



## FINANCIAL STABILITY IS A FACTOR OF THE EFFICIENCY OF INNOVATIVE PROJECTS

**Batirova Nilufar Sherkulovna**

*Dotsent of the Department of Islamic Economics and Finance,  
PhD, Pilgrimage Tourism, International Islamic Academy of Uzbekistan*

**Annotation.** Indicators of financial stability of enterprises are considered as one of the important factors in assessing the efficiency of their innovation and investment activities. The financial indicators and the practice of their analysis in assessing the effectiveness of innovation and investment projects of industrial enterprises were clarified in the article. The features of the development of enterprises, the necessity of companies to support their innovative activities, as well as the main reasons for their development at different levels were covered. Indicators of the innovative potential of enterprises were analyzed in sequence. A number of examples were also taken from foreign experience in supporting innovation. In conclusion, a set of measures implemented to improve the efficiency of innovation and investment projects of enterprises was presented.

**Keywords:** Financial stability, business incubator, transfer center, innovation, investment, project, efficiency, financial indicators, credit, enterprise.

### Introduction.

It is believed that the level of growth of industrial enterprises and their contribution to the market should not be considered as the most basic indicators at assessing their development. It was noted that these indicators are not reliable indicators that clearly indicate the demand for possible cash flows and financial instruments, as well as the competitive strategy takes an important place in the effective functioning of industrial enterprises. From the first industrial revolution to the present day, the world economy has been developing cyclically. It requires innovative development to increase the competitiveness of industrial enterprises.

### Literature analysis.

Since the first industrial revolution over the past 200 years, the world economy has developed cyclically. Due to the theory of long waves by N.D. Kondratyev, the evolution of industrial enterprises is associated with a change in technological modes. In his opinion, technological modes are integrated production groups (Block, 2015).

Within each technological mode there is a closed production cycle, which includes all stages of extraction of primary resources and their processing, as well as the production process of the finished product. Technological modes have a complex internal structure. S.Y. Glazyev considers that the main technological units form the core of the technological structure. The technological innovations involved in the creation of such cores are denominated as the "key factor". Therefore, inventions are part of the intensive factors of increasing the competitiveness of enterprises. Based on the assessment of the innovative potential, the innovative capability of the enterprise is evaluated. In the researches of O.A.Romanov, F.V.Vazagov, V.I.Zinchenko, R.E.Preobrazhensky (Vazagova, Kilchukov, 2015), A.Lewis, R.Solow, A.Voltes, V.N.Gunin, V.P.Barancheev, N.P.Maslennikova, V.M.Mishin (Barancheev, 2015), B.A.Begalov, H.T.Muhitdinov, A.Kenjabaev (Batirova, 2019), the concept of innovation potential was considered from the point of view of a systematic approach, and the level of preparation for the implementation of an innovation program or a project of strategic changes was defined as a stable industrial production and readiness for innovation.

### Material and method.

In the course of the research work, such methods as observation, comparison, systematic and comparative analysis were used. Studies on this topic have been studied and analyzed in the domestic and foreign literature on several topics. The current trend on this topic was evaluated.

### Analysis and discussion of the results.

The enterprises are expected to increase labor productivity using the achievements of science and technology. It indicates that the use of innovative achievements in the development of enterprises is claimed to be an important factor. Respectively, technological development, along with organizational changes carried out at enterprises, constitutes as a driving force of economic growth. Features of the development of innovative and investment potential of enterprises include a set of measures, particularly:

1. Enterprises should be focused on the production of products that require knowledge;
2. High contribution of goods with high added value to the production of enterprises;
3. To support the implementation of new technologies and the demand for them;
4. High labor intensity and the formation of a working group interested in the development of these industries;
5. The industries that are the basis for modernization should be oriented ultimately to the world market and afterwards to the domestic one.
6. The formation of evidently concentrated clusters on the territory: biotechnology, information technology, chemistry, restoration of energy and resource-saving resources.
7. The reformation of the personnel training system, changing the nomenclature of specialists in accordance with the selected leading directions of science development.
8. The formation of scientific and technological centers, allocation of areas for these centers supplied with equipment for conducting research work for graduates of higher educational institutions.

The importance of innovation for the economic development and technological prosperity of enterprises is based on the experience of foreign countries.

