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THE EXPERIENCE OF FOREIGN COUNTRIES IN REGULATING INNOVATIVE ACTIVITIES OF SERVICE SECTOR ENTERPRISES

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Abstract. *This article discusses the interaction scheme of the systems for ensuring the organizational and economic mechanism of innovative development of service enterprises at the macro and macro levels, the functions of the system for forecasting and planning the innovative development of service enterprises, priority areas of state regulation of innovative activity, science and technology in Uzbekistan, the experience of foreign countries in regulating the innovative activities of service enterprises, and the components of the mechanism for regulating the innovative activities of service enterprises.*

Key words: *service, service sector, innovation, regulation, further development of service enterprises.*

1.Introduction

In the current conditions, the most promising direction for achieving rapid economic growth and economic development of countries is to increase the innovative activity of business entities and increase their level of competitiveness. This affects the change in strategic directions in the structure and essence of the process of innovative development. All this, in particular, dictates new requirements for the mechanisms for organizing and regulating the innovative activities of enterprises in the service sector. Also, to ensure the effective functioning of enterprises, it is necessary to develop and implement effective mechanisms for managing innovative development, which is impossible in the absence of an established mechanism for regulating innovative activities.

The innovative direction of processes inherent in the modern economy has proven the ineffectiveness of organizational structures and traditional management tools, since they do not take into account the growing non-traditional qualitative factors of economic growth. The concept and principles of classical management are being replaced by a new innovative model of enterprise development - innovative management. Innovative management is a management activity aimed at achieving new quality in the production, technological, information,

organizational, managerial, environmental and other aspects of an enterprise's activities through the development and adoption of non-standard decisions on change management.

2.Literature review

In the economic literature there is no single conceptual approach to the formation and components of the mechanism of innovative development of service enterprises. In this regard, Yu.S. Glazkova [9] and V.A. Kolokolov [10] identified the mechanism of innovative development and the innovation mechanism that does not correspond to reality from the point of view of economic development.

According to the approach of Yu.S. Glazkov, the mechanism of innovative development consists of such elements as labor, capital, information support, legal support and financial support. It should be noted that, despite the practical orientation of this approach, the proposed mechanism of innovative development also emphasizes only innovative technical and innovations, organizational support for the innovative development of enterprises is not taken into account, and managerial, organizational and other types of innovations are not taken into account at all.

Other economists, when considering the category of mechanism of innovative development, do not take into account the specific features and tasks of the innovative development of the economic entity, which is especially important for enterprises in the service sector. The economic mechanism of innovative development of enterprises by A.A. Trifilova proposed a quantitative assessment of the resource component of innovative development and a model for evaluating the innovative potential from which the innovative development strategy was selected [11]. However, in this model, the main attention is focused on the indicator of innovative activity of enterprises and only on two types (technical and technological) innovations, which does not take into account the specific characteristics of the activities of enterprises in the service sector.

Another approach to forming the innovative development mechanism of enterprises was proposed by A.V. Ovsyannikova. According to this concept, the mechanism of innovative development of the enterprise is based on the interdependence of the tasks of innovative development and the forms, means and methods of its support, but this approach does not take into account the innovative capabilities of the enterprise. According to him, the information on the “input” and “output” of the enterprise is of a subjective nature and it is not clear how to evaluate it. I.A. Kuzovleva, S.G. Kuznetsov and O.G. Kuralenko [12] in their research

emphasized the state and territorial regulation of the innovative activity of the business entity in forming the mechanism of innovative development of the enterprise.

3.Methodology

Scientific research methods such as scientific abstraction, analysis and synthesis, statistical grouping were used in the development of basic scientific and theoretical rules.

3. Analysis and results

The process of innovative development should be considered, first of all, from the point of view of a specific subject of economic activity, that is, a specific enterprise that carries out entrepreneurial activities in relations with trade and trade intermediaries, competitors, and consumers. Innovative activity is a systematic activity that includes scientific, technological, organizational, financial, and commercial actions aimed at implementing innovations, is based on investments and provides economic, social, and other benefits. The organizational and economic mechanism of innovative development of service enterprises should be considered as a multi-stage hierarchical system, which requires appropriate regulation of their innovative activity. Therefore, it requires the interaction of all its systems at the macro and micro levels of management (Fig. 1).

