

**Varazdin Development and Entrepreneurship Agency**  
in cooperation with:  
**Azerbaijan State University of Economics (UNEC)**  
**University North**  
**Faculty of Management University of Warsaw**  
**Faculty of Law, Economics and Social Sciences Sale - Mohammed V University in Rabat**



## **Economic and Social Development**

37th International Scientific Conference on Economic and Social Development –  
"Socio Economic Problems of Sustainable Development"

### **Book of Abstracts**

Editors:

**Muslim Ibrahimov, Ana Aleksic, Darko Dukic**



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## **ACADEMIC ENTREPRENEURSHIP AS AN IMPORTANT FACTOR OF SUSTAINABLE ECONOMIC DEVELOPMENT**

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### **ABSTRACT**

*The article reveals the essence and importance of academic entrepreneurship as an important factor in sustainable economic development. The emphasis was placed on the growing role of academic entrepreneurship in all academic personnel and in all economic subjects of innovation activity. The article studies the research and innovation activities of universities in developed countries, as well as innovative enterprises as subjects of academic entrepreneurship, as well as their problems in the process of formation and functioning. Modern universities also take on the mission of presenting the results of their research and business activities to the business environment, in addition to education and basic research, and also turn scientific research laboratories and community centers into economic actors that play an important role in the innovation process. The actions of key participants, such as pioneers, innovators and investors involved in the implementation of innovations in the field of commercialization of university innovations, as well as the close relationship of the concept of commercialization with market relations were reviewed. In order to achieve high technological results in the innovation sector, the issues of attracting potential investors and public funding of universities were considered. To assist small innovative enterprises, the urgency of the creation of business incubators and investment institutions by the state is justified. The issues of improving the financial policy mechanism for the development of academic entrepreneurship, especially improving the lending and taxation system, stimulating innovation, expanding the intermediate function between state universities, research organizations and industrial companies*

were carefully studied. Substantial proposals and recommendations for improving the methods and forms of commercialization of results and innovation of university research are provided.

**Keywords:** *academic entrepreneurship commercialization of innovations, small innovative enterprise*

\*\*\*\*\*

## **SUSTAINABLE ECONOMIC DEVELOPMENT AND AZERBAIJAN**

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### **ABSTRACT**

*Sustainable economic development brings about economic growth as a result of increased incomes in the country. Entrepreneurship plays an important role in the context of sustainable economic development. This role, which incorporates production, labor, capital and technology, combines assessment and risk and sets out a strategic framework for economic regulation and development. Entrepreneurship spirit is the key element of sustainable economic development in the country. The growth and prosperity of those elements are also the driving force of the economy. The impact of economic development on the entrepreneur takes a special place in promoting sustainable economic development by promoting entrepreneurs' innovation and innovation through competitiveness, promoting employment, opening up business opportunities, expanding production and commercial activities, inventions, scientific research and discoveries. Therefore, promoting a competitive environment in the business environment and boosting state-of-the-art support for increasing the volume of production are considered to be*

*topical issues in ensuring sustainable economic development. The article analyzes the complex mechanism of sustainable economic development based on theoretical and practical approaches. The modern state of the economy of the Republic of Azerbaijan as the object of research was taken as a basis. The purpose of the research is to examine the methods of balanced economic development, based on macro and microeconomic analysis. The novelty of scientific research is to identify the features of economic relationships, and to identify areas for effective economic development strategies based on program- targeted management.*

**Keywords:** *sustainable development, development concept, program-targeted management, state development strategy*

\*\*\*\*\*

## **ISSUES CONCERNING IMPLEMENTATION OF THE INNOVATIVE DEVELOPMENT STRATEGY IN THE PUBLIC ADMINISTRATION SYSTEM**

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### **ABSTRACT**

*Accomplishment of innovations is very crucial in purposes of increasing efficiency in productivity. The state policy on innovative development is closely related to activities accomplished by an enterprise. Management of innovative processes depends on formal market coverage of a region, scope of scientific researches, level of practical-construction works, industry production and demand for innovations. The factors hindering innovations in industrial enterprises, expenses allocated in the industry according sorts of innovations, the*