According to the experience of foreign countries, innovative development is a time-consuming process that takes a lot of time. During this period, there is a need to create the necessary conditions for the innovative development of enterprises. The import of technologies makes a great of importance (Maslennikov 2017). It is based on the principle that in the process there is not a transfer of innovative achievements from other countries, but a reduction in the cost of using existing achievements in the implementation of new enterprise projects.

**Table 1**

**Reasons for the development of enterprises at different levels**

№	A set of reasons
1	Differentiation of the level of economic development of enterprises
2	Variety of levels of innovative activity of enterprises
3	Availability of enterprises that falls short of an innovation base
4	A variety of resource capabilities of enterprises
5	Staffing issues (do not allow the implementation of an innovative strategy)
6	Low incentive to implement innovative developments in many enterprises
7	Underdevelopment of the innovation financing system by commercial banks and venture capital structures

An effective development of the production process of enterprises, integration with science in the constant implementation of their activities takes a special place. It requires the creation of innovation centers, scientific and technical parks, business incubators and clusters near enterprises. Innovation centers, on the other hand, have the task of combining ideas with capital and entrepreneurs and contributing to attract financial resources at the initial stage of the activity of innovative enterprises. Business incubators are also an important element in enhancing the efficiency of entrepreneurial innovation and investment. In particular, it provides small innovative industrial enterprises with the opportunity to use competent advice and other consulting services, providing production facilities, administrative buildings and equipment, the possibility of using scientific, technical and other types of information, provides services for finding potential investors for resident enterprises. In order for services to be provided by these centers, it is also necessary to assess the possibilities of innovative development of enterprises. Moreover, special attention will be paid to definite indicators:

1. Indicators that highlight the financial aspect (available funds at the enterprise, the possibility of disbursement of loan and capital assets, fixed assets and intangible assets, and others). In order to

implement innovative activities, it is essential to assess financial resources. The best situation is considered to be the availability of free funds that can be spent on innovative developments. Considering the problems with self-financing of enterprises in the region, the best option for innovative development is their integration strategy.

2. Production and potential capabilities (availability of a personnel management system, high qualification of labor resources). A.I. Anchishkin [2] characterized production potential as “a set of resources turning to the form of a production factor in the production process”. In turn, G.B. Shanazarov believes that production potential is the most important component of economic potential. Due to this concept, the production potential takes into account production assets, as well as various resources that characterize its capacity.

3. Human resources employed in industry (high intellectual potential of employees of R&D departments, the existence of skilled technologists at enterprises). The personnel potential is regarded as the level of qualified training of employees, the possibility of employment of the population. Personnel potential refers to the level of qualified education of employees, the working ability of the population.

4. Intellectual potential (technological documents, patents, licenses, business plans for the development of innovations, innovation program of the region). Intellectual potential is considered as a set of intellectual abilities pointing out the development of knowledge, skills, information, values and skills of workers employed in industrial enterprises, as well as the possibility of their implementation, development in new developments.

The factors influencing the general parameters of innovation potential are presented in diverse ways in different sources, and as a whole they combine the system of indicators given in Table 2. In the structure of indicators, it is considered that the financial indicators of enterprises have a priority feature. These indicators play a significant part in calculating liquidity indicators, profitability, as well as analyzing the state of fixed assets that provide innovative production. Notably, there is a significant high percentage of fixed assets utilization, this indicator characterizes their technical condition. The conventional standard of this ratio is calculated above 0.5. In addition, the cost of fixed assets for the employed population in the industry also indicates the potential of industrial production. The ratio of renewal of fixed assets in this case is also significant, and the decrease in this indicator for years leads industrial enterprises to a state of depreciation of the material and technical base.

Table 2

Indicators of innovative potential of enterprises (Kochetkova, 2016)

No	Indicator of innovation potential	Structural compositions
1	Financial indicators	1. Own funds 2. Debt funds 3. Investment funds 4. Budget funds 5. Grant funds
2	Production indicators	1. Refund of funds 2. Profitability of production 3. The level of renewal of fixed assets 4. The total amount of the deposit of fixed assets for a period of up to 10 years
3	Human resources potential	1. The level of qualification of employees of industrial enterprises 2. Contribution of qualified labor resources under the age of 30 3. Contribution of labor resources involved in innovative projects 4. The level of wages of persons working in the scientific and technical sphere 5. The indicator of effective production management
4	Intelligent	1. Contribution of new products to the structure of gross industrial product 2. Contribution of new technologies 3. Contribution of costs aimed to R&D in relation to production costs 4. The level of intellectual property ownership
5	Market	1. Competitiveness of industrial products 2. Profitability of innovative products 3. Market contribution

The data illustrates that the process of updating the fixed assets goes slowly. An increase in the ratio of renewal of fixed assets means that industrial enterprises will increase the share of new machinery and equipment in the structure of fixed assets. It provides facilities for increasing the volume of production of new products, improving their quality and competitiveness. The higher the ratio of renewal, the higher the technical potential of industrial enterprises. Another resource of industrial enterprises is human resources. In terms of quantity and quality, the personnel structure plays an important role in the development of the industry.