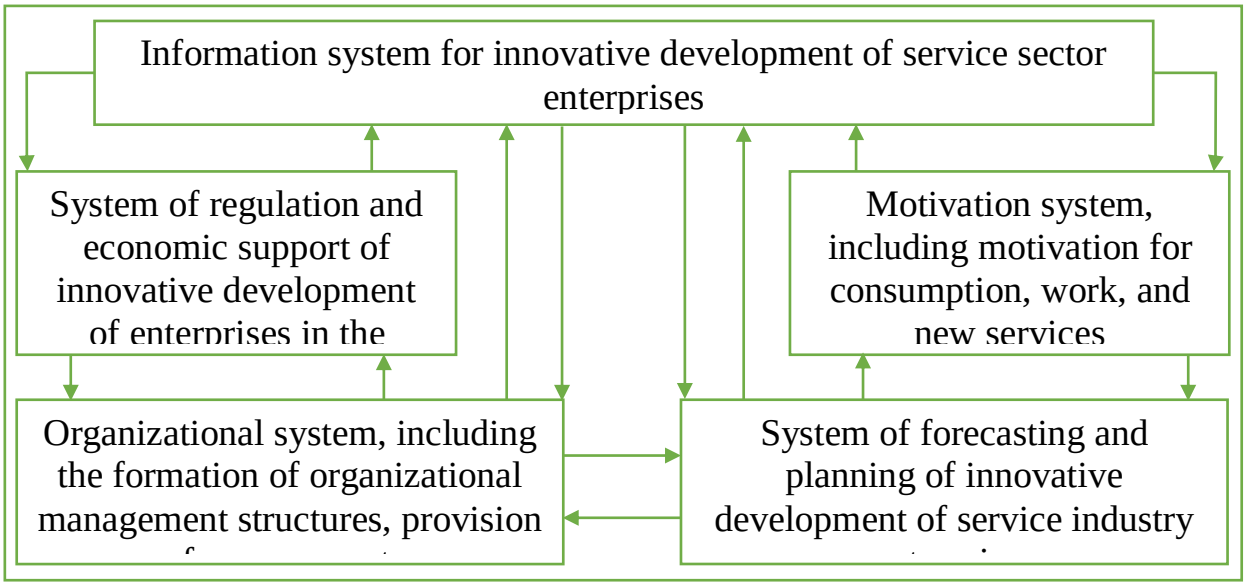

Figure 1 - the scheme of interaction of the systems of macro and macro-level provision of the organizational-economic mechanism of innovative development of enterprises of the service sector [19]

The movement of the higher level of the organizational and economic mechanism of innovative development is indirectly manifested through the movement of regulatory and incentive mechanisms by the state. These mechanisms are beyond the micro level, and therefore a particular business entity cannot influence them. As elements of regulatory systems, they coordinate and regulate the actions of market mechanisms to a certain extent.

They also create a favorable or unfavorable environment for the innovative development of enterprises in the service sector. The system of forecasting and planning the innovative development of enterprises in the service sector determines the strategy and tactics of their development in accordance with the scientific and technical, production and economic, trade, material and technical, investment, innovative activities and other areas of their activity. This system performs the following functions:

- analysis of the structure of production and consumption formed in the market;
- analysis of competitors, consumers, sales system, incentive system, etc.;
- analysis of factors affecting the innovative development of an enterprise in the service sector;
- forecasting market development trends under the influence of scientific and technical, socio-political, demographic, technological, economic, organizational and legal, environmental and other factors;
- analysis of market opportunities and threats that stimulate or slow down the implementation of possible alternative options for innovative development of service enterprises;
- analysis of the strengths and weaknesses of service enterprises;
- assessment and selection of optimal options for innovative development from the point of view of the company's capabilities in the service sector and the implementation of external conditions, selection of market positions and competitive positions;
- planning the development of the service enterprise in accordance with the developed options. The system of incentives for service enterprises performs the following set of functions:
- stimulation of entrepreneurship and labor motivation for the development of the enterprise itself;
- motivation for the consumption of new services. In this case, the organization or enterprise system performs the following functions:

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- identifying the advantages and disadvantages of the activities of service enterprises;

- implementing priority areas of innovative development of service enterprises through the formation and restructuring of organizational management structures and organizational and economic relations;

- providing innovative development of service enterprises with resources, including the search for sources and support mechanisms and the formation of their optimal structure;

- monitoring the processes of innovative development under the influence of the external and internal environment, adjusting development processes and, if necessary, changing the priorities of innovative development. Therefore, the organizational and economic mechanism of innovative development of service enterprises is one of the main elements of the system of ensuring their long-term survival and continuous development, in response to changing conditions of the external environment. The organizational and economic mechanism of innovative development of service enterprises is a subsystem of the traditional organizational and economic mechanism of the enterprise, which is implemented in a certain way through all forms and methods of managing its economic activities.

