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# Innovative Development of Regions in the Context of Digital Economy

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**Abstract:** The development of an innovative economy ensures an increase in the level of competitiveness of the state in modern conditions. The features of innovation implementation in conditions when digitalization acts as a driving force of economic processes aimed at innovative development are considered. The main promising directions of economic development of states in the conditions of digitalization are considered. Innovative development is recognized as one of the promising areas of regional development. The region is a more complex system, where the participants in the innovation process are many organizations that provide personnel, institutional, financial, scientific and other support for innovation activities. The functional role of the innovation process in the region is not in the development and implementation of specific innovative products, but in obtaining socio-economic effects from innovation activities.

**Keywords:** digitalization of the economy, economic growth, innovation, public policy, regional innovation system, innovative development of the region.

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## **Introduction.**

The development of innovations continues to be one of the most important areas of reforming the economic system in the aspect of digitalization of the national economy. The activation of innovations is a necessary condition for the competitiveness of the region and the country as a whole. The main goal of regional development should be the structural restructuring of industry based on the introduction of a digital technology platform and the involvement of long-term economic growth factors that ensure sustainable competitive advantages of the region.

Innovative development is recognized as one of the promising areas of regional development. The region is a more complex system, where the participants in the innovation process are many organizations that provide personnel, institutional, financial, scientific and other support for innovation activities. The functional role of the innovation process in the region is not in the development and implementation of specific innovative products, but in obtaining socio-economic effects from innovation activities.

## **The main part**

One of the foundations of the competitiveness of the national economy is the effectiveness of the functioning and development of regional innovation subsystems that contribute to improving the efficiency of economic activity and improving the quality of life of the population through the introduction of new technologies and inventions, the dissemination and implementation of new knowledge. One of the widely accepted views in recent geographical approaches to regional development and innovation is that innovation is not produced by individual researchers or even firms. Rather, a system of formal institutions,

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such as local governments, research labs, firms in related industries, universities, business associations, and government agencies, collectively produce innovation. When this system is mainly within a region, the system is called a regional innovation system. A regional innovation system is efficient when each element is strong, and they network well with each other. An efficient regional innovation system indicates significant innovation capacity in the region, and sustained economic growth is expected.

Innovative development of the region is a change in the structure of the economy of the region, produced by the development of its innovation system, the increase in economic indicators, such as:

- the volume of production, including products exported outside the region;
- gross value added;
- employment;
- The volume of innovative products and others.

Studies of the factors and conditions of the region's development from the perspective of an innovative approach allow us to solve the following tasks:

- ✓ search for the most significant factors of effective functioning of innovative systems;
- ✓ definition of institutional conditions for innovative development of a state or a specific region;
- ✓ identification of interrelation and hierarchical structure of factors influencing innovative development;
- ✓ determination of optimal criteria for the ratio of scientific results and invested funds, as well as the selection of the most cost-effective combination of criteria;
- ✓ Assessment of the reaction of economic systems to the integration impact of the identified factors of innovative development.

The role of innovation is steadily increasing and is associated with such concepts as innovation activity, innovation process, innovation potential and innovation potential, digitalization, which contain elements of action, which means that it is possible to state the dynamics of its development. The acceleration of socio-economic development is influenced by the macroeconomic conditions formed in the course of public policy. The digitalization of economic processes or the development of the digital economy as a driving force of general economic processes that stimulate innovation should be attributed to the modern directions of state policy in the field of economics.

The digitalization of the economy determines the implementation of transformation processes in the sectors of the national economy aimed at the introduction, development and use of innovative technologies, the formation of modern high-tech management systems. Digitalization of the national economy is relevant not only from a theoretical point of view, but also from a practical point of view, as there is an understanding of the main and main role of innovation in the development of digital technologies on the way to developing and adopting new strategies for the competitiveness of the country.

It should be noted that the digitalization of the economy involves a number of transformational measures in all sectors of the national economy aimed at the complete digitization of economic processes, the development and use of innovative technologies in traditional sectors of the economy, the creation of innovative management systems. An important aspect is to stimulate the introduction of innovative technologies in such sectors of

the economy as industry, agriculture, trade, communications and telecommunications, transport, logistics, financial services, energy, etc. for the purpose of innovative development and improvement.

The modern transformation of the regional economy, due to the introduction of digital platforms into the real sector and society as a whole, is associated with the innovative activity of economic entities. By making a certain contribution to economic development, innovations thereby contribute to qualitative transformations and the development of the technological potential of the territory:

- By introducing digital technologies, the national economy creates not only new high-tech types of business, but also traditional types of economic activity, subjecting them to a serious transformation.
- In the process of digitalization, completely different relations arise between economic entities: the state, business structures, and the household. Such systemic changes lead to the formation of a layer of virtual interaction, where it is impossible to exist without a scientific and technological base.
- The introduction of digital technologies stimulates the development of regional socio-economic systems at a higher qualitative level, since the boundaries of spatial relations are expanding due to the virtual interaction of economic entities. This increases the opportunities for scientific research and innovation.

### Conclusion

Innovative development of the regional economic system is the basis for increasing its competitiveness. Over the last four decades, research on innovation and regional development has been extremely productive.

In the modern economy, through the development of an innovative economy based on knowledge, country can achieve economic growth prospects and become the most competitive in the world market.

From the point of view of the effective implementation of the principles of the digital economy and the intensification of innovation, it is necessary to increase the costs of research and development to create modern domestic digital technologies.

In order to accelerate the process of digitalization and innovation in the region in the field of creating digital products, it is necessary to use mechanisms related to the improvement of legal support, the creation of an institutional and infrastructural environment of the economy.

Thus, the formation of the digital economy in Uzbekistan is a new type of economic relations and one of the main conditions for an innovative breakthrough. This is a set of organizational, economic, technological and other activities carried out in the information and communication sphere, forming a favorable innovation climate. Activation of innovation development is the most important condition for further better and more effective development of the national economy. In this aspect, the digitalization of the country is of particular importance.

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