*capacity of innovation products on novelty level and kinds of economic activities have been determined, present international practice on innovation society, the essential concepts and indicators of social innovation policy have been researched, as well as the steps carried out on the direction of innovationizing of the republic and the novelties introduced by the State Agency for Public Service and Social Innovations under the President of the Republic of Azerbaijan within the framework. The purpose of the research is to ascertain tasks on development of innovation policy and to study successful implementation of innovations in appropriate management system. The scientific novelty of the research is installation of the remedies to establish informational, spiritual and intellectual values when producing scientific-technical products, commodities, fulfilling works and rendering services, as well as appropriate development of a state strategy for innovations in this direction.*

**Keywords:** *innovative production, innovative development, innovation strategy, scientific and technical potential, scientific innovations*

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## **THE NECESSITY OF THE ORGANIZATION OF INNOVATIVE PRODUCTION IN THE REGIONS**

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### **ABSTRACT**

*This paper provides an assessment of the priorities that have recently ensured the development of the agricultural sector of the*

*Republic of Azerbaijan, as well as clarifies the role of infrastructure development for the country's economy. The development of infrastructure in rural areas contributes to the alleviation of unemployment, the formation of a highly skilled, intellectual, cultural stratum of workers.*

**Keywords:** *region, innovation, production, economics, modern condition, country, products*

\*\*\*\*\*

## **APPLICATION OF THE HIERARCHY ANALYSIS METHOD TO ASSESS THE PRIORITIES OF BUSINESS PROCESSES IN HIGHER EDUCATION INSTITUTION**

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### **ABSTRACT**

*Entrepreneurial University, being one of the elements of the new innovation model of development - the "Triple Helix" model, appears as a new balance between science, education and power. In such situations, the role of the process approach in the management of business processes in universities is growing. The number of methods to determine priorities for managing business processes is limited. In the article, based on the application of multi-criteria methods of decision-making, including the method*



*of analyzing hierarchies, are determined by the priorities in the management of business processes in higher education institutions. The research carried out to a certain degree made it possible to refine the methodological toolkit to substantiate priorities in the management of business processes in higher education institutions. Based on the description of the advantages of the hierarchy analysis method. The conclusion is made that it is necessary to provide favorable conditions for the formation of an innovator who has a set of skills and skills necessary for the modern economy*

**Keywords:** *business process, business function, business operation, entrepreneurial university, criteria, priority*

\*\*\*\*\*

## **ESTIMATION OF INNOVATION ACTIVITY OF THE REGIONS OF THE AZERBAIJAN REPUBLIC**

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### **ABSTRACT**

*The aim of article is estimation of innovation activity by considering the role of innovations in the regional economic development. The author took 10 economical regions as an investigation object that classified for the economical features of*

*Azerbaijan. In the article conducted a research on the topic of international practice, taking into account regional features of the estimation of innovation activity. On the basis of regional understanding criteria and European Commission Regional Innovation List indicators, and indicators that differentiate innovation leaders were compiled, according to the Economic Cooperation and Development Organization methodology the innovation territory patterns on the European countries and efficiency indicators on the patterns, the fields that belong innovation policy were investigated. In the article factors that relevant to Azerbaijan were chosen as the result of investigation factors of innovation activity. Regional innovation activity was estimated by considering international criteria on the estimation innovation index. The results can be used for the estimation of Azerbaijan Republic innovation index and for the basis of innovation criteria of regional economic development.*

**Keywords:** *innovation activity, region, Oslo government, scientific area*

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## **STATISTICAL ASPECTS OF TRADE RELATIONS BETWEEN AZERBAIJAN AND GEORGIA**