As it can be seen from the data in Table 2, ensuring the reliability of the results of the analysis of the level of innovative development is based on the indicators of the financial statements of industrial enterprises. Specifically, the need to analyze and calculate a group of indicators of investment attractiveness lies in the fact that innovative projects require a large amount of financial investments. It demands additional investments for implementing them.

Therefore, if the country has a stable political situation and stable functioning economic conditions, it will be effective to introduce innovations at industrial enterprises with any type of development. Moreover, it is necessary to concentrate on innovation and financial infrastructure, as well as scientific potential. Innovative development of industrial enterprises in any country is not formed independently only by the private sector, the state plays a leading role in the development of this system. The government encourages intersectoral association of enterprises belonging to a particular industry. It refers to cluster development. It provides for the formation of a cluster around each industrial sector, which includes a manufacturing enterprise, service centers, retail chains, scientific and educational institutions. It allows for the conclusion that it is necessary to develop a strategy for the innovative development of industrial enterprises, as well as mechanisms for its implementation. It makes out on the example of foreign countries. The USA has used the following financial instruments to support the innovation activities of industrial enterprises (*Rjapuhina, Zarkovic, 2015*):

1. Tax incentives for large enterprises: company income tax is reduced to 20 percent of the increased research costs. The increase of costs is determined by comparing the average for the previous three years.

2. The basic research programs of universities carried out under contract with enterprises included a 20 percent benefit on income tax in the ratio of expenses.

3. The tax rate is reduced from the income from the sale of their shares.

4. Accelerated depreciation of machinery and equipment: the depreciation period is set at 5 years. (3 years for equipment in R&D).

The "Triple Helix" model is widely used in the development of innovations in industrial enterprises - a theory proposed by the American scientist Henry Etzkowitz, a professor at Stanford University. A special emphasis is given to the interaction between universities, business and the state as the basis of the innovation system. It also considers the industry of the region as one of the leaders in the role of universities in the development of innovation. Furthermore, the "Triple Helix" model includes the following basics:

1. Strengthening the functions in the interaction of universities with industry and government in a society based on science.

2. University-Business-Government. It is achieved at the mutual desire of the three institutions, and not at the will of the state aimed at cooperation and innovative development.

3. In addition to the traditional functions, each of the three institutions also perform each other's functions in a certain way.

A special place in the development of innovations of industrial enterprises in the USA was occupied by the importance of universities. They were charged with the following liabilities:

1. To provide the government with information about any grants allocated for research funded by grants.

2. To provide information about organizations that finance developments.

3. To pursue an active technology commercialization policy.

4. To prevent the right to use inventions to third parties without the permission of state organizations.

5. To sell inventions primarily to industry and small businesses.

According to Henry Etzkowitz, a university is not just an educational institution, but also an institution that applies the accumulated knowledge in practice. In 1846, William Barton Rogers Bergan's idea of a long-term "University-production" relationship became the key topic of the event. As a result,

150 universities that have taken high positions in world rankings have become the basis of the USA National Innovation System. Among the universities are Brown, Harvard, Yale, Columbia, Pennsylvania, Preston. The universities of Berkeley, Stanford, the Massachusetts Institute of Technology, and the University of Wisconsin have also become major scientific and educational centers. An important role in the successful development of the “Triple Helix” in the USA was played by the amendment of patent and trademark legislation, known as the Bayh–Dole Act in 1980. The law affords an opportunity to universities, small businesses and non-profit organizations within the region to assume the rights and responsibilities to manage inventions funded from the state budget. Due to the accounting book of the American Association of University Technology Managers, from 1991 to 2009 the cost of government funding for research in the USA accounted for \$ 588 billion. As a result, 249 thousand inventions were made, 51 thousand of them were patented. By 2009, there were 38,030 active licenses, which led to the creation of 6,272 startups and 300,000 additional jobs. At the same time, research costs and the main income from the commercialization of research results accounted for only a few universities. Thus, as an important element of the “Triple Helix”, it can be distinguished that local government agencies are actively involved both in the development of university activities and in creating a favorable environment for innovative enterprises.