Undoubtedly, service enterprises operate under the influence of state regulation of the innovative activities of enterprises and the state innovation policy, which jointly organizes the institutional support of innovative activities. Institutional support of innovative development of service enterprises is a combination of state and non-state institutions. Together, they ensure the existence of the necessary legal, organizational and economic conditions for the implementation and development of innovative activities.

The legal basis for institutional support of innovative activities in the Republic of Uzbekistan is determined by a number of regulatory and legal documents. Since the topic is related to investment and innovation, the first of them is the Economic Procedural Code of the Republic of Uzbekistan, which defines the relations arising in the process of implementing innovative activities, in particular, the concept of innovative activity, its types, forms of investment in innovative activities, the principles of state regulation of innovative activities, the content of the contract for the creation and transfer of scientific and technical products [1]. In addition, other regulatory and legal documents include:

- The Law of the Republic of Uzbekistan “On Self-Government Bodies of Citizens” [2];

- Resolution of the President of the Republic of Uzbekistan “On measures to further improve the procedure for providing public services to business entities on the principle of “Single Window” [3];

ISSN: 2053-3578 I.F. 12.34

- Law of the Republic of Uzbekistan “On Local Government” [4];

- Law of the Republic of Uzbekistan “On the Cabinet of Ministers of the Republic of Uzbekistan” [55];

- Law of the Republic of Uzbekistan “On Innovative Activities” [6];

- - Law of the Republic of Uzbekistan “On Public-Private Partnership” [7];

- Decree of the President of the Republic of Uzbekistan “On Approval of the Strategy for Innovative Development of the Republic of Uzbekistan for 2022-2026” [8] and others. The following are included in the subjects of institutional support for innovative activities:

- President of the Republic of Uzbekistan;

- representative bodies;

- executive authorities;

- Ministry of Higher Education, Science and Innovations of the Republic of Uzbekistan, which is the main body in the field of innovations and informatization;

- other state and advisory bodies in the field of innovative activities;

- separate scientific, public and professional institutions, organizations and projects;

- individual economic infrastructure subjects of innovative activity.

The main goal of the state innovation policy of the Republic of Uzbekistan is to create socio-economic, organizational and legal conditions for the effective increase, development and use of the state's scientific and technical potential, to ensure the implementation of modern environmentally friendly, safe, energy production, resource-saving technologies, and the production and introduction of new types of competitive products. In this regard, the main principles of the state innovation policy are:

- orientation of the economy of the Republic of Uzbekistan on the innovative path of development and determination of state priorities for innovative activity;

- formation of a regulatory and legal framework in the field of innovative activity, creation of conditions for the preservation, development and use of local scientific and technical and innovative potential;

- ensuring interaction between the spheres of science, education, production, finance and credit in the development of innovative activity, assistance in the development of innovative infrastructure;

- effective use of market mechanisms for stimulating innovative activity, support for entrepreneurship in the service sector;

ISSN: 2053-3578 I.F. 12.34

- financial support, preferential credit in the field of innovative activity, implementation of tax and customs policy and provision of information to subjects of innovative activity;

- training of personnel in the field of innovative activity. Stimulation of innovative activity may include measures aimed at fulfilling the requirements established by the legislation, directly or indirectly encouraging business entities to participate in innovative activity, and in contracts mediating the implementation of such activity.

As for enterprises in the service sector, it should be noted that the goals of state regulation of their innovative development are to maintain progressive changes in the service sector, ensure the competitiveness of enterprises in the service sector and improve environmental safety in general. That is, they should be multifaceted, contribute to the formation of economic relations and relations, and coordinate activities on the basis of a balanced combination of personal and public interests.

