



## **FACTORS AFFECTING THE FORMATION OF INNOVATIVE POTENTIAL AND ITS TRANSFORMATION**

**Obidova Feruza Yahyoyevna,**  
Jizakh Polytechnic Institute  
" Economics and Management "  
Department of Associate Professor

<b>Article history:</b>	<b>Abstract:</b>
<b>Received:</b> 6 <sup>th</sup> November 2022 <b>Accepted:</b> 8 <sup>th</sup> December 2022 <b>Published:</b> 11 <sup>th</sup> January 2023	In the process of objectively, comprehensively researching the potential of innovation, the problem of identifying and classifying the factors affecting it arises. Despite the fact that this problem is relevant, it has not been sufficiently studied to this day. For this reason, the mazkup article analyzes the factors affecting innovation potential.
<b>Keywords:</b> <i>Innovation economy, innovation potential, innovation process, innovation project, innovation commercialization.</i>	

The formation and implementation of innovative potential in the country depends on the set of factors and conditions that accelerate innovative processes, starting from research and development developments, including the use of social production or innovative technologies.

Innovation potential is expressed as existing innovative projects that are at the final stage and as an infrastructure that combines all the links that develop innovative activities.

At the Global level, the following can be attributed to influencing factors:

- effective transfer of knowledge, exchange of experiences at the international level, processes for the implementation of projects that contribute to the widespread dissemination of innovations, etc. This results in the possibility of entering the Jaxon market in perspective for subjects of the economy producing any innovative goods and services;
- the presence of the ability of the created innovations to integrate with technological processes in the relevant fields.

Macro and meso-level factors determine the effectiveness of the implementation of innovative projects. The main task of state and territorial bodies of government is to create favorable economic, political and legal conditions for the flow of investments in the innovation sphere. The development of innovative activity in macroadaraja occurs through the development of effective territorial systems that form the growth point of the territorial economy as well as the economy of the country as a whole.

Currently, there are also factors that prevent the development of innovative activities in the national economy, which are reflected in the low level of funding for technological developments and scientific research, insufficient material and financial

support of young scientists, and insufficient information provision of innovative objects.

In our opinion, in order to eliminate the above obstacles and support the innovative enterprises being created, it is advisable to create innovative infrastructure facilities that provide interaction between participants in innovative activities of various forms and levels.

The factors that prevent the development of the innovative potential of the national economy can be represented as two groups:

- trackformation factors that determine the quality structure of innovation potential;
- transactional factors that indicate the readiness of the national economy to engage in innovative activities and represent the boundaries that determine the existence of innovative potential and its realization.

In our opinion, transformational factors can be attributed to factors that hinder the development of the innovative potential of the national economy, namely, the issue of personnel, scientific, technical-technological and financial constraints. That is, high economic risk, shortage of funds, lack of qualified personnel, high value for the development and introduction of innovations into the market, poor material and scientific and technical base, as well as a high level of its obsolescence are among the factors that negatively affect the innovative potential.

Transactional factors are understood as information, organizational, institutional restrictions that negatively affect the innovative potential. They can be attributed to the lack of reliable, effective interaction mechanisms between the state and the entrepreneurial sector, the presence of an innovative culture, the imperfection of the regulatory framework supporting innovative activities, the lack of tax incentives, subsidies and other preferences that



stimulate innovative activity in the country, the lack of information about new technologies, sales markets, the low efficiency of

The imperfection of the legislative and regulatory framework stimulating innovative activity in the country, the low efficiency of innovative infrastructure facilities, the abstraction of the term of innovative processes and the lack of development of the technology market can be attributed to one degree or another to organizational factors that negatively affect the development of the innovative potential of the national economy.

The system of factors affecting the innovative potential depends, first of all, on the selected classification criteria. Therefore, the classification of the main factors affecting innovative development is of significant scientific and practical importance.

In our opinion, based on the various approaches analyzed above to distinguish between

innovative potential and factors affecting its increase, we believe that it is advisable to classify them according to criteria according to the description of the impact on the development of innovative potential, the degree of control and the source of occurrence.

All factors are systematized according to the level of formalization. Because, the benefit from the formalized factors will help to improve the accuracy of the evaluation of the innovative potential and determine the reserves and opportunities of innovative development. These factors can be assessed using quantitative indicators.

