

Innovation Capabilities and Small Business Enterprises' Performance

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Abstract- In this article have been discussed innovation capabilities and small business enterprises' performance theoretical aspects of innovative management in the era of digitalization of economy. By the author were proposed ways for successful implementation of inter-firm innovation processes, managers need to organize closer interaction and cooperation with investors.

Keywords: Innovative management, innovative activity, management, information system, innovations, crowdsourcing, co-working.

I. INTRODUCTION

In modern conditions, successful innovations are becoming a key determinant of survival, successful functioning and accelerated development for many organizations (firms, companies, enterprises, business groups) of various types of economic activity.

The Republic of Uzbekistan in 2017-2021 identified priority tasks for “further modernization and diversification of the industry by transferring it to a qualitatively new level, aimed at the advanced development of high-tech processing industries, primarily for the production of finished products with high added value based on deep processing of local raw materials” [1]. The effective implementation of these tasks also requires the development of proposals and recommendations for the development of innovative management at the country's enterprises.

For the continuous creation of innovations, their implementation, market launch and wide distribution, systematic innovation is required. In turn, the dynamism, efficiency and effectiveness of the implementation of this activity presuppose the presence of a professionally built innovative management. State support and favorable conditions of the institutional environment are also important positive factors for innovative business, but it is competent and adequate management that should be recognized as the main driver of success for many organizations in the modern world. In this regard, the conceptual study of the foundations of innovative management for situational use in organizations, regardless of the type, size, scale and scope of their activities, becomes relevant.

Before considering the essence of innovation management at an enterprise, one should decide on the content of innovation. In accordance with the international approach, innovation includes all scientific, technological, organizational, financial and commercial actions that, in fact or by design, lead to the implementation of innovations. It is recognized that some types of innovation are innovative in themselves, while others do not have this property, but are also necessary for innovation.[3]

All types of research and development (including those not directly related to the preparation of any particular innovation), funded or carried out by the organization, are counted as innovative activities. Other types of actions can also be referred to innovation activities, but only on condition that they are necessary to create specific innovations, such as:

- acquisition of external knowledge;
- purchase of machinery, equipment and other capital goods;
- other types of preparation of product and process innovations (design, production planning and testing of new products, production processes and delivery methods);
- marketing preparation of product innovations;
- training of personnel related to the development of innovations and their implementation;
- preparation of marketing and organizational innovations.

The modern domestic approach to the content of the concept of "innovative activity" largely corresponds to the international one. In this regard, let us assume that innovation includes all actions aimed at creating specific innovations.[4]

At its core, innovation management is focused on the timely and effective achievement of goals that involve obtaining a result that is novel and practical. Such goals can be associated with the creation of fundamentally

new or qualitatively improved products (goods, services), technological processes, management methods; commercialization of new ideas, R&D results, intellectual property; introduction of new types of machinery and equipment.

Innovation management at the enterprise should be implemented by the appropriate management entities - specific officials or special structural units. Moreover, these managers and departments may have linear or administrative powers, depending on whether this activity in the organization is main or auxiliary.

As you know, management in socio-economic systems is implemented through the performance of certain functions. In the classic scientific work on management, the authors consider such primary (general, basic) management functions as planning, organization, work with personnel, leadership and leadership, control. Another popular publication highlights slightly different management functions: planning, organizing, motivating, and controlling. This approach is the most widespread and accepted among managers. Some of the researchers are transferring these functions to the field of innovation management.

II. LITERATURE REVIEW

At the same time, other approaches are also known. For example, O.M.Khotosheva [3] calls planning, marketing, organization, control and analysis of the effectiveness of innovation activities as functions of innovation management. In the textbook, along with highlighting the main functions of innovation management (goal formation, planning, organization and control), the supporting functions are indicated (socio-psychological - delegation and motivation; procedural - decisions and communications) [5]. In turn, V.I. Kudashov considers such functions of innovation management as forecasting, planning, organization, coordination, motivation (stimulation), communication, regulation, control and accounting, marketing [2]. Burkhanov A.[7;11], Tursunov B. [8;9;10] based on his own experience, is inclined to single out the following main functions of managing innovative activities at an enterprise: planning, organization, activation, control and optimization. These functions can be fully considered universal, since they are applicable to any innovation process (project, type of activity), despite all their diversity and situational differences. And at the heart of each of these functions are coordination actions.