Positive incentives provide the subjects of innovative activity with benefits provided for by law, taking into account the interests of society and the interests of the state in implementing innovative activities. Thus, in many developed countries, the following types of economic development models are used:

- resource model without high-tech production (natural resources → production → money);

- innovation model (transformation of money for research into knowledge → transformation of knowledge into employee skills and innovations → transformation of innovations into goods → money);

- intellectual-donor model (a shortened version of the second model, with the production stage removed) [13].

Analysis of the practical experience of countries around the world with different levels of economic development and levels of efficiency has proven that the second model of economic reproduction is the most effective model. However, unfortunately, the first and third models can be considered the dominant resource-based model in the Republic of Uzbekistan with high-tech production and intellectual-donor.

These models have a relatively low level of efficiency, which leads to a depletion of the country's resources, the outflow of production factors from the national economy, and makes it impossible to ensure high indicators of the level of well-being of the population. It is also planned to consider the Japanese experience in regulating innovative activities. Thus, in accordance with the Japanese law regulating science and innovation, the main direction of

ISSN: 2053-3578 I.F. 12.34

Japan's development (the global innovation index for 2022 was -53.6, ranking 12th in the income group [14]) is determined to be implemented through the promotion of science and technology. In accordance with the Master Plan for Science and Technology, the priority directions are:

- carrying out scientific research and improving it within the framework of the scientific research system;
- developing and improving the scientific research infrastructure;
- encouraging the development of scientific research in various regions of the country;
- encouraging various forms of financing, interest in science and technology [15]. Given that Japan is the world leader in the volume of innovative spending, it is necessary to take into account this experience in regulating innovative development in Ukraine, since Japan has increased the amount of innovative spending only in the last 20 years. Financing this area is 8 times higher, and the bulk of innovations are financed by financial and industrial groups and the corporate sector, while state financing is limited to small and medium-sized firms.

Among the measures to stimulate the financing of innovative development, a reduction in corporate taxes and a system of incentives for the implementation of scientific research and its implementation are used. The practice of using a system of rewards for carrying out research and development work at the enterprise level, which depends on the amount of income received by the corporation from the introduction of innovative technologies, is widespread. In general, work is being carried out at the state level to coordinate innovation processes, form large-scale innovative development programs, and encourage private companies to finance research and development.

The experience of the United States (with a global innovation index of 61.8 for 2022 and ranked 2nd in the income group [14]) in the field of science and technology development involves priority financing of innovative activities and the formation of a technological infrastructure based on broad cooperation between the federal government, corporate and academic sectors. In addition, state regulation of innovative activities, science and technology is carried out in the following areas:

- early encouragement of scientific research and tedious constructive developments;
- formation and activation of research institutes to expand the innovative sphere;
- creation of a favorable business environment for the activation of innovative activity;
- orientation of federal scientific research to meet the needs of the economy and adjust its volume to budget capabilities;

ISSN: 2053-3578 I.F. 12.34

- federal support for universities and improvement of school education. In terms of supporting the innovative development of US enterprises, it should be noted that the state grants certain additional rights to contractor corporations implementing various scientific and research programs:

- free use of industrial equipment and scientific laboratories, experimental and research stands;

- privileges in the purchase of raw materials, materials and other types of industrial and non-industrial goods in the private market;

- purchase of raw materials and materials at preferential prices from state institutions and at the expense of state funds;

- tax benefits in favor of enterprises; advance payments for the execution of the order;

- long-term depreciation of fixed assets; preferential loans on orders; free lease of state land property;

- the possibility of spending funds from the total value of the state civil and military contract (from 10% to 12%) on "own scientific research" for scientific research works;

- all costs associated with the restructuring of production and professional retraining of personnel in the implementation of a new state scientific and technical or military-technical order or the transition to the production of new civilian or military products, the restructuring or relocation of production to other locations of enterprises or scientific centers in the United States;

- the purchase of raw materials, materials, industrial equipment, tools and scientific instruments abroad, if they are better than the corresponding US models, the retraining of scientific and technical and production personnel and specialists in foreign companies, scientific centers or higher educational institutions in connection with the implementation of state scientific and research programs [16]. All these costs are charged to the total amount of the state order “authorized by law” or “agreed upon by contract” by a particular enterprise or higher educational institution.

Representatives of scientific, technical and business circles recognize that the most important thing for US companies is the ability to write off current expenses for their scientific research and development and exclude them from the amount of annual taxable profits of corporations. A separate direction for ensuring the innovative development of US enterprises is to promote the development of venture entrepreneurship.