In our opinion, according to the "level of control" of factors affecting the innovative potential of the national economy, it is advisable to group into two types, namely, internal and external factors (Table 1).

**Table 1.**  
**Internal factors affecting innovation potential**

<b>The type of factors affecting the innovative potential of the national economy</b>	<b>Innovative potential factors classified according to the source of formation</b>	<b>Factors contributing to the increase in innovative potential</b>	<b>Factors that prevent the increase in innovative potential</b>	
<b>Slow acting</b>	<b>Inside</b>	Labor force factor	The high qualification of the labor force in the country, the large number of employees engaged in scientific research and development, the large number of employees in innovative-active enterprises, the fact that those who are engaged in scientific developments have a scientific degree	Innovation-a shortage of highly qualified management personnel in the field of technological business, the absence of a sufficient number of highly qualified personnel
		Technological-production	An increase in investment per capita, an increase in the volume of private investments in relation to public investments	Low involvement of large enterprises in innovative processes, the absence of significant amounts of investment in the regional economy
		Scientific and technical	The innovation being created is an increase in the volume of goods and services, the creation of patents and useful models, and their commercialization	The fact that the innovation product has a small share in the gross production volume
		Financial	Financial support from the state, provision of benefits to innovative projects	High risk of innovative projects and long payback period



The internal factors shown in Table 1 include those that can be influenced and controlled nationwide. According to the sources of formation, it is proposed to divide internal factors into labor, technological-production, scientific-technical, financial factors.

Currently, labor resources are becoming a relatively fast influencing factor within the factors of innovative potential development, since there is the possibility of importing highly qualified personnel, scientific research and technological developments, or using them remotely with a puddle of Information Technology.

The technological and production factor is formed due to the existing production base and the creation of new enterprises, including venture ones. It is also worth noting that the integration of scientific technical and technological-production factors makes it possible to achieve a synergistic effect in the economy.

Among the main factors affecting the growth of the innovative potential of the national economy, the innovative policy of the state is included, which determines the priority areas of Science, Education, production, tax, social sphere, finance and credit, structural changes.

The group of external factors includes factors that are either poorly controlled or not controlled, and are influenced only by Public Policy (Table 2).

**Table 2.**  
**External factors affecting innovation potential**

The type of factors affecting the innovative potential of the national economy		Invasion potential factors classified according to the source of formation	Factors contributing to the increase in innovative potential	Factors that prevent the increase in innovative potential
<b>Fast acting</b>	<b>External</b>	Organizational-management	High innovation activity of economic entities	Insufficient readiness of the enterprise for management and technological innovations, low management skills of the enterprise management
		Infrastructure	Developed innovation infrastructure, high share of medium and small enterprises, availability of venture and innovation funds	Lack of deep ties between enterprises, scientific and financial organizations, underdevelopment of the system of support for innovative enterprises of various manifestations
		Information	Implementation of modern information technologies in the innovative sphere of the national economy	Insufficient information about new technologies
		The Institute	The fact that enterprises in the country have a high innovative potential, the formation of a legislative framework that encourages innovative activity, the effective innovation policy of the state	The unsatisfactory support of the economic innovation sector by the state, the lack of improved legislation, the transparency of the system of state institutions

In our opinion, according to the sources of formation, it is advisable to divide external factors into infrastructural, informational, institutional, organizational and managerial factors.

Institutional and infrastructural factors are among the factors that do not move quickly, that is, they slow down the change in innovative potential. Because, their formation, development and improvement requires a long period of time and a



significantly larger amount of material, financial, labor resources and a lot of Labor.

The innovation infrastructure in Table 2, together with economic market entities (Technopark, Technopolis, innovation-technological parks), represents the formation and development of financial institutions such as innovation and venture enterprises. This factor has a very high significance in the innovative development of the national economy, which is the main condition for providing the economy with innovative infrastructure facilities and creating a favorable institutional environment for subjects of innovative activity.

The institutional environment and innovation activities are closely related. The formation of an excellent legislative framework that stimulates and regulates innovative activity in the country and the development of an effective innovative policy of the state will help to further increase the innovative potential of the national economy. However, when viewed on the other hand, these factors can also cause situations that, on the contrary, negatively affect the development of innovative activity. That is, imperfect legislation and excessive interference of the state in the economy prevent the development of innovative activities in the country.