All of these functions are closely intertwined and interrelated, even in some sense they tend to cross-merge. The use of these functions by innovative managers should be of a system-network nature. At the same time, they should be performed situationally, according to the circumstances. That is, managers should always perform those functions that they deem to be the most priority and necessary in these specific conditions (as a rule, based on a systematic analysis of the situation).

Management processes are carried out on the basis of performing special management functions obtained by imposing general functions (planning, organization, activation, control, and optimization) on various types of innovation activities, innovation processes and their structural components. In this case, available (known) methods, technologies, mechanisms, management tools are used.

The process of implementing each of the listed management functions is generally in the sequential implementation of the following stages: collection of relevant information and development of management decisions; decision-making; bringing the decision to the attention of the parties concerned. That is, the implementation of each of the control functions is a complex intellectual and communication process.[6]

In connection with the widespread dissemination of information technology, computer and telecommunication equipment, network cooperation has gained particular importance and intensive development between individuals - company employees, entrepreneurs, freelancers, business angels, government officials, scientists, teachers, students, and graduate students. New opportunities have emerged to attract people who are often even unfamiliar with each other to joint participation (including remote) in innovative projects. New models and schemes of collective work execution (crowdsourcing, coworking) and collective fundraising (crowdfunding) are gaining more and more popularity.

For the successful implementation of inter-firm innovation processes, managers need to organize closer interaction and cooperation with investors, partners (universities, research organizations), customers, suppliers, the public, authorities, professional and local communities, and even with competitors.

All the considered functional areas are organically intertwined and to a certain extent overlap each other in content, but it is their joint consideration that allows us to form a more holistic understanding of innovation management.

III. THEORETICAL FRAMES OF INNOVATION CAPABILITIES AND SMALL BUSINESS ENTERPRISES' PERFORMANCE

Innovation in our understanding is such a change in the initial structure of the production system, which leads to the emergence of its qualitatively new state. Therefore, let us agree in the future to consider that innovation is

a targeted change in the functioning of an enterprise (institution) as a system.

The founder of the economic description of innovations J. Schumpeter [1], for the first time identified five types of innovations:

- the use of new technology or new production and / or marketing technologies;
- introduction of new products with new properties;
- use of new raw materials;
- changes in the organization of production and enterprise management;
- the emergence of new sales markets.

Despite such a variety of innovations, today there is a fairly powerful tool for creating, implementing and supporting innovations. This is marketing.

Marketing promotes the innovation process through changes in the organizational structure and in management procedures and methods. Therefore, the first innovation in importance should be considered organizational and managerial changes (all further work will be devoted to innovation in the field of management and organization).

In general terms, the innovation process consists of three stages:

- development - putting forward an initiative, proposal, idea or project of a possible solution to any problem, which after elaboration will result in innovation;
- implementation - scientific and technical, experimental or organizational activity, the purpose of which is to start innovation and maintain the necessary course of its course;
- distribution - the use of an innovation that has already been mastered in new conditions or places of application.



Fig.1. Innovation management principles

Despite the specified sequence of these stages, such an arrangement often turns out to be unprofitable from the point of view of the time factor. Therefore, their compaction according to the degree of execution in parallel mode becomes an urgent need. Overlapping of these stages, their superposition on each other allows to accelerate the development, implementation and dissemination of innovations, setting the whole process on a long-term basis, as it were, in a conveyor mode.

This mode is impossible without taking into account the product life cycle (or innovation). The fact is that the acceleration of scientific and technological progress reduces the time of useful use and the economic effect of the introduction of innovations. Often such changes do not occur sequentially, but spontaneously, in leaps and bounds, which does not allow the use of traditional methods of analysis and forecasting.

The product life cycle (innovation) reflects quantitative changes in needs (demand) and consists of five stages:

- product introduction;
- production growth in accordance with growing demand;
- product maturity;
- saturation of needs;
- a decrease in demand under the influence of increased requirements or the introduction of other innovations.

Let's consider the content of individual phases in more detail:

1. Introduction of innovations is associated with informing potential consumers about the technical and economic properties of products through marketing, advertising and sales activities. At the same time, accounting and quick reaction to comments, experiences and suggestions of consumers regarding the released products (innovations) are carried out.
2. The growth of production occurs as a result of the established demand for products, when all the required characteristics have been determined, production and sales processes have been worked out, and after-sales service has been established.
3. The maturity of products occurs during the period of sales expansion, intensification and improvement of individual elements of production, sales and management processes.
4. Saturation is the beginning of a product crisis caused by its technical and economic parameters. Products quickly become obsolete and no longer meet consumer needs, their pressure is growing in order to achieve quality improvements in characteristics or reduce prices.
5. The downsizing is characterized by significant marketing difficulties. In already run-in production, this leads to an excessive increase in inventory and, ultimately, to an inevitable halt.