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### **ABSTRACT**

*Georgia's strategic partner is very important for Georgia to continue close cooperation with the Republic of Azerbaijan in politics, both export and import economics, energy, transportation and cultural spheres. The main trading trends between Georgia and Azerbaijanis revealed in the article. The methods of statistical observation, grouping and analysis were used in the research process. According to both export and import, ten countries are included. It is noteworthy that the commodity structure of export and import has not changed in dynamics. According to the data of 2017, Georgia is in the second place by Azerbaijan, followed by Russian Federation and its index is 9,9%, which is 4,6 percent behind Russia; The volume of export to Azerbaijan in 2007-2013 increased by 13% compared*

*to the previous year and by 417% in 2007; Export goods are very profitable. Among them: alcoholic drinks, potatoes, non-alcoholic beverages, exports of non-alcoholic drinks, curry fruits, cigarettes, ferro alloysetc. As for Azerbaijan, it is in the fourth place according to import countries. It should be noted that export goods are very profitable. Among them: electricity, oil and oil products , oil gases, ores and concentrates , vegetable oiletc.The article has a great practical significance, since the tendencies of trading economic cooperation expressed here can be used to estimate correct aspects of trade relations between Georgia and Azerbaijan.*

**Keywords:** *export, import,trade, transportation, relation, oil products,economic cooperation*

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## **THEORETICAL AND PRACTICAL ASPECTS OF THE PARTICIPATION OF CIVIL SERVANTS IN DECISION-MAKING AFFECTING BUSINESS ACTIVITIES**

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### **ABSTRACT**

*Achievement of the goals of social and economic development and the modernization of the governance process require the establishment of mechanisms for more effective management of relations between business and the state. The article theoretically analyzes the necessity of making changes in decision-making process on regulating entrepreneurship during the reforms in the state governance model. Directions of relationships between civil servants and entrepreneurs, mechanisms of conflict of interests*

*have been clarified. Various approaches to the degree of involvement of entrepreneurs, civil servants and political leaders in decision-making affecting entrepreneurial activity, the stages of sequencing the decision-making process, and the opportunities and freedoms granted to civil servants in the decision-making process has been analyzed. The role of human factor in decision-making process, the requirements of the administrative management apparatus, the existing problems in assessing the implementation of decisions has been explained, the systematic approach and the difficulties encountered in the use of situational analysis methods have been indicated. The complexity of grouping existing attitudes and relationships in various structures of the administrative management system, the effects of decisions and goals of the sub-divisions in public bodies on the decision and purpose of the overall state, and the shortcomings that arise during the execution have been identified. In the research process, attention was paid to the experience of different developed countries, comparative analysis, logical summarization and grouping, synthesis methods have been used. Recommendations on improving effectiveness in public administration were put forward, practical proposals were made regarding the preparation, acceptance, implementation and monitoring of enforcement of decisions within the competence of state bodies belonging to the civil service system.*

**Keywords:** *Civil Servants, Decision-Making, Business Activities, Economic Development, Effective Management*

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## **CAPITAL MARKETS UNION AND EUROPEAN COVERED BONDS INITIATIVE FOR UPGRADING CAPITAL MARKETS IN THE NEW MEMBER STATES**

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### **ABSTRACT**

*Covered bonds represent one of the oldest European financial instruments. Covered bond market started with a need to finance the agriculture and was later focused on a real estate. Today, the covered bond market is one of the largest debt market in the world with EUR 2.5 trillion in outstanding amounts, representing a cost-effective source of funding for banks in facilitating the financing of real estate loans and public sector loans. It is active in more than twenty different European countries and growing at the rate of 20% annually outside the European Economic Area. Following these trends, the European Commission has identified new set of building blocks for the Capital Markets Union to enhance more efficient cross-border investments across the EU that could support the real economy and job creation. One of these policy measures concerns a regulatory proposal for the European Covered Bond, to be harmonized on the EU level. Based on the analysis of secondary data, this paper aims to serve two purposes. First, it is to disentangle the effects of the proposed EU covered bonds legislation on the European financial system. Second, to research potential costs and benefits for the Central Eastern and South Eastern European financial markets with regard to harmonisation of the European covered bonds legislation at the EU level.*