Currently, it has been proven that the importance of institutional factors in increasing the innovative potential of the national economy is enormous. Therefore, the impossibility of modernizing and diversifying the economy without improving the institutional and legal conditions is a well-known fact to many. The creation of new institutions that meet modern requirements, along with the development of existing institutions, is one of the pressing issues of the present day.

All factors affecting the development of the innovative potential of the national economy can be divided into fast and slow influencing factors. Because in the conditions of globalization of the economy, many factors can be copied from other regions. For example, there is an opportunity to import scientific, technical, production-technological and information resources from another state or territory. This applies especially to modern equipment, new technologies and components necessary for scientific research. In order to increase financial resources, it is possible to attract

foreign investment, which makes it possible to increase the speed of innovative potential factors.

In our opinion, it is advisable to conditionally divide the factors affecting the increase in the innovative potential of the national economy into two groups:

- factors contributing to the development of the innovative potential of the national economy;
- factors that hinder the development of the innovative potential of the national economy.

Various factors belonging to these two groups have a dual nature and can differently affect the increase in the innovative potential of the national economy.

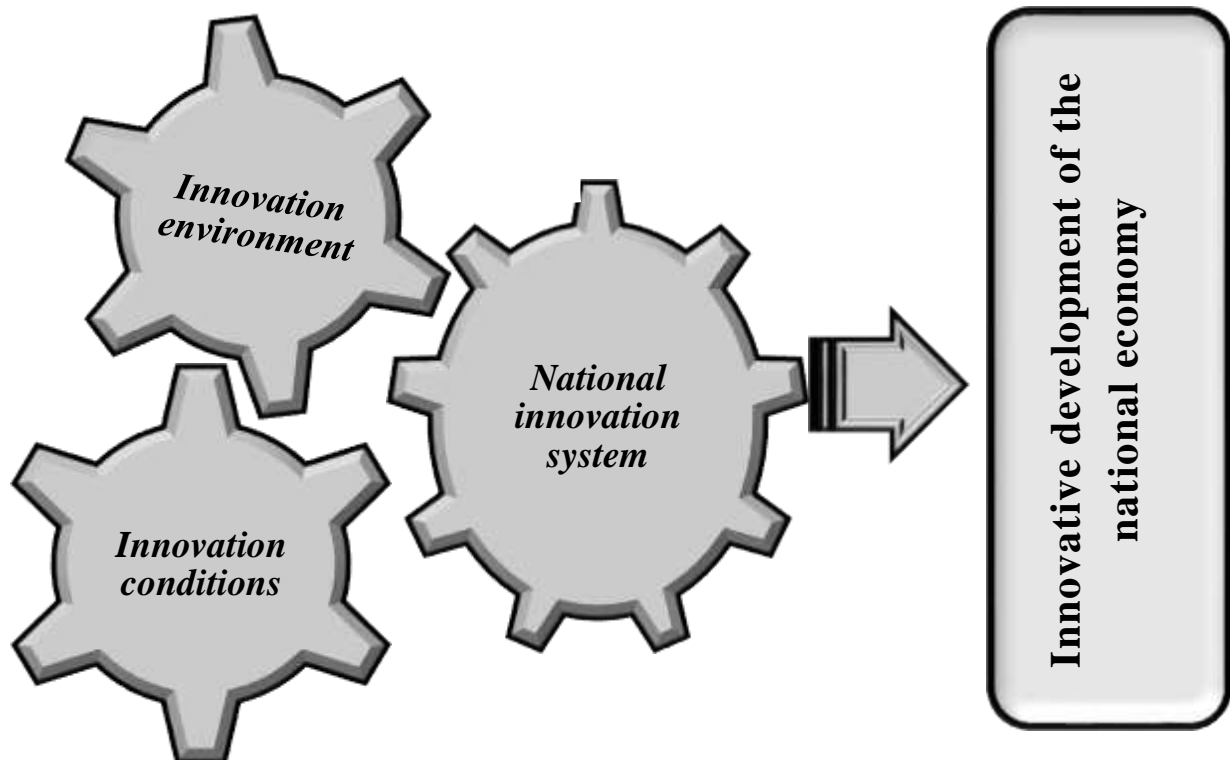
In addition, it is also advisable to study the institutional factors of increasing the innovative solubility of the national economy in the following groups based on their scale:

- macroeconomic institutions that carry out nationwide, directly influence the results of innovative activities and act within the framework of the law;
- microfinance institutions that carry out activities on the scale of regions, whose mechanisms of action help to accelerate the creation of innovations, operating in a formal and informal way.

