

## THE SPECIFIC FEATURES OF USING INNOVATIONS IN BUSINESS ACTIVITIES AND THE EXISTING PROBLEMS IN THE TRANSITION TO INNOVATIVE MARKETING PRACTICES

*a lecturer at the Department of Economics at BuxSU*

**H.N. Abdullayeva**

In recent years, the intensification of the introduction of scientific, technical, and technological developments into production processes worldwide has led enterprises to increase the supply of new, innovative products that have high added value, are relatively affordable, and are of high quality and competitiveness.

In particular, in recent years, Uzbekistan has prioritized reforms aimed at ensuring the stable innovative development of the national economy by enhancing the efficiency of innovation usage in business activities and fostering deep integration between science and production. This has contributed to the development of a healthy competitive environment among local manufacturers and has highlighted the need to improve traditional marketing practices while increasing the effectiveness of innovative marketing programs.

In this regard, it is appropriate to focus on the words of President Shavkat Mirziyoyev, who stated:

"The rapid introduction of modern innovative technologies into economic sectors, as well as into social and other fields, through the extensive application of scientific and technological achievements, is a crucial condition for the accelerated development of the Republic of Uzbekistan."

According to analyses, the following can be identified as the priority tasks of state policy aimed at increasing the efficiency of innovation usage in the organization of enterprises' activities within the sectors of our national economy:

- Developing the practice of using innovations in enterprise management, including the creation of modern methods for implementing public-private partnership mechanisms in financing the development and application of R&D (Research and Development), innovative projects, and technological innovations;

- Enhancing the level of integration between science, education, and enterprises by fostering mutual cooperation, including improving the effectiveness of scientific research and innovative developments, increasing scientific potential, developing effective mechanisms for implementing innovations in enterprise management, and boosting the innovation activity of enterprises.

- Improving the quality and accessibility of educational services and developing a continuous education system to enhance the efficiency of innovation use in enterprise management, considering the demand for highly qualified specialists. Additionally, increasing the flexibility of the national personnel training system to better align with market needs.

- Establishing competitive markets by ensuring the protection of various property rights and creating favorable conditions for integrating innovations into enterprise management. Furthermore, developing an effective mechanism for implementing state programs aimed at transitioning enterprises toward innovative development.

- Developing infrastructure that enables and supports the innovative development of enterprises.

Despite the implementation of state programs aimed at improving the efficiency of innovation usage in enterprise operations in our country, significant challenges remain in this field. It is important to note that enterprises utilizing innovative marketing programs are typically those that incorporate innovations into their operations and possess the necessary innovation development potential. Therefore, in identifying the challenges related to the use of innovative marketing programs in enterprise management, it is essential to analyze the extent to which enterprises integrate innovations into their operations, assess development trends, and determine the existing issues in the sector. At the same time, in the modern economic system, marketing is considered a key component of enterprise management, playing a crucial role in shaping business strategies and fostering competitiveness.

In our country, the effectiveness of state programs aimed at improving the use of innovations, including innovative marketing programs, in enterprise management has also been studied by international organizations.

For instance, United Nations (UN) experts conducted an international study titled "Gaps in Science, Technology, and Innovation in Uzbekistan" as part of the "Special Program for the Innovative Development of Central Asian Economies within the Framework of the 2030 Sustainable Development Goals." This study assessed the conditions created in Uzbekistan's economy for enterprises to integrate innovations into their operations. It also compared these conditions to those in other developing and transitioning market economies using a 5.0-point rating system.

To evaluate the effectiveness of state programs aimed at improving the use of innovations in business operations across different sectors of the national economy, a survey was conducted among nearly 5,000 enterprises of various sizes (small, medium, and large).

According to the survey results:

- 30% of respondents (employers and company managers) stated that enterprises in the chemical industry, biotechnology, and agriculture have high potential for using innovations in management.

- 20% of respondents rated enterprises in textiles, pharmaceuticals, nuclear technology, physics, and energy as having a high capacity for integrating innovations into their business operations.