The effectiveness of venture business in the US is confirmed by examples of the successful development of enterprises in leading industrial sectors. Thus, most of the companies that have already become leaders in the field of computer equipment and technologies, such as Microsoft, were financed by venture funds at one time. The turnover of venture capital-based companies in the US is growing faster than that of the 500 largest industrial companies in America. The success of these enterprises is associated with their higher spending on research and development per employee [18].

The experience of Switzerland, one of the world's post-industrial leaders (the global innovation index for 2019-2020 was 64.6 and it ranked 1st in the income group in the cited years [14]), shows that over the past 20 years, this country, which did not have a developed industry and a strong scientific base, has shifted from a natural resource economy to a high-tech economy without fundamental research. This was possible due to the formation of a unique concept of a national innovation system as the main element of science and technology. As a result, the number of enterprises based on innovations and know-how has increased significantly, and the number of enterprises engaged in scientific and research activities has also been significantly strengthened.

In the Swiss innovation financing system, the main role belongs to public funds to support the development of science and technology. In addition, five strategic centers have been established in Switzerland, including energy and environmental protection; metal products and machinery; forest industry; health care; research areas of the information and communication industry are concentrated. It should be noted that the financing of innovations is mainly carried out by the Ministry of Trade and Industry, the Ministry of Education and the Swiss Academy, and the central place among the state bodies that finance the development of science and technology belongs to higher education institutions.

It should also be noted that technological innovation is more prevalent in the manufacturing industry than in the service sector in Switzerland. In it, the share of enterprises that introduced innovations in the manufacturing industry from 2019 to 2023 was 53.2 percent, and in the service sector it was 44.1 percent [17]. China, the world's second largest economy, has begun to build an innovative system within the framework of economic reforms. The country's leadership actively supports and encourages foreign research and development, but in recent years, a large part of the funds have been directed to its own innovations.

China's latest development plan identifies seven strategic areas as its strategic priorities: "clean" energy technologies, new generation telecommunications equipment, biotechnology,

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high-tech equipment, new energy, new materials, and the production of hybrid and electric vehicles. Achieving them involves increasing funding for fundamental research and accelerating the production of scientific research results by creating specific links between universities, research institutes and enterprises.

