

## INNOVATIONS AND THEIR IMPORTANCE ON DEVELOPING COMPANIES

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**Abstract:** In the period of global pandemic a lot of spheres of the economy meet with financial difficulties. In these positions managers of companies decide to maintain and develop companies activity. This article explains the importance of innovations for developing companies.

**Key words:** Innovation, development, business, management, globalization, innovation management, competitiveness.

**Introduction:** The word economy differs from periods with typical features for the periods. At the beginning of XX century, as a result of developing science and technology world spheres begun to rise up. It formed to manage all spheres for acting and developing. During the period developing technic processes of producing were based on mechanic. After that period it was begun processes of producing were based on electrical equipment. As results of researching, for increasing transactions of production it was invented more comfortable equipment. Afterwards electric accounting machines were invented and used on all spheres. Supporting with computers of all spheres affected and industries have been begun automation. It was begun that news and changes at processes of producing to call innovation on the science. Innovation has become one of the main factors in finding a place in a market economy based on strong competition, withstanding competition, development and expansion, as well as meeting the needs of consumers. Beneficial, high-quality innovations and changes in the industry are necessary conditions for innovation.

If we look at the history of the development path of the world's developed and rapidly developing countries, all of them have been able to achieve industrial development through the widespread introduction of innovations in industries and sectors, resulting in sustainable economic growth. In particular, the history of the transformation of the United States led to the industrial revolution through the widespread introduction of innovations in the economy, led by the agricultural sector from the middle of the XIX century until World War I, which ensured the development of the economy.[1]

The Global Innovation 1000 study shows that the most profitable enterprises in 2019 in 2019 had a profitability ratio (11%) and economic growth rate (22%). These figures not only grow faster than the rest of these enterprises, but also operate more efficiently. [2] At the heart of such economic development is the fact that enterprises are implementing more innovations in their activities than other competitors. Therefore, today innovations are considered as the main source of development of enterprises and industries of the world community. Therefore, innovations and their orientation to the activities of enterprises is one of the most pressing issues today.

In modern economic theories, innovation is recognized as the main source of development of industries and sectors, and the lack of a well-established theory of innovation, [3] has led to the emergence of many of its content and concepts. However, we note that all researchers in the research

center refer to the content of "innovation" and "change" in the final conclusion. The term innovation is expressed in terms of the introduction of new or created products, technical innovations in production processes, changes in certain stages of production, in terms of their introduction into all stages of production, depending on the activities of enterprises. Depending on the scope and results of innovations, they can be divided into the following 3 groups.

According to the representatives of the first group, innovation is the result of an activity (H.B. Dusaev, A.S. Kulagin, P. Lemerl, O.P. Molchanova, D.V. Sokolov, A.V. Surin, A.B. Titov, R.A. Fatkhutdinov, etc.);

According to the representatives of the second group, innovation is a process (V.N. Lapin, V.G. Medynsky, B. Santo, B. Twiss and others);

In the eyes of the third group, innovation is change (P. Druker, La Perre, F. Nixon, A.I. Prigogine, Y. Shumpeter, etc.).

The term innovation was first used scientifically by the Austrian economist J.A. Schumpeter (1934) in his Theory of Economic Development, in which entrepreneurship was expressed in a new thing, new idea, method, or device, expressing a relationship with innovation. Innovation is the economic key to the development of any company, country or region. As a result of the introduction of innovations, technology will change, the old production industries will be reduced and renewed. [4]

In the central parts of the theory of entrepreneurship development, Schumpeter believes that the main source of entrepreneurial development is innovation, which is reflected in changes in raw materials, technology, machinery, finance, products, etc. [5] In his view, the innovations are reflected in:

- production of a new product or improvement of product quality
- introduction of a new method of production
- implementation of external changes
- finding new markets for products and raw materials

From the research work of the scientist, innovations are considered as a key factor in the growth of the whole society, and business entities are considered as entities that like to realize constant innovations. At the same time, he emphasizes the importance of innovative changes in society and companies, which will certainly benefit society, humanity and, of course, business.

Economist Zaltman (1973) and several other researchers under his leadership conducted research on innovation, its content, types and economic significance, and studied the term innovation as a broad word in 3 groups of theoretical views.

At first glance, the focus of research is the manifestation of innovation in a new product, process and organizational form, at second glance, the main emphasis is on user perception or impact of innovations, and at third theoretical focus on innovative development processes. At the same time, Zaltman interprets innovation management as a key link in the process of innovative development. [6]

In addition, many scholars including P. Druker, Dogdson, Dadfar, Damanpour, B.S. The research work of Lavson, D. Samson, J. Vozniak, R. Fatkhutdinov, A. Porshneva, B. Varlamov and others covers innovation management, innovation and innovation potential, its composition and factors affecting it, and other features.



Based on the research and conclusions of economists and scientists, the following conclusions were drawn. The term innovation is a broad term used by consumers, producers and the state as a broad term.

Today, at a time of rapid scientific and technological progress, it has become a requirement of the time to introduce innovations in the stages of production in order to expand and develop the activities of existing businesses in the economy. From this point of view, when innovations are initially considered by consumers, it is the result of the emergence of a new type of product or service, improved product quality, increased consumer preferences, the addition of a new product range, stabilization of product prices. On the other hand, from the point of view of manufacturing enterprises, innovations and changes in the stages of the production process are described as innovations in order to be competitive among similar competitors in the open market, increase market share, maximize profits. Innovation is a global engine of economic growth and at the same time a key factor in competitiveness. [7].

## Conclusion.

In summary, as recognized by most researchers, innovations are manifested in the following types of enterprises.

- Goods and service innovation
- Innovation of production process (technology)
- Marketing innovation
- Innovation of management structure of the enterprise.

As a result of the creation of a new product, product innovation is formed.

As a result of changes in production processes and technology, production innovation is formed. As a result of changes in the product sales strategy, marketing innovation is formed. Changes in the structure of the internal management structure of the enterprise lead to innovation of the management structure. The following conclusions were drawn from the above studies:

In this era of globalization, enterprises need to enter the markets, increase their share and develop, to innovate and implement them in practice, to increase the level of production and quality based on the wishes and desires of consumers, and the state to monitor economic growth. As followings, innovation is considered as a key driver of economic growth of the country.

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