According to the survey conducted by UN experts to assess the use and effectiveness of innovative projects in enterprise operations in Uzbekistan, it was found that the overall conditions, innovation activity of enterprises, and related

indicators are at a satisfactory level. The general state of innovation adoption in enterprises across the country was rated 3.0 out of 5.0 on the assessment scale. This suggests that an effective mechanism for implementing innovation-driven initiatives in enterprise management has not yet been fully developed at the state level. As a result, this lack of a structured and impactful approach negatively affects the development of innovation adoption processes in local enterprises, potentially hindering their ability to remain competitive and integrate new technologies effectively.

It is important to emphasize that state intervention in the use of innovations in enterprise operations should align with market economy requirements when developing and implementing marketing programs. In particular, a competitive environment in the national economy encourages enterprises to strive for competitive advantages, leading to greater reliance on marketing research when making management decisions, including production planning. The continuous development of healthy competition among enterprises naturally drives the integration of innovations into marketing programs, further enhancing the efficiency of business operations and market strategies.

Analysis of global best practices shows that without effectively addressing the aforementioned challenges, it will be difficult to increase the efficiency of innovation adoption, including the use of innovative marketing programs in Uzbekistan's enterprises. In developed countries, small and medium-sized enterprises (SMEs) are often more active in adopting innovations compared to large corporations. Additionally, enterprises in these economies establish strong innovation-driven partnerships with research institutes and universities, fostering a deep integration between science and production in their management practices. Governments in advanced economies support SMEs by subsidizing 50-60% of the costs associated with implementing innovations in business management and marketing. However, state intervention in enterprise innovation activities is typically limited to financial support programs, allowing businesses to develop their innovation strategies independently without excessive government control. This approach creates a more flexible and dynamic innovation ecosystem within the economy.

Research findings indicate that Uzbekistan's industrial enterprises face a human resource problem that directly affects the organization of innovation activities and the efficiency of decision-making in enterprise management. In particular, marketing programs—especially consumer-oriented marketing activities and the use of innovations in their implementation—are not given sufficient priority in managerial decision-making. The shortage of highly qualified specialists in the labor market, along with limited access to and low quality of higher education services, hinders the effectiveness of innovative management in industrial enterprises. As a result, companies struggle to conduct market research through marketing activities, leading to challenges in making informed business decisions and improving innovation-driven management efficiency.

According to global statistics, the average number of scientists per 1 million people worldwide is 1,478. This figure is significantly higher in certain developed countries:

- Israel – 8,342
- South Korea – 7,498
- United States – 4,245
- Russia – 2,822
- Uzbekistan – 476

This data highlights a significant gap in Uzbekistan, particularly in the development and implementation of innovative projects, including the integration of innovative marketing strategies into local enterprises. The shortage of highly qualified specialists remains a major obstacle to enhancing the effectiveness of innovation-driven marketing programs. Furthermore, this lack of expertise has led to weak institutional mechanisms for adapting marketing innovations in enterprise operations. As a result, without addressing this issue, it will be difficult for businesses to achieve long-term sustainable innovation-driven growth.

Since 2021, the Central Bank of Uzbekistan has been regularly conducting surveys to assess the effectiveness of measures taken to develop the use of marketing innovations in enterprise operations and to evaluate the financing of innovation activities in businesses. These surveys cover more than 900 enterprises of various ownership types that are engaged in innovation-related activities across the country. The findings help identify existing challenges and assess the impact of financial support mechanisms on the adoption of innovative business practices.

Survey results indicate that Uzbekistani enterprises face significant challenges in self-financing the use of innovations in their operations. The severity of these issues varies depending on the ownership structure of the enterprises:

- State-owned enterprises – 76% face difficulties in financing innovations.
- Foreign-invested enterprises – 66% experience similar challenges.
- Private enterprises – 58% struggle with self-financing innovation adoption.

Despite the fact that state-owned and foreign-invested enterprises receive greater government support for innovation-related activities compared to private enterprises, their capitalization levels remain lower due to certain operational inefficiencies. As a result, these enterprises have limited capacity to finance marketing innovations using their own funds, giving private enterprises a relative advantage in this regard. This discrepancy highlights the need for more effective financial mechanisms to ensure equal access to innovation financing across all business sectors.

