

**ECONOMIC DEVELOPMENT AND DIGITAL TRANSFORMATION: INNOVATION
DEVELOPMENT AND SUPPORT FOR STARTUPS**

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Abstract: This scientific article provides a broad and in-depth analysis of the concept of innovative development, the role and importance of startup projects in the modern economy, and measures being implemented within the framework of the state policy and development strategy aimed at supporting startups in the Republic of Uzbekistan. It also studies the experience of developed countries such as the USA, the European Union, South Korea and Singapore in innovative development and the formation of a startup ecosystem, and provides scientific conclusions and practical suggestions for adapting them to national conditions.

Keywords: innovation, startup, innovative economy, innovative ecosystem, digital transformation, development strategy, venture capital, technopark.

In the 21st century, innovation has become the main driving force of economic development. World experience shows that highly developed countries ensure their economic growth precisely through innovative technologies, scientific achievements and startup projects. Therefore, innovative development is of strategic importance for each country.

Today, innovations and technological innovations are becoming the main competitive factor in the world economy. The experience of developed countries shows that high economic growth and sustainable development are ensured precisely through innovative activities and startup projects. Therefore, innovative development is directly related to the long-term strategic goals of each country.

In the Republic of Uzbekistan, as part of the large-scale reforms implemented in recent years, innovative development and support for startups have become an important priority area of state policy. The development strategy identifies the transition to an innovative economy, acceleration of digital transformation, and the development of youth entrepreneurship as one of the main tasks.

Innovative development is the process of modernization of economic, social, and institutional spheres based on scientific knowledge and advanced technologies. Innovations are not limited only to the creation of new products or services, but also increase efficiency in management, education, medicine, and other areas. Today, the innovative economy is closely related to digital technologies. Digital transformation is leading to fundamental changes in the fields of production, services, education and management. Artificial intelligence, big data (Big Data), cloud technologies and automation processes are among the important factors of innovative development.

In the context of the digital economy, startups: quickly introduce innovative technologies; become flexible to market requirements; have the opportunity to enter global markets.

The main components of innovative development: research and development; technological innovations; protection of intellectual property; innovative infrastructure; human resources. These factors, when combined, create the basis for the formation of an innovative economy.

The concept of a startup and its role in the economy; A startup is an entrepreneurial activity based on a new idea or innovative technology, aimed at rapid development in a short period of time. Although startups are often associated with high risk, they have the potential to generate significant economic benefits. The importance of startups in the economy is manifested in the following: introduction of new technologies; strengthening the competitive environment; ensuring youth employment; increasing export potential; increasing the share of innovative products. Therefore, startups are an important subject of the innovative economy.

Creating a favorable environment for the development of startups in the Republic of Uzbekistan is one of the priorities of state policy. In order to develop innovative infrastructure in the country, technoparks, innovation centers and business incubators have been established.

Startup support mechanisms include: state grants and subsidies; tax and customs privileges; education, mentoring and consulting services; opportunities to participate in international innovation projects; attraction of private investment. These mechanisms serve the sustainable operation of startups and their successful entry into the market.

In the “New Uzbekistan - Development Strategy”, innovative development is identified as the main driver of the country's modernization and ensuring sustainable economic growth. The strategy puts forward the following main ideas: transitioning the economy from a raw material model to an innovative model; strengthening the integration between science, education and production; supporting startups and innovative entrepreneurship; forming a competitive economy based on digital technologies. This strategic approach considers innovation not only as a factor of technological, but also socio-economic development.

In the development strategy, startups are seen as entities performing the following tasks: creating new jobs; ensuring youth employment; Accelerating the transition to a digital economy; increasing the share of innovative products and services. The strategy sets out the following priority tasks for the development of startups:

Improving the legal environment: improving laws and regulations regulating innovative activities; creating a favorable business environment for startups.

Financial support: expanding state grants and subsidies; attracting investments in innovative projects; developing venture financing mechanisms.

Developing innovative infrastructure: creating technoparks, business incubators, accelerators; establishing innovation centers in the regions.

Startups create new jobs, ensure youth employment, and increase the export of innovative products.

Experience of foreign countries

In the United States, the startup ecosystem has developed on the basis of cooperation between the venture capital market, universities, and large technology companies. Silicon Valley is a vivid example of this.

In South Korea and Singapore, the state has established strong financial and institutional support for startups, and innovation centers and technoparks play an important role.

In the European Union, grants, scientific research programs, and international innovation projects are widely supported for startups.

The following practical work is being carried out within the framework of the development strategy:

An innovative infrastructure has been created: IT Park Uzbekistan was established and regional branches opened; the activities of technoparks and innovation centers have been expanded; incubation and acceleration programs for startups have been launched.

Financial support for startups has been strengthened: state grants are being allocated for youth and innovators; startup competitions and innovative projects are being financed; mechanisms for attracting foreign investors have been expanded.

Education and training are being reformed: innovation and entrepreneurship disciplines have been introduced in higher education; short-term courses in IT and startups have been opened; youth participation in innovative projects is being encouraged.

Digital transformation has been accelerated: "Digital Uzbekistan" projects are being implemented; public services are being transferred to electronic form; new startups are emerging based on digital technologies.

Innovative development and support for startups are identified in the Development Strategy of the Republic of Uzbekistan as one of the priority areas for ensuring economic growth and competitiveness. The strategy provides for a comprehensive set of measures aimed at transitioning the economy from a traditional development model to an innovative development model, strengthening the integration of science, education and production, and encouraging startups and innovative entrepreneurship.

The analysis shows that in recent years, significant work has been carried out in our country to develop innovative infrastructure, in particular, the introduction of technoparks, business incubators and acceleration programs, the expansion of financial support mechanisms for startup projects, and the introduction of digital technologies into sectors of the economy. These processes serve to increase the innovative activity of young people, create new jobs, and stimulate the production of products with high added value.

At the same time, in order to more effectively organize innovative development and startup activities, there remains a need to develop the venture financing market, strengthen innovative management and startup culture, as well as widely attract international experience and investments. Continuing consistent and systematic work in these areas is of great importance for accelerating Uzbekistan's transition to an innovative economy, increasing the competitiveness of the national economy, and achieving sustainable development.

Based on these results, the strategy openly recognizes the following problems:

- Insufficient financial resources for innovative development;
- Shortage of qualified personnel;
- Underdevelopment of startup culture;
- Insufficiently developed venture capital market;
- Lack of innovative experience and management;

To eliminate them:

- Development of public-private partnerships;
- Strengthening education and business integration;
- Expanding international cooperation;
- Encouraging private investment;
- Strengthening innovative education.

Conclusion. Innovative development and support for startups are identified in the Development Strategy of the Republic of Uzbekistan as one of the priority areas of economic growth, competitiveness and sustainable development. Within the framework of the strategy, systematic measures have been developed and are being implemented to transition to an innovative economy, strengthen the integration of science and production, and encourage startups and young entrepreneurial initiatives. Practical results show that startup projects are actively supported through technoparks, business incubators, accelerator programs and state grants. This provides an opportunity to create new jobs, increase the innovative activity of young people, quickly transition to a digital economy and develop the export of innovative products. So, in short, innovative development and support for startups are an important factor in the process of economic modernization, increasing competitiveness and achieving sustainable development of the country.

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