In accordance with the micro and macro levels, the Central and territorial institutions of innovative development are distinguished. Central institutions create a certain level of conditions for the development of innovations. For example, legal, economic, technological, social and professional conditions are among them.

Territorial institutions, on the other hand, provide combinational and cooperative relations in order to ensure the movement of subjects involved in innovative processes in a given territory, the local coordination of their activities and the implementation of territorial issues. These institutions lead to an acceleration of the socio-economic development of the country or to a slowdown in this process.

The development of innovative processes in the country is ensured as a result of the effective validity of the relationship between a number of factors. They consist of an institutional environment, created institutional conditions and a national innovation system (fig.1)



**Figure 1. Institutional elements of the innovative development of the national economy**

The institutional environment provides an incentive for the implementation of innovative activities, forms favorable conditions for the development and implementation of new technologies, increases the innovation activity of enterprises, including small enterprises.

The institutional environment characterizes the state at the macro level, while the institutional conditions represent economic and non-economic mechanisms that represent the opportunities created in the microdistrict.

Conditions in macrodistrict include:

- Legislative, regulatory and legal acts;
- contract right;
- the procedure for ownership of property;
- Customs and values;

- institutional trust (the presence of laws and mechanisms for regulating economic activity and the degree of its use as a means of protecting its activities and concluded contracts)

The conditions in the microdistrict, however, are as follows:

- parameters of market transactions (transactional costs, levels of risk and uncertainty, the number of acts of implementation of agreements, specific characteristics of assets);
- formal and informal (network, association, etc.), which provide effective separation.k) the presence of alternative organizational structures;
- developed business infrastructure, which creates various conditions for the organization and development of entrepreneurship;
- the domestic market, integrated structures, new forms of entrepreneurial activity (franchising, trade and industries, etc.);
- Mutual Personal Trust.

Thus, we introduce into the institutional conditions of innovative development formal and informal institutions operating in a particular area, providing an increase in the innovative potential of the national economy. We can include in such institutions regulatory and legal acts of territorial governing bodies, strategies for supporting



innovative activities and programs for their implementation, base institutions that ensure the development of the ITTKI (research and development work) sector in the country.

#### **LIST OF USED LITERATURE**

1. Cattell, R.B. The scree test for the number of factors / R.B. Cattell // *Multivariate Behavioral Research*. - 1966. №1. -p. 245-276.
2. Mensch G. Das technologische Patt: Innovationen überwinden die Depress. -Frankfurt. 1975. -596 p.
3. Nelson R. National Innovation Systems. A Comparative Analysis. // R. Nelson. -Oxford. 1993. 627 p.
4. Hines J., Jr. (1995a) Taxes, Technology Transfer and R&D by Multinational Firms. In: Martin Feldstein, James R. Hines Jr., R. Glenn Hubbard (ed). *Taxing Multinational Corporations*. University of Chicago Press, pp. 51-62.
5. Hughes, K. (1986) *Export and Technology*. Cambridge University Press, Cambridge, UK.
6. Drucker P. *Innovation and Entrepreneurship. Practice and Principles*. – London: Heinemann, 1984.
7. Obidova, F. Ya. "GREEN INNOVATION IN BUSINESS MARKET." *Экономика и социум* 10 (2020): 191-194.
8. Obidova, Feruza Yaxyoevna. "PROSPECTS FOR INNOVATIVE DEVELOPMENT OF TOURISM." *Актуальные научные исследования в современном мире* 4-10 (2021): 91-95.
9. [Analytical basis of investment procedures in Uzbekistan and their tendencies of development](#) OT Sattorkulov, MA Boboevich, AM Kudratullaevna... - *International Journal of Psychosocial Rehabilitation*, 2020
10. [ИННОВАЦИОН ИҚТИСОДИЁТДА ИМПОРТ ЎРНИНИ БОСУВЧИ САНОАТ ИШЛАБ ЧИҚАРИШЛАРНИ ТАШКИЛ ЭТИШ МАСАЛАЛАРИ](#) А Абдувоҳидов, Д Эшпўлатов, М Нурмухаммедова... - *Экономика и образование*, 2022