<sup>23</sup>**

<b>№</b>	<b>Approaches</b>	<b>Scientists</b>
<b>1</b>	<b>As a process</b>	B. B. Tviss, A. Koyre, I.P. Pinings, V. Rappoport, b. Santa, V.S. Kabakov, G.M. Gvishiani, V.L. Makarov and others
<b>2</b>	<b>As a system</b>	N.I. Lapin, Y. Schumpeter
<b>3</b>	<b>As a change</b>	F. Valenta, Yu. V. Yakovets, L. Vodachek and others
<b>4</b>	<b>As a result</b>	A. Levinson, S. D. Beshelev, F.G. Gurvich

In addition, innovation is an object of interest for new sciences. For example, when philosophers study innovation, they focus on innovation and conflict resolution. Psychologists, on the other hand, first consider the conflicts that arise, ways to resolve them, and the synergistic effects that a group of innovators will encounter. In the technical sciences, emphasis is placed on the technological consideration of absolute changes in new technologies. Innovations can be considered depending on the object and subject of research.

In economics, innovation is seen not only as a process of introduction, but also as a rational use of innovation on a large scale.

The works of N. Kondratiev was one of the first to inspire serious research on innovation and their role in economic development, which the famous American economist Peter Drukker called

the number one economist of the XXI century. The large periods of conjuncture (length of the curve) considered by N. Kondratiev stimulated further study of the causes of these periods and their duration. One of the most important reasons for this is the recognition of innovations.

Kondratiev's ideas had a strong influence on the Austrian economist Y. Schumpeter, who became, in essence, the founder of innovation. Schumpeter's book which was published in 1939, "Business cycles" and a number of other works, he explored the basic concepts of the theory of innovation processes. He saw innovations as a change in technology and management, a new combination of resource use. In this case, Schumpeter emphasized the role of the entrepreneur in the innovation process, highlighting the entrepreneur as a link between discovery and innovation.

An important contribution to the development of innovative theories can be included the concept of technological procedures developed by Russian economists. The concept of "technological order" (in the modern interpretation of this concept) is included in the list of scientific concepts by S. Yu. Glazyev. Technological order is a group of technological assemblies that are connected to each other through homogeneous technological chains and form the integrity of production.

The core of the technological order, the main factor of which is characterized by the organizational and economic mechanism of regulation. S. Yu. Glazyev and other economists distinguish five technological regimes. In economically developed countries, the redistribution of resources from the fourth to the fifth technological order is carried out.

The concept of "innovation" is applied to innovations in various industries and areas of activity, including not only in production, but also in distribution, exchange, consumption of manufactured products. But innovations will have to make significant changes to themselves that will only reshape the state of the system, completely change the description of processes, introduce a new quality state.

Some foreign authors have divided the concepts of "innovation" and "novelty". News is a topic of innovation. News and innovation have different life cycles. Innovation - development, design, manufacture, operation, obsolescence; innovation is the emergence, spread, obsolescence.

According to accepted international standards, "innovation" is the end result of a new and improved technological process that is put into practice in the form of a new and improved product or a new approach to social services. Different scholars have different interpretations of this concept. For example, while J. Schumpeter emphasizes the scientific organization of a combination of motivating factors of production, B. Santo emphasizes that the creation of the best in terms of products, technologies, as well as innovation can be focused on economic benefits, additional income. F. Nixon focuses on a set of technical, production and commercial measures that lead to the emergence of new and improved production processes and equipment in the market.

In the work of CIS scientists, there are cases of confusion of the concepts of "innovation" and "innovative activity", focusing on different interpretations, contradictions and peculiarities associated with the existing features of innovation. The concept of "innovative entrepreneurship" is not yet fully explained in the economic literature and textbooks. Not all developers of regional innovation policy programs and concepts take into account the need to link the periods of economic conjuncture associated with the concentration and spread of periodic innovations in the regional economy. While some authors focus on the end result of scientific or scientific-technical

activity, others emphasize the need not only to implement, but also to develop the stages of the process of creating, introducing and disseminating innovations.

### **SUGGESTIONS AND RECOMMENDATIONS**

Innovative activity includes not only the innovative process of evolution of new knowledge into new types of products, but also marketing research of commodity markets, their consumer qualities, competitive environment, as well as technological, managerial and organizational-economic measures. innovation, information, consulting, social and other types of services.

Based on the topic we are studying, we decided to focus on the concept of "mechanism" and its introduction into the economy and what it means.

The concept of "mechanism" (from the Greek translation - "machine") was introduced by mechanics from the founders of economic theory. In the economic literature, a mechanism is a set of methods and means of influencing economic processes.

Market mechanisms are interdependent and collaborative economic instruments inherent in the market system<sup>35</sup>. These include demand, supply, commodity prices, market conditions, money, profit, loss, interest, economic obligation, competition, and so on.

**Economic mechanism.** First of all, the economic mechanism is the system of resource provision (primarily financial, material and technical resources), economic supply, economic accounting and economic incentives. Of course, if economic incentives (wages, financial incentives, or penalties) are a form of economic accounting, they can be seen as one of the resources provided, but for a systematic review, this "it is expedient to disclose the "core".

**Innovation mechanism** is an organizational and economic form of innovative activity and its implementation, a form of assistance in finding innovative solutions, as well as support for the regulation and promotion of this activity. There are many types of such mechanisms that perform specific functions. Moreover, most of them are not considered closed and it is common for new mechanisms to emerge. These mechanisms should shape the functional support of business structures in relation to the stages of the life cycle of innovation. Functional support includes innovation, investment, and financial support. Innovative supply should help to effectively seek and create innovations. An appropriate mechanism to accelerate the innovation process should be available now. Then it is necessary to create conditions for investment to commercialize and introduce innovations into production.

Of course, innovative solutions and investment solutions cannot be implemented without appropriate funding sources. On the one hand, this is a situation that does not require serious explanations, as the functional supply mechanisms may differ depending on what stage of development of this or that business structure. It is very important to link the elements of functional supply with the stages of development of business structures. These mechanisms are "activated" in the development and implementation of innovations or in general - when it is necessary to ensure the effective implementation of innovation processes.

Innovation mechanisms will be available at three main levels: at the macro level, at the regional level, and at the enterprise level. At the macro level, three main issues are addressed: the formation of the state's innovation strategy, the creation of a favorable innovation environment

for the entire economy, the implementation of state innovation programs. There will be similar tasks at the regional level, but they will depend on the specific characteristics of specific regions.

The macro and regional levels create the conditions for the accelerated implementation of innovation processes at the level of business structures. These innovation mechanisms are aimed at ensuring the implementation of state and regional innovation strategies, at the micro level within enterprises and organizations, directing innovation priorities to the flow of entrepreneurial initiative. The mechanisms mentioned should be carried out in a certain sequence and characterized by the coherence and appropriateness of the actions. The innovation mechanism consists of the formation of innovative needs and requirements on the one hand, and the formation of innovative supply on the other. This is done by stimulating the supply of innovations, increasing the demand for the results of innovative activities, influencing the conditions that encourage the emergence of innovations. In addition to the direct participants in innovation, it is also influenced by the regulatory process by government agencies.

The current state of the national economy requires investors not only to increase investment, but also to give them an innovative direction. This condition means a change in the approach to the process of reproduction in the economy, which means that scientific and technological progress, new techniques and advanced technologies must have a special place in its development.

## CONCLUSION

In general, today there are a number of problems in the implementation of innovative activities in the regions of the country. This is due to the fact that the state has implemented large-scale innovations before the start of large-scale structural reforms.

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