From the experience of the USA, it indicates that due to state support for industrial enterprises in the development of innovations, special attention was paid to a well-established mechanism for commercialization of innovative products and the provision of advanced technologies from the public system to the private sector for the secondary use and distribution.

Table 3

## Forms of innovation support

Forms of innovation support	Superiority	Shortage
Buying innovations	<ol style="list-style-type: none"> <li>1. Obtaining the economic effect of the implementation</li> <li>2. The ability to quickly implement</li> <li>3. In order to improve the skills of employees of the enterprise, in many cases for its effective use in the sale of innovations, the qualification of employees of the enterprise is also provided.</li> <li>4. The possibility of changing innovations</li> <li>5. The possibility of obtaining for a lease</li> </ol>	<ol style="list-style-type: none"> <li>1. An old innovation can be bought</li> <li>2. Non-compliance of innovations with customer requirements</li> <li>3. Difficulties with the adjustment of enterprises to innovation</li> </ol>
Purchase of a license	<ol style="list-style-type: none"> <li>1. Obtaining the economic effect of the implementation</li> <li>2. The ability to quickly implement</li> <li>3. The possibility of changing innovations</li> </ol>	<ol style="list-style-type: none"> <li>1. An old innovation can be bought</li> <li>2. Non-compliance of innovations with customer requirements</li> <li>3. Difficulties with the adjustment of enterprises to innovation</li> </ol>
Acquisition of an innovative organization	<ol style="list-style-type: none"> <li>1. The possibility of mastering new types of products and technologies</li> <li>2. Strengthening its position in the market</li> <li>3. Improving efficiency</li> <li>4. Market orientation to new segments</li> <li>5. Profitable investment of finances</li> </ol>	<ol style="list-style-type: none"> <li>1. The possibility of a negative attitude of employees to making changes in the enterprise</li> <li>2. The probability of loss of effect from the development</li> </ol>

The launch of many new opportunities equipped with modern technologies, the existence of factors relevant to the entire cycle at the enterprise, from the preparation of raw materials to the production of finished products, determines the superiority of this enterprise. The support of innovative activity by enterprises can take various forms.

Forms of innovation support contributes industrial enterprises to make a search for partners from other enterprises for technological cooperation [4]. The development of technology transfer at the enterprise level ensures the formation of a large-scale technology base in trade, necessary for the transfer of the results of scientific and technical activities, the interaction of all enterprises involved in production, the organization of mutual assistance within the relevant industry. The purpose of technology transfer is to promote systematically effective tools of technology commercialization and to



form the transition of the development of the national economy to an innovative path. Also, the creation of scientific and technological centers in balance with transfers performs scientific and technical, marketing, legal, financial, advisory, educational, administrative tasks to support industrial enterprises.

Moreover, the organization of the centers will increase the level of technical research, lead to the integration of universities and research centers into a consortium of concerned scientific education. The objectives of these centers should include:

- to develop information and analytical data ensuring the implementation of programs and strategies for the development of enterprises;
- to implement projects for the development of industrial enterprises.

Table 4

Technology transfer center objectives (Rastvorseva, 2020)

№	Center objectives	The work being implemented in terms of the objective
1	Scientific and technical	Management of innovative projects, selection and examination of intellectual property objects
2	Marketing	Market analysis, development and implementation of marketing strategies
3	Legal	Solving issues due to the protection of intellectual property rights
4	Financial	Development of business plans, searching investors, budget management
5	Administrative	Implementation of patenting, licensing and certification processes
6	Advisory	Provision of educational and consulting services in the field of scientific and technical expertise and development of innovative developments

It is worth to allocate subsidies to these types of centers within the framework of various programs. An increase in the number of enterprises using the center's services leads to the creation of jobs with modernized high-performance production. Due to innovative production technologies, innovative products are produced that replace foreign counterparts. This reduces specialization in raw materials. Nevertheless, due to the fact that the introduction of new technologies is an important factor in the development of industrial enterprises, a need arises to put emphasis on modern production funds that ensure the production of products at high-tech stages. In many ways, the use of outdated technologies and equipment negatively influences the efficiency of production and labor productivity. If there is a shortage of own funds for the development of enterprises, it allows to attract financial resources, namely, loans.

