

# The Essence of Innovative Potential in Entrepreneurship

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**Abstract.** *It is not secret that innovation plays major role in the development of any sectors of the country and efficiency of innovation is analyzed based on the several indicators. In fact, innovative potential is one of the main indicators of innovation. This article discusses innovative potential in entrepreneurship. Several proposals have been made for further improvements in this sector.*

**Keywords:** innovative potential, business, enterprise, economic growth.

**Introduction.** An important role in the sustainable development of all spheres of the state and society today belongs to the wide use of the achievements of world science and innovations in the context of the globalization of the economy. The introduction of innovations and attracting investments for developing innovations has been one of the main concerns in our Republic. In particular, in the Strategy of Action on the five priority development directions of the Republic of Uzbekistan for 2017-2021, special attention is paid to stimulating research and innovation activities, creating effective mechanisms for introducing scientific and innovative achievements into practice, education at higher educational institutions and research institutes of scientific-experimental specialized laboratories, centers of high technologies and techno-parks. In order to further strengthen the role of academic science in the innovative development of the economy, the President of the Republic of Uzbekistan adopted Decree No. -PP-2789 of February 17, 2017 "On measures to further improve the activities of the Academy of Sciences, organization, management and financing of research activities"[1]. This resolution provided for the implementation of a wide range of targeted measures.

## Materials and Methods:

The concept of "innovation potential" for the growth of the system at the expense of innovations was firstly introduced by K.Frimenom in 1970-80s[2]. He believed that innovation was a system of measures for the design, development, exploitation and depletion of economic, social and institutional capacity of underlying innovations.

The practical aspect of "innovation potential" concept is reflected in the works of P.Drukera where he explores the sources of modern industry development [Drucker, 2009][3]. For instance, he noted that innovation started with an analysis of the existing potential in order to use it effectively. In most cases, the authors concentrate on the analysis of innovation potential individual aspects; there are definitions which are not consistent and not focused on methodological essence of the concept. A group of authors led by V.N. Baranchev [Gunin, V.N., et al.1999] defines [4] the organization innovative potential as a measure of readiness to perform tasks that ensure the achievement of company innovative objectives.

B.K. Lisin and V.N. Fridlyanov [Lisin, B.K., 2002][5] give the following definition of the enterprise innovative potential: a set of scientific, technical, technological, infrastructural, financial, legal, socio-cultural and other opportunities to provide innovations perception and implementation.

The research team, led by M.N.Titova[6] considers that innovation potential is the ability of the real sector unit to ensure a sufficient updating degree for production factors, their combinations in the production process, organizational and management structures, as well as corporate culture.

B.A.Pateev [Pate, 2002] [7] believes that company innovative potential is a mixture of information, technical and technological, intellectual, spatial, financial, organizational, managerial, legal and business resources, forming a unified system for the emergence and development of ideas to ensure the competitiveness of end products or services in accordance with the company purpose and strategy. Innovation is the commercial application and successful exploitation of the idea. Company innovation potential is often viewed as a set of resources with varying degrees of detail.