Despite limited self-financing opportunities, high loan interest rates from financial service providers also negatively impact the development of innovation adoption in enterprises. According to survey results, on average, 33.7% of respondents across various ownership types consider commercial bank loan interest rates to be too high:

- Foreign-invested enterprises – 42%
- Private enterprises – 30%
- State-owned enterprises – 29%

The high cost of credit forces businesses to increase the prices of their goods and services, which, in turn, restricts their ability to align pricing with market research findings. Instead of offering affordable and value-driven products, enterprises are compelled to raise prices, making their offerings less accessible to consumers. This mismatch between pricing and consumer purchasing power can lead to a decline in demand and loss of customers. As a result, the use of marketing programs within enterprises may fail to deliver economic benefits, ultimately hindering the effectiveness of marketing innovations in business operations.

Given the challenges outlined above, it is essential to revise state programs aimed at enhancing the effectiveness of innovation adoption, particularly in the use of marketing innovations in enterprise operations. These programs should be more targeted and goal-oriented to ensure their impact. In this regard, it is crucial to first focus on developing innovation-driven growth strategies within enterprises. These strategies must be aligned with the requirements of a market economy to ensure sustainable and competitive development. To achieve this goal, enterprise innovation development strategies should be based on the following key principles:

- **Priority of Innovation Activity** – Prioritizing innovation development in enterprise operations ensures long-term strategic goals and sustainable growth for industrial enterprises.

- **Continuous Improvement** – Enterprises should focus on organizing innovation processes, advancing production technologies, and consistently increasing the efficiency of innovation adoption in business operations.

- **Flexibility in Management** – Enterprise management should be adaptive to internal and external factors, including macro- and microeconomic trends, market dynamics, regulatory changes, competitive positioning, and evolving consumer demands.

- **Balance and Alignment** – The enterprise's innovation development strategy must be aligned with its long-term growth objectives, current market position, and innovation goals, ensuring a coherent and well-integrated approach.

- **Systematic Approach** – The management and organization of innovation processes should follow a structured framework, ensuring that resources, management methods, and support mechanisms are systematically integrated into the enterprise's innovation strategy and its implementation.

- **Integration** – Innovative marketing activities should be considered an inseparable part of overall enterprise management. Each department should be involved in the firm's innovation-driven development, including technological advancements in production, innovation project development, and securing financial and investment resources.



- Commitment to Innovation Potential Development – Enterprises should consistently develop and implement strategies aimed at enhancing innovation efficiency, ensuring that innovation-driven initiatives and activities are conducted regularly.

- Risk Management – Enterprises must identify and assess risks associated with innovation processes, taking timely and well-informed measures to minimize uncertainties and potential threats.

- Complete and Reliable Information – The enterprise should have access to accurate, comprehensive, and reliable data sources on internal and external factors affecting innovation development, enabling effective decision-making.

- Production-Technological Cooperation – Enterprises should establish collaborative partnerships with innovation infrastructure organizations, as well as other industrial sectors engaged in innovation-driven economic activities. By developing and enhancing technological platforms, sharing knowledge and resources, businesses contribute not only to their own growth but also to the overall innovative development of the national economy.

When developing an innovation-driven growth strategy, enterprises must consider the following key factors influencing innovation activities:

- Macroeconomic development level and industry conditions – The overall economic stability and sectoral performance of the country impact the feasibility of innovation adoption.

- Local market conditions and consumer behavior – Understanding market trends, consumer preferences, and demand dynamics is crucial for successful innovation integration.

- Global market trends and product competitiveness – Enterprises must assess their products' competitiveness on an international scale to ensure alignment with global standards and technological advancements.

- National economic policies and innovation support measures – The government's role in fostering innovation, including regulatory frameworks, financial incentives, and infrastructure development, significantly influences innovation-driven business activities.

- Investment attractiveness of the country and industry – The availability of investment opportunities, particularly in the sector in which the enterprise operates, determines the potential for securing funding and strategic partnerships.

In our view, developing an innovation-driven growth strategy based on the principles outlined above will enhance the effectiveness of using marketing innovations in enterprise operations. This, in turn, will lay the foundation for transitioning the national economy and its industries toward innovation-driven development. Additionally, aligning production practices with market demands will allow enterprises to gradually adapt to consumer needs. This approach will contribute to strengthening domestic markets by ensuring they are supplied with highly

competitive and innovative products, ultimately boosting economic growth and industrial progress.

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