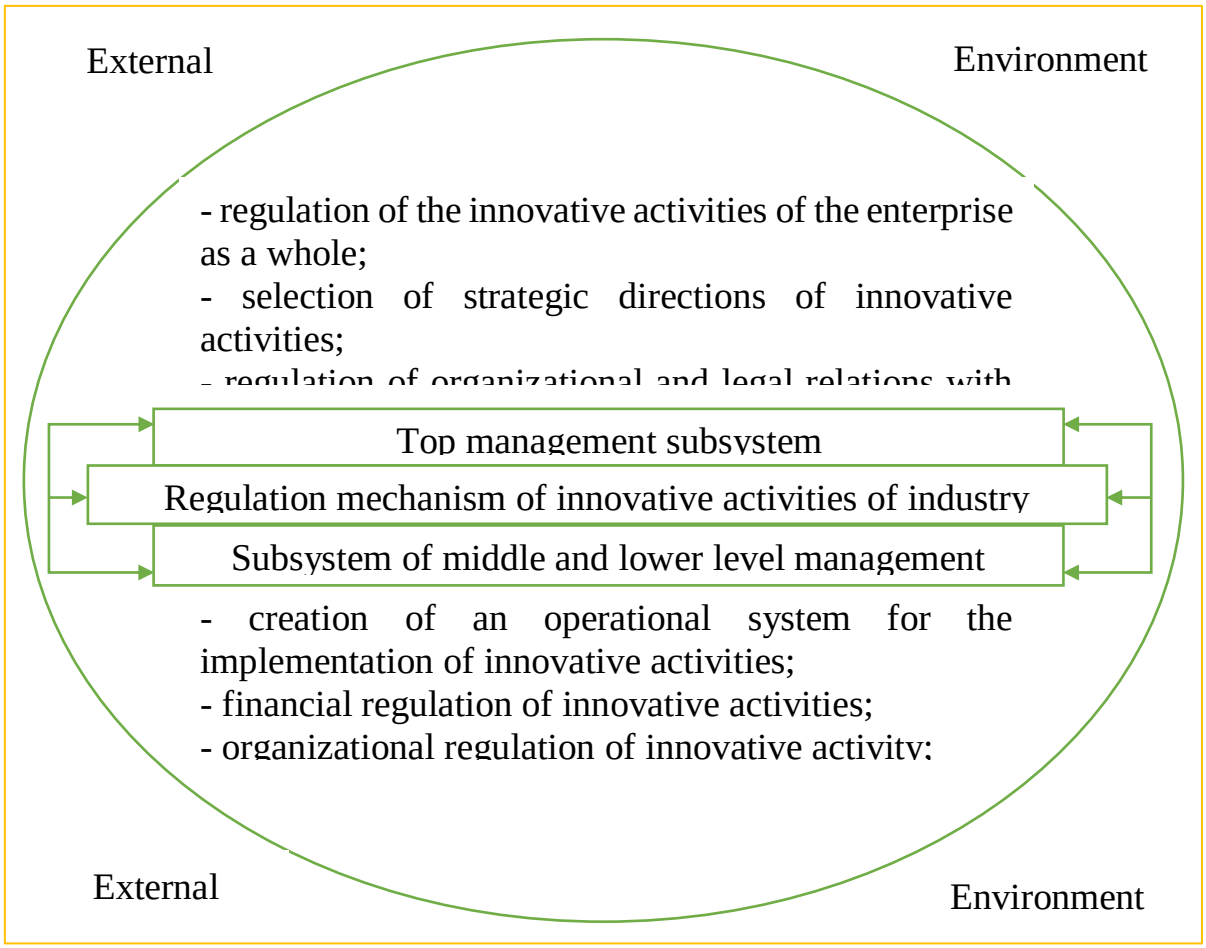

Figure 2. Components of the mechanism of regulation of innovative activity of service sector enterprises [19].

Taking into account the experience of leading foreign countries in innovative development and the specific features of its internal regulation, it is recommended that domestic universities abandon their traditional functions of only acquiring knowledge, engage in commercialization issues, and rapidly develop innovative businesses.

The development of these processes stimulates the search for various financial institutions and consulting companies that can connect the results of scientific research to the processes of commercialization, and as a result, all this helps to ensure innovative development as a whole. However, despite the multifaceted regulation of innovative activity by the state, the implementation of effective mechanisms for regulating innovative activity at the micro level is an important point. Such mechanisms should be considered from the point of view of a systemic

approach and should take into account the influence of external and internal environmental factors. The innovation regulation mechanism is an integral part of the enterprise development mechanism, which in turn includes: a subsystem of top management, a subsystem of middle and lower management (Fig. 2).

The top-down management system consists of regulating the innovative development of the enterprise; selecting strategic directions for the development of the enterprise's innovative activities; regulating organizational and legal relations with bodies for the implementation of innovative activities; forming a system for providing information to the innovative activities of the business entity; regulating activities related to the provision of services. Such a mechanism should ensure a clear delimitation of functions at each level and the absence of their duplication. Thus, the algorithm for regulating the innovative activities of enterprises in the service sector at the micro level is to identify factors and the degree of their influence on the innovative activities of the enterprise; selecting priority areas of innovative development; forming a hierarchy of strategic goals for the innovative development of the enterprise; developing and selecting strategies for the innovative development and innovative activities of the enterprise; creating an operational system for the implementation of innovative activities; making decisions on methods of financial regulation of innovative activities and investing in innovative activities; analyzing and evaluating the results of innovative activities; includes corrections of measures to regulate innovative activity of the enterprise.

4.Conclusions

The first stage of planning innovative activities is to determine the goals and objectives of innovative activities. The goals are based on the mission, which determines the meaning of the company's existence. It should be noted that the goals of the enterprise's innovative activities become the criterion for evaluating all its activities and making management decisions. In implementing and regulating the innovative activities of the enterprise, it is important to identify and create an appropriate structural unit responsible for achieving the goals of innovative activities, evaluating its results, and ensuring that the innovative goals meet all the necessary conditions.

In short, the effectiveness of regulating the innovative activities of the enterprise is determined by the synergistic interaction of all functions of the upper management subsystem and the middle and lower management of the enterprise. The innovative development of business entities should be designed like other systems, while the formation of a system that

ensures the transition of the enterprise to the principles of innovative development, the identification of the necessary resource sources, and the development of business processes of innovative activities are of great importance.

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