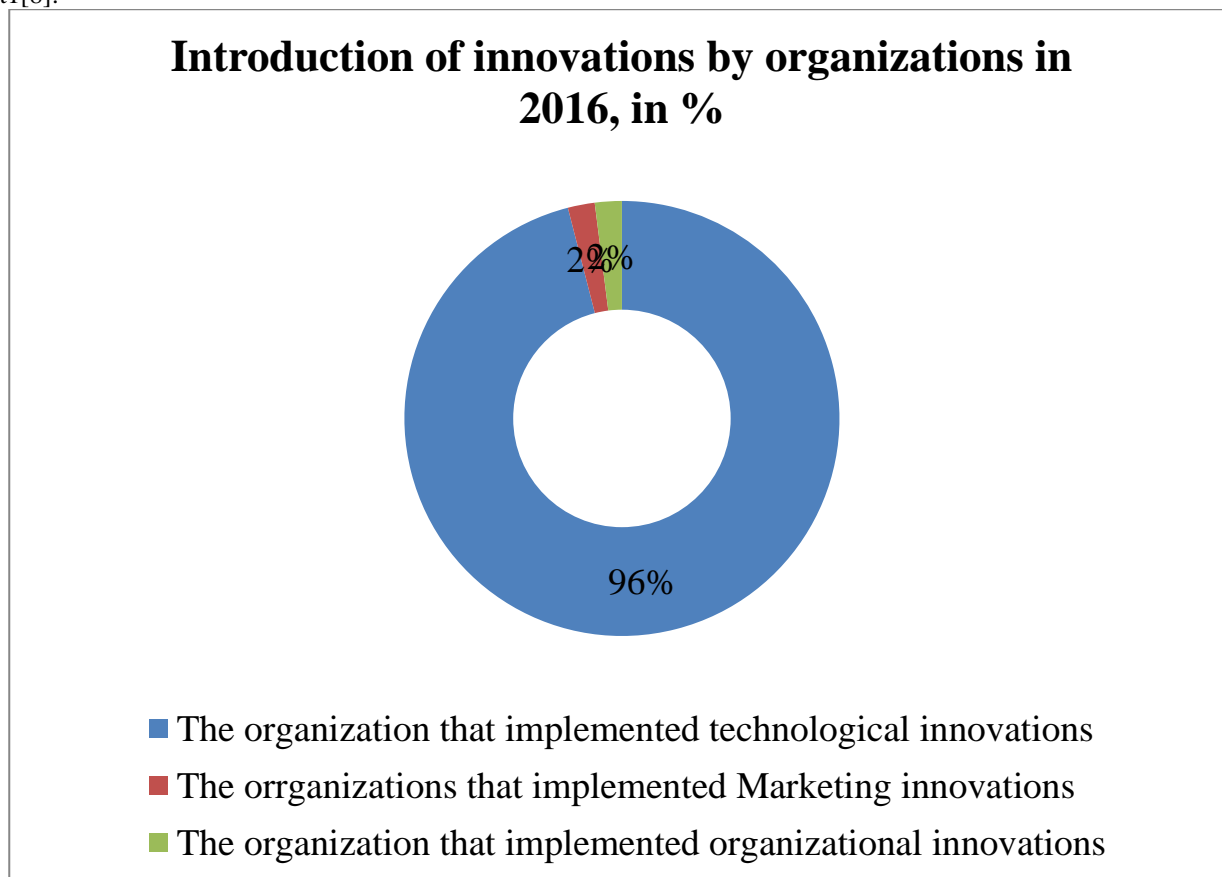
Summing up the discussion of the innovation potential methodological essence it can be concluded that innovation potential is not only the resources available for innovation, but also the innovation mechanisms, which involves innovation potential development through innovation and investment. Innovative potential as a property of the system at any enterprise can be observed in three possible states: undeveloped, normally developed and developed. Innovative potential composition is determined by the very essence of innovation, namely the creation of new developments and their commercialization.

## Methodology of the Research

The methodology includes historical analyzes, systematic analyzes, and graphic methods. Statistics have been made by the help of official statistics of Uzbekistan.

## Results

A research revealed that in 2016, 933 enterprises and organizations implemented innovations in our country, most of them, namely 893 (96% of the total number of organizations), implemented technological activities in their activities, and the remaining 40 - marketing and organizational innovations and percentage of these indicators can be seen in the following piechart[8]:



**Fig. 1. Introduction of innovations by organizations in 2016, in %**

Following study reveals the number of introduced innovations in organizations of the Republic of Uzbekistan, in 2016. Clearly, in that year, about 2000 innovations were introduced by more than 900 organizations and enterprises of the Republic of Uzbekistan. At the same time, most of the innovations introduced, and 1,816 of them were directed to the modernization of enterprises with the involvement of new efficient technologies. This means that the introduction of innovations in our country is mainly due to the import of machinery and equipment from abroad[9].