The classification of innovations in terms of their structural characteristics is as follows:

- Innovation "at the entrance" to the enterprise as a system. This implies a targeted qualitative or quantitative change in the selection and use of materials, raw materials, equipment, information, i.e., production resources.
- Innovation at the exit from the enterprise as a system. Target qualitative or quantitative change in the results of the economic activity of the enterprise, for example, manufactured products, services, technologies (in other words, a production product). Innovation of the structure of the enterprise as a system. This can be a targeted change in production, service and support processes, both in quality or quantity, and in the organization and method of provision.

In addition, there is a classification of innovations in individual areas of the enterprise:

- technological innovations aimed at creating new products, technologies and materials;
- production innovations aimed at expanding production capacity, diversifying production activities and changing the ratio of capacity of production units;
- economic innovations aimed at changing methods and methods of management, reducing production costs, improving the final financial results;
- trade innovations, which are aimed at modification in trading activities, in pricing policy, offering related trade services, expanding the system and methods of marketing products;
- social innovations associated with improving the conditions and nature of work, social security, psychological climate and internal relationships;
- innovations in the field of management, involving the improvement of the organizational structure, style and methods of decision-making, the use of new means of information processing.

Quite often, in the practice of leading developed countries, the following simple scheme of answers to questions is used to define innovations:

- what is produced?
- how is it produced?
- for whom is it produced?

Depending on the answers to them, one or another classification of innovations is formed in terms of what they change at the enterprise.

As a rule, this implies four main types of innovations [4]:

- product innovation;
- process innovations (technological);
- personnel innovation (human factor);
- innovation in management activities.

The basis of innovation policy in industrial enterprises of leading industries is created by product innovation. This is the key to their competitiveness and economic growth. But managerial innovations are considered the most important in terms of importance, since it is the person who is the bearer of managerial activity, the main driving force for the implementation of innovations both in the form (organization) and methods, methods and means of managerial work.

It should be emphasized that there are no isolated innovations in the enterprise. They are usually interconnected with each other and are carried out either sequentially or in parallel. The introduction and

implementation of innovations in one area of enterprise activity in one way or another affects other areas and leads to the introduction of innovations in them.

Here it is necessary to dwell on the quality side of the innovation process. This can be done on the basis of "ordinal" classification, which includes eight steps:

- Innovation of the zero order (regeneration of the original properties) - a change in order to maintain and update the existing functions of the production system or part of it.

- Innovation of the first order (change in quantity) - a simple target adaptation to quantitative requirements while maintaining the functions of the production system or part of it.

- Innovation of the second order (regrouping or organizational change) - simple organizational shifts to ensure a better organization of the production system or part of it.

- Innovations of the third order (adaptation changes) - changes caused by the mutual adaptation of the elements of the production system, leading to an increase in its efficiency as a whole.

- Innovations of the fourth order (new version) - partial functional changes within the production system or part of it, the emergence of "options" with new useful properties or changed parameters.

- Innovation of the fifth order (new "generation") - changing most or all of the original properties of the production system while maintaining the basic structural concept.

- Innovation of the sixth order (new "type") - a qualitative change in the functional properties of the production system or its part with a modification of the original concept.

- Innovations of the seventh order (new "kind") - a radical change in the functional properties of the production system or its part, which changes its basic functional principle.

In general, it can be seen that the order of innovation is not only a "measure" of the nature and intensity of changes in the production system. The order can also act as a measure of the complexity of managing the innovation process. The higher the order of innovation, the higher the requirements for managing the innovation process. In this case, the dependence of the measure on the order is nonlinear. If innovations of lower orders (from 0 to 4, inclusive), as quantitative changes, can be relatively easily provided within the framework of a conventional management system without increasing its complexity, then innovations of a higher order (from 5 to 7) require a different approach. Here it is necessary to create a system of strategic and tactical management, clear provision of resources, development and optimization of a plan for conducting interconnected innovation processes. This applies to a growing degree to each higher order of innovation.