**Keywords:** *capital markets regulation, Capital markets union, European covered bonds, Central Eastern and South Eastern European capital markets*

## THE CURSE OF TRANSFERS? MODELLING FISCAL POLICY EFFECTIVENESS IN AZERBAIJAN

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### **ABSTRACT**

*The article aims to provide a new approach to the modelling of fiscal policy effectiveness in Azerbaijan. Thanks to its natural resource wealth, the country has enjoyed oil boom period during 2005-2015, accompanied with huge revenues which are accumulated in the State Oil Fund of Azerbaijan Republic (SOFAZ). Government of the country started to inject resource revenues to the national economy through fiscal channels massively after 2008. Large amount of oil revenues is transferred to the state budget from SOFAZ. In this article, it is argued that those transfers sharply declined the impact of budget expenditures over non-oil sector economic performance, so called fiscal policy effectiveness. Application of various break point tests to the period of 2000Q1-2018Q1 presents existence of break in 2009Q3. Therefore, periods of 2000Q1-2009Q3 and 2009Q3-2018Q1 are taken separately to assess long-run fiscal policy effectiveness in Azerbaijan. Fully Modified Ordinary Least Squares (FMOLS), Dynamic Ordinary Least Squares (DOLS), Canonical Cointegration Regression (CCR), and Autoregressive Distributed Lag Bounds Testing (ARDLBT) cointegration techniques are employed to estimate long-run models in both periods. Empirical results all together supports the proposed claim that fiscal policy effectiveness has decreased significantly in the second period compared to the first. It is argued that the sharp fall is mostly due to the use of easy gained revenues, so called "the curse of transfers". Results of the study are fairly useful for policy officials to consider while preparing budget proposals under the pressure of low oil prices.*

**Keywords:** *Azerbaijan, direct transfers, fiscal policy effectiveness, non-oil sector, oil revenues, resource curse*

## **A GLANCE THROUGH TWO DECADES OF SLOVENE-RELATED RESEARCH IN AUDITING**

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### **ABSTRACT**

*Research in auditing is “on the rise”. Globally research papers related to auditing in top-tier scholarly journals have been growing rapidly from nineties onwards. This paper presents an overview of the existing papers in the field of auditing in relation to Slovenia since auditing has started in Slovenia in 1993 and nothing is known about research related to auditing, its profession and auditing practices in Slovenia. Our overview focuses on any Slovene-related studies in auditing published in journals either in English or Slovene language in period 1993–2018. It seems as from 1993 up to 2010 there existed a “research vacuum” in the field of auditing in relation to Slovenia. There is practically no research papers. Reasons for such a state can only be estimated, i.e. data unavailability, unwillingness to participate in studies, lack of research funding etc. But afterwards from 2011 until 2018 there has been a “(little) boom” in amount of research papers (totally 13 papers) which do contribute to the auditing literature.*



*We discuss some obstacles and limitations and other reasons for this state-of-the-art in the field of Slovene-related research in auditing. Since the existing body of Slovene-related auditing research is not large and varied it can be concluded that a large plethora of research questions are and remain unanswered. These are relevant questions. Some areas where research can provide additional information and add to our knowledge of auditing in Slovenia are listed and some possible future directions of research are given. This overview of existing research is of interest to researchers, especially prospective doctoral students in the field of auditing in relation to Slovenia.*

**Keywords:** *auditing, literature review, research, Slovenia, studies*

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# **DO RESEARCH AND INNOVATION STIMULI IMPROVE THE COMPETITIVENESS OF PRIVATE FIRMS? EVIDENCE FROM THE SLOVAK REPUBLIC**