### Conclusions and suggestions.

The initiated proposals and the measures developed within their framework make it possible to increase the efficiency of industrial enterprises.

*The first direction* in this area is the active support of investment projects by the government. Definitely, this is due to the fact that the investor reduces the corporate income tax. It makes sense to provide organizational support during the complex processes that occur during the implementation of investment projects. Unlike traditional investment projects, the credit risk associated with the development and implementation of innovative projects is much higher. If the private sector considers innovation risks excessive, the government should take these risks on itself and invest in new innovative projects. The main sources of financing can be budgetary funds, extra-budgetary funds, own funds of enterprises, loans, investments in innovations, special funds, innovative foreign loans, grants, insurance funds (direct sources), tax benefits and discounts, credit facilities, equipment leasing, customs facilities, depreciation allowances. Currently, one of the advanced forms of innovation financing is venture financing. In this area, it is necessary to develop a system of venture financing with the involvement of commercial banks, insurance companies, etc.

*The second direction* is the process of training workers, specialists and managers for industrial enterprises. Consumers entry into the markets of the country and neighboring countries is a critical factor for the development of a number of strategic sectors. Priority measures to strengthen innovative factors of long-term growth should be system-based and cover three main areas of multiplicative impact on the entire economy,

Policy measures taken in this direction include state financing of innovative projects, tax incentives for research projects, support for technology transfer initiatives in the form of cooperation

in R&D, joint research, cooperation between science and industry and the involvement of researchers, as well as regulatory support, intellectual property reform and standard setting.

It is required to create an innovative structure, namely, a set of scientific, industrial, financial and other public organizations that are directly involved in the process of creating and successfully implementing innovations. Nowadays, the existing structures are limited by standard recommendations on the realization of the innovative factor of industrial development. Achieving the necessary quality of the work of state institutions is an important condition for the transition to an innovative development model. In addition, innovations should be focused on the experience of supporting small businesses, including the formation of an innovation infrastructure that will allow overcoming certain regional imbalances in the future, particularly, to stimulate it in various ways.

#### Reference:

- Baranchev V. P., Maslennikova, N. P., & Mishin, V. M. (2015). *Innovation management*. Pp. 124-125.
- Batirova N. S. (2019). *Analysis of the innovative level of industry in the tashkent region. Economics and Finance Vol. 12*. Pp. 47-70. doi.org/10.34920/ivm.12.2019.63-70
- Block, F. (2015). *Innovation and the invisible hand of government. In State of innovation*. Pp. 9-34.
- Vazagova F.V., Kilchukov Z.H. (2015) *The role of the branches of the industrial complex in the implementation of a new model of economic development. Fundamental research*. Pp. 343-346.
- Kochetkova S.V., Kochetkova O.V. (2016). *Model of the condition of the innovative potential of industrial enterprises. Innovations, (5 (211))*.
- Mahmudov M.F. (2019). *Features of effective useage of industrial potential in Kashkadarya region. Научные исследования. №2 (28)*.
- Maslennikov M. I. (2017). *The technological innovations and their impact on the economy. Economy of Region. Vol. 4*. Pp. 1221–1225. doi: 10.17059/2017-4-20.
- Neganova V. P. and Dudnik, A. V. (2019). *Openness to innovations of the regional agro-industry as a subjective factor of innovative activity. Economy of Region. Vol. 15*. Pp. 880–892. doi: 10.17059/2019-3-19.
- Rastvortseva S.N. (2020). *Innovative way of changing the trajectory of the previous development of the region's economy // Economics of the region. V-16, issue 1 -S. 28-42*.
- Rjapuhina V. N., & Zarkovič A. V. (2015). *Problem formiranja inovacione kulture kao faktora pozitivne inovacione klime-uloga obrazovanja. Godišnjak Učiteljskog fakulteta u Vranju, (6), 435-448*.
- Romanova O.A. (2018). *Priorities of Russian industrial policy in the context of the challenges of the fourth industrial revolution. Part 2. // Economics of the region. V-14, no. 3. - S. 806-819*
- Назаров, Ш.Х. (2013). *Эндогенные факторы конкурентно-способности региона и их эконометрическое тестирование. Регион: экономика и социология, (4). – С. 316-329*.