### Structure of implemented innovations in 2016, in %

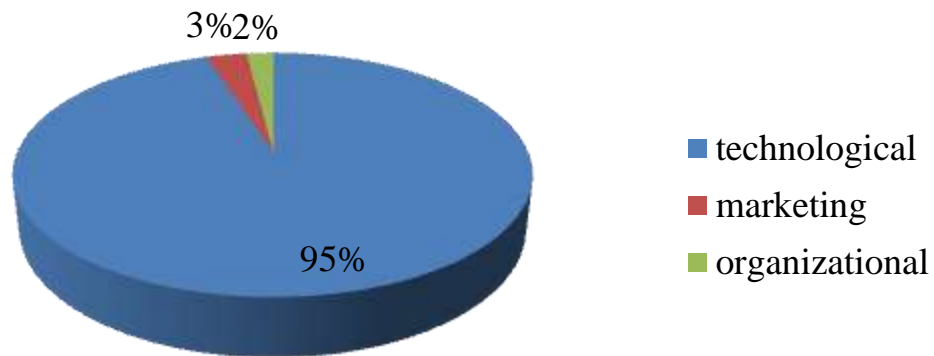


Fig. 2. Structure of implemented innovations in 2016, in %[9]

Several researches also have been conducted for identifying deeply the concept of innovative potential:

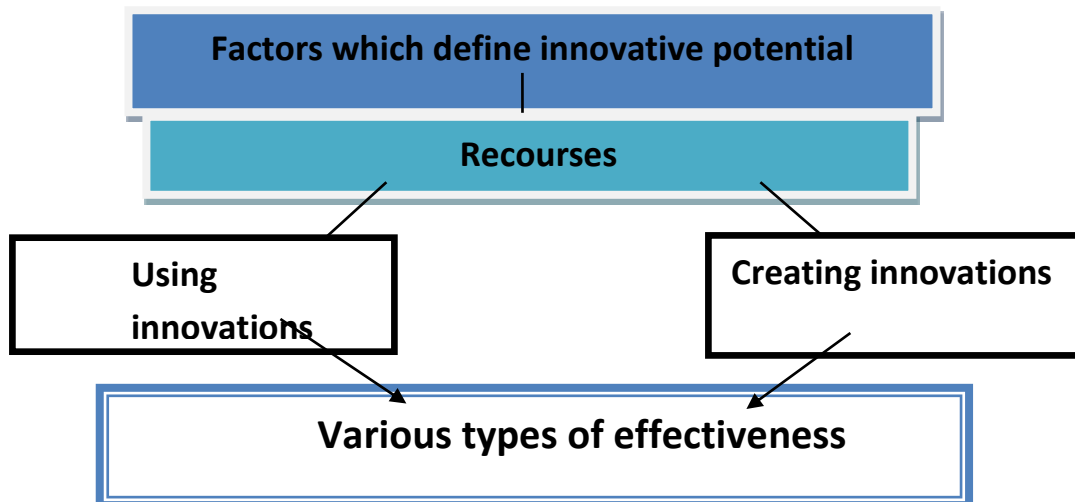
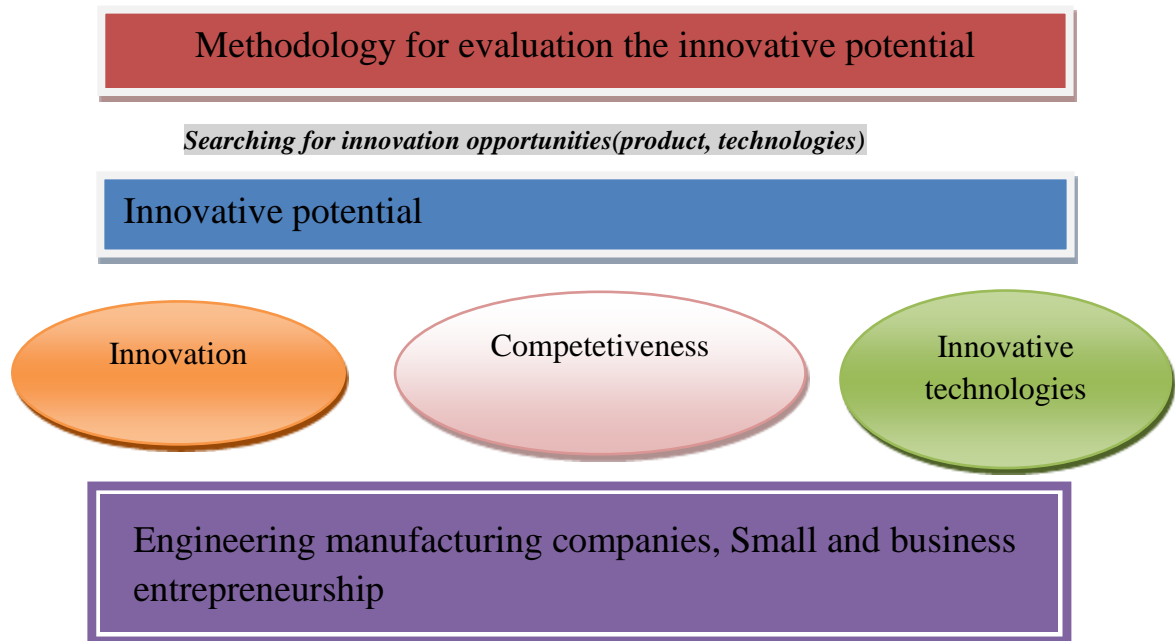