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## **ABSTRACT**

*The paper analyses financial indicators of 550 R&I-intensive Slovak firms receiving support from the European Structural and Cohesion Funds (SF and CF) in the period 2009–2014. The research tests the hypothesis that assistance from the SF and CF improves economic performance of the supported firms. The research combines data from public and private resources. It applies the Difference-in-Differences evaluation method with the Propensity Score Matching (PSM) technique. The PSM technique was used to create comparable structures of the treatment and control groups. The selection of performance variables reflected*

*their economic importance and data availability. The most important variables included sales, gross operating surplus (profit), total assets, and own capital. Development in financial indicators for supported/unsupported firms between the periods 2012–2014 and 2009–2011 was compared via the t-test. Results of the evaluation indicated that enterprises receiving support from the European resources accounted for better financial results than those of enterprises receiving no support from the SF and CF. The increase in sales in the period 2012–2014 compared to the period 2009–2011 was the most important indicator of improved competitiveness. Sales accounted for the best availability of data. Sales are also a more realistic indicator than profits in the annual accounts of the Slovak companies. Profits are more prone to manipulation in the enterprise accounts. The evaluation exercise was commissioned by the Government Office of the Slovak Republic. Results of the evaluation exercises were transferred to policy recommendations for the 2014–2020 programming period. Firms applying for support from the national public and/or European resources must provide good-quality data on their past R&I spending and financial performance. As to compare the performance of supported and unsupported firms, data on sales and employment seem to be more useful than data on profits, as well as the return on assets and equity.*

**Keywords:** *European Structural and Cohesion Funds, Research and Innovation, Firm Performance*

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## **IMPACT OF ECONOMIC DIGITIZATION ON THE DEVELOPMENT OF ENTREPRENEURIAL ACTIVITY**

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### **ABSTRACT**

*This paper reviews development of entrepreneurial activity and investigates government input for creating favourable environment to businesses. Economic development and business environment are the most important factors in explaining entrepreneurial choice. However, we find that government's systematic reforms most likely digitalization also matter.*

**Keywords:** *digital economy, digital trade hub, entrepreneurship*

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## **CYBER-ATTACKS AND INTERNET OF THINGS AS A THREAT TO CRITICAL INFRASTRUCTURE**

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### **ABSTRACT**

*The Internet of Things (IoT) is the interconnectivity with smart assets that are securely networked over an open, standard network. The full value of IoT is complementing smart, networked assets with contemporary technologies such as scalable computing, information management, analytics, and mobility gives us Internet of Things also known as Internet of Objects. The IoT will foster the development of a number of applications that*

*make use of the potentially enormous amount and variety of data generated by such objects to provide new services to citizens, companies, and public administrations. The Internet of Things is a very real trend and it is just a matter of time before IoT has a significant impact on the way we live our lives.*

**Keywords:** *Internet of Things, Ubiquitous sensing, interconnectivity, Smart environments, cyber-attacks, data exchange*

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## **CLUSTER POLICY AND ITS FORMATION FEATURES**

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### **ABSTRACT**

*Clusters are crucial in the development of the economy and in the transition of the country's innovative development. In practice, the cluster approaches are implemented through the cluster policy. Cluster policy involves the adoption of relevant programs and strategies for the development of individual clusters (cluster initiative), as well as the formation of an instrumental database (cluster technology) for the implementation of these programs and strategies. The article summarizes the main characteristics of the cluster, such as the object of economic analysis, the cluster policy and the features of its formation. Cluster policy models are analyzed comparatively.*

**Keywords:** *cluster, cluster policy, cluster strategy, cluster initiative, cluster consulting, cluster technology*

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# THE PROSPECTS OF DEFENCE COOPERATION BETWEEN THE EUROPEAN UNION, THE RUSSIAN FEDERATION AND THE PEOPLE'S REPUBLIC OF CHINA