It should be noted that the higher the order of innovation, the more sensitive it is to external influences. Leading enterprises in the West began to pursue an innovative policy based on the anticipation of change, trying to respond to the first, still weak signals of the future development of science and technology. By creating and providing relatively stable "reserve" development strategies for timely adaptation.

In practice, enterprises feel not only the need to introduce innovations, but also an increasing need to manage innovation processes. At the same time, the ability to timely:

- anticipate innovative opportunities;
- to concentrate resources;
- comprehensively and quickly manage the entire innovation process;
- to minimize the risk of wrong choice and delay.

In this case, flexible management of innovation processes becomes a necessity. The timeliness of making the necessary decisions is ensured by the innovation management strategy, which is part of the overall development strategy of the enterprise.

The meaning of the innovation management strategy is that it allows managers to concentrate their efforts in a timely manner on the development and use of promising achievements of scientific and technological progress. This ensures a stable dynamics of innovation in the interests of achieving the goals of the enterprise, and also creates conditions for the long-term efficiency of its activities.

Economics identifies eight key areas or main areas of activity, within the boundaries of which an enterprise defines its main goals. These are: the position of the enterprise in the market, the level of productivity, the availability of production resources, the degree of stability, the management system, the professionalism of the personnel, social responsibility and innovation. When making long-term decisions, the enterprise faces the entire set of selected strategic goals, however, at certain stages of economic development, some of them are more significant than others. Analysis of the strategic goals of the enterprise shows that currently the most important are the goals in the field of improving the efficiency of the enterprise management system. One of the key points in increasing efficiency is the introduction of innovations in the field of management, which imply the improvement of the organizational structure, style and methods of decision-making, the use of new

information processing tools.

The success of line and functional managers, as well as specialists, which include accountants, auditors, financial managers, economists, etc., depends on various types of support for their activities: legal, informational, regulatory, technical, personnel, etc. The key elements of this system, no doubt, include the information support of the enterprise management system, which should be understood as a set of information resources (information base) and methods of their organization, necessary and suitable for the implementation of analytical and management procedures that ensure financial and economic activities of the given enterprise.

IV. CONCLUSIONS AND RECOMMENDATIONS

It is extremely important to determine the effectiveness of the use of the information base for decision-making is the requirement of timeliness, since for the user it is not data in general that matters, but data in the right volume and at the right time. Thus, the informational content of data on the current quotations of securities is completely different at the time of their announcement and, for example, a week later. The question of the analyticity of the information base, that is, the amount of data in one or another of its blocks, is highly controversial. For many years not only in our country, but also abroad, it was believed that the larger the amount of data available for analytical processing, the more effective a solution can be obtained. At the same time, the emphasis was placed on automated and, therefore, formalized analytical data processing. The orientation towards large volumes of data intended for analysis led to the fact that a manager or specialist was overwhelmed by their haphazard flow; often he was not even able to familiarize himself with them, let alone analyze and use them wisely. In addition, not all data required for analysis and management decision-making can be presented in the form of documents and specific economic indicators. Some of the data is of a qualitative, difficult to formalize and subjective nature. That is why the requirement of the necessary sufficiency of the initial data, firstly, is indisputably relevant and, secondly, does not have an unambiguous solution.

In the modern management concept, the most important management tasks are the development and implementation of decisions aimed at achieving financial and economic stability and efficiency of the organization. The successful implementation of these tasks depends not only on the high competence and experience of the organization's management in specific areas of production activity, but also on the ability to economically correctly, adequately assess and respond in real time both to the dynamic external conditions of the development of economic processes and to a change in the mode of operation. Organizations associated with changes in the nomenclature and volume of production, structural adjustments, etc.

In Western management practice, a special role is assigned to management accounting. At the same time, much attention is paid to expanding and strengthening the functions of accounting, using its analytical potential as the main and reliable source of management information, methods of its analysis in order to form management decisions.

The emergence of powerful software products for personal computers capable of simulating options for actions with an assessment of possible financial and production and economic results, allows you to create a full management cycle and use the information content of management accounting in intra-company management at a higher level. At the same time, the models are based on indicators of forms of internal and external reporting, which in this context are planning and management tools. Recently, domestic managers and heads of organizations have shown significant interest in management accounting, striving to highlight a new information system in the management loop. However, in this regard, there are certain difficulties associated with both understanding the essence and capabilities of management accounting, and with its organization.

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