Fig. 3. The concept of innovative potential

Based on the above given figure it can be said that innovative potential – creating innovations based on the existing resource base and readiness of ability and capability of organizations in order to achieve different effective results.

However, the concept of innovative potential can be defined differently. Exactly, methodology for evaluation the innovative potential has following structure [10]:



**Fig.4. The concept of innovative potential**

It can be said that innovative potential is significant for organizations for further developments. A research conducted for defining what factors are major for providing organizations with innovative potential.

Fundamentally, innovation means introducing something new into business. This could be:

- improving or replacing business processes to increase efficiency and productivity, or to enable the business to extend the range or quality of existing products and/or services
- developing entirely new and improved products and services - often to meet rapidly changing customer or consumer demands or needs
- adding value to existing products, services or markets to differentiate the business from its competitors and increase the perceived value to the customers and markets

Innovation can mean a single major breakthrough – e.g. a totally new product or service. However, it can also be a series of small, incremental changes.

Whatever form it takes, innovation is a creative process. The ideas may come from:

- inside the business, e.g. from employees, managers or in-house research and development work
- outside the business, e.g. suppliers, customers, media reports, market research published by another organization, or universities and other sources of new technologies

Success comes from filtering those ideas, identifying those that the business will focus on and applying resources to exploit them.

Introducing innovation can help organizations to:

- improve productivity
- reduce costs
- be more competitive
- build the value of brand
- establish new partnerships and relationships
- increase turnover and improve profitability

Businesses that fail to innovate run the risk of:

- losing market share to competitors
- falling productivity and efficiency
- losing key staff
- experiencing steadily reducing margins and profit

— going out of business

Innovation in business can mean introducing new or improved products, services or processes.

There's no point considering innovation in a vacuum. To move business forward, study marketplace and understand how innovation can add value to customers. For more information on analyzing marketplace, see the page in this guide on planning innovation.

Businessmen can identify opportunities for innovation by adapting product or service to the way marketplace is changing. Businessmen could also develop business by identifying a completely new product. For example, businessmen could start producing vegetarian as well as meat burgers.

Businessmen could innovate by introducing new technology, techniques or working practices - perhaps using better processes to give a more consistent quality of product.

### Conclusion

It can be seen from the above discussed facts and analyzed studies that innovations are essential for the national economy and implementation of innovative potential in any companies has key role for further development of the economy of our country. Additionally, following proposals have been made for implementing innovative potential in companies:

- providing access to capital for organizations by government;
- implementation strong structure of supporting institution;
- providing sufficient incentives for business innovation by institutions and research centers;
- motivating for introduction of innovative potential of companies.

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