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## **ABSTRACT**

*The most important EU member states may shift away from the US renewed containment strategy, oriented on Russia. NATO allies had in earlier periods picked up geopolitical theories and theses from Mackinder and Spykman. More recently, these were used by political lobbies in the US administrations inside the White House and Pentagon to create the US Grand Strategy that was devoted to building up the US hegemony into the world by following the New World Order in the 21<sup>st</sup> century. The Containment policy toward Russia was created by the US financial, economic and military lobbies, to continue with the old fashioned Geopolitics. The EU member states may find out common military identity and authority to form a European Defence Union (EDU). The EU could open a new page into the (white) book to implement multilateral world order that shares geopolitical and geoeconomic interest in defence cooperation with China and Russia, and therefore continue with the development of its defence identity, more independent of NATO.*

**Keywords:** *The European Union (the EU), PESCO, defence cooperation, NATO, the USA, Russia, the PR China*

## INTEGRATION OF AZERBAIJAN FINANCIAL MARKET INTO INTERNATIONAL FINANCIAL MARKETS

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### **ABSTRACT**

*Globalization has increased the capital mobility in the world. Increasing opportunities for investors to maximize portfolio returns is one of the greatest benefits of globalization. Financial liberalization has also provided investors with opportunities to diversify their risks. Parallel to this, integration in terms of an effective portfolio management has taken its place among the most discussed topics in the finance literature. Integration efforts in the world financial markets change financial instruments and institutions at increasing speed. Within the framework of this change, foreign investors are investing in many countries' financial instruments in order to diversify their portfolio, resulting in similar trends in price movements. These increase trends in capital mobility provide several advantages, but also some disadvantages. The Azerbaijani financial market, which is in the development phase, has become a share of this investment after 2000s. These rapid developments in international financial markets also affected the Azerbaijan financial market and entered into a process of integration with world markets. Despite its disadvantages to banking and other financial institutions the economy of Azerbaijan, which is in the process of development, provides various benefits from this integration process and significant improvements in the growth rate. This study is a research on how integrated countries similar to Azerbaijan and Azerbaijan's countries with high foreign trade rates are integrated into world markets. As a result of the research, it was observed that the integration of the financial markets of the countries that similar characteristics in terms of development with Azerbaijan was in an increasing trend.*

**Keywords:** *Correlation, Economic growth, Financial integration, Financial markets, Globalization*

## **HUMAN CAPITAL DEVELOPMENT & ECONOMIC GROWTH: AN EMPIRICAL STUDY ON JORDAN**

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### **ABSTRACT**

*This study examines the effect of human capital on the average productivity of workers in Jordan employing the ordinary least squares (OLS) method to the data ranging from 1980 to 2014. The results showed that there is a positive and statistically significant effect of human capital development (HDI) on the average productivity of Jordanian worker (RAPL). The study concluded with a number of recommendations, the most important of which is that this study is the introduction to many more detailed future studies and aims at the relationship between the human development index and its components education, health and income. The study also recommends that more efforts be made to address health, education and cognitive skills and to improve the level of income distribution in order to increase human productivity.*

**Keywords:** *Human Capital Development, Average Productivity, Economic Growth, Human Development Index, Jordan*

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# **EKOLOGICAL AND ECONOMIC ASPECTS OF THE USE OF NATURAL RESOURCE POTENTIAL IN SUSTAINABLE DEVELOPMENT OF THE REPUBLIC OF AZERBAIJAN**

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## **ABSTRACT**

*The article analyzes the current ecological and economic situation of the natural resource potential of the Republic of Azerbaijan. One of the key issues within the framework of the "State Program on Socio-Economic Development of the Regions of the Republic of Azerbaijan for 2014-2018" is to achieve ecological and economic balance. For this purpose, the important part of the Republic's environmental policy is to protect the existing ecosystems to meet the needs of present and future generations. One of the key factors for sustainable development is the protection of the environment and the solution of environmental problems. Thus, some of the provisions proposed in the 21st century are related to the protection of the environment and the rational use of natural resources. In order to ensure sustainable development in our country, it is important to utilize complex minerals and primary raw materials. Continuous increase in the number of population, rapid development of science and technology also increases demand for raw materials and products. The complex utilization of natural resources has already been formed in relation to oil and gas. Its economic assessment and stimulation are fully implemented. Certain institutional measures have been taken to ensure the*

*systematic management of the environment and natural resources in accordance with the principles of transition to sustainable development. The most obvious example of this is the creation of the Ministry of Ecology and Natural Resources in Azerbaijan. The article considers the mineral resources resources, the ecological and economic aspects of their use, and the environmental impact dimensions. Sustainable development has been highlighted in the future use of fuels and ore sources. It was noted that limited land, water and forest resources of our republic should be utilized and recultivation and reclamation measures should be taken to eliminate environmental damage. Measures are taken to ensure environmental sustainability in accordance with the main objectives of the "Azerbaijan-2020: A Look Into Future" development concept. Sustainable development is a development that ensures the needs of the present day without endangering the possibilities of future generations. The ecological and economic aspects of this development include the oceans and seas, climate change, environment, waste management, ecosystems and biodiversity. Effective and comprehensive use of our country's natural resource potential, including biodiversity conservation, neutralization of the negative impact of the fuel and energy complex on the environment, restoration of useless areas and the effective protection of existing resources, will continue in the coming years as well. Ecological and economic aspects of the use of natural resource potential in sustainable development of the Republic of Azerbaijan.*

**Keywords:** *resource, potential, environment, sustainable development, conditions*

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## **THE ROLE OF INVESTMENTS IN RESOLUTION OF SOCIO-ECONOMIC PROBLEMS**

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### **ABSTRACT**

*The article is devoted to the investigation of the current level of investment attractiveness of the regions. Analysis have been conducted to study the investment attractiveness, ensuring the active investment activity and some positive decisions have been made. Conditions of the efficient socio-economic development in the region level has been clarified and analysis of the basis of possible ways of direct investments to the regions, characteristic features of the active investment activity for investment attractiveness and the modern approaches for efficient socio-economic development of regions have been conducted. Efficient ways of focusing the investment opportunities emerged in the country on the socio-economic development of the regions have been investigated and scientific-theoretical problems of the encouragement of the investments to the regions in modern condition have been analyzed. Influence of the non-stable financing, unidentified strategy on implementation of the socio-economic projects funded by the government of Azerbaijan republic has been described, execution of the actions against global political and economic influences, the international currency, traditional competitive environment in business have been analyzed. Socio-economic analysis of these problems plays economic justification for execution of the external and internal investments, the capacity of the budget and grants for resolution of these problems. Besides that development of the tendency of increasement of the amount of the fund required to increase the investment resources needed for socio-economic development of regions and the processes on this direction have been analyzed. The importance of the correctness of the data gained to use given*

*complex and systematic methods and necessity of researching the events focused on implementation of the regional investment projects in Azerbaijan Republic according to the current investment policy has been justified. Some proposals have been given considering the local features, learning the experiences of the other countries in regional perspective, the same time the necessity of elimination of the current problems and the aim of the analyses has been identified. These proposals will help to increase the efficiency of this process for implementation of the promising priority projects. Regional business development, the amendment or improvement of the legislation for application of investments in country being more compromising has been investigated in the analysis.*

**Keywords:** *investment, investment attractiveness, region, socio-economic development*

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## **SOCIOECONOMIC BACKGROUND VERSUS PUBLIC SUPPORT: WHAT MATTERS FOR STUDENT PERFORMANCE?**

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### **ABSTRACT**

*This paper presents quantitative analysis on inputs and outputs of primary education in 79 districts (LAU 1 level) in the Slovak Republic. The analysis considers a broad array of factors*

*important for educational outcomes: the socio-economic status of the students, capacities of regional systems of education, volumes of financial support from national public and European resources, and the number of teachers per student, etc. The European resources are analysed by type of intervention ('hard' policy measures implemented under the Regional Operational Programme and 'soft' policy measures implemented under the Operational Programme Education). The analysis also considers data on the socio-economic background of students, and data on financial and non-financial inputs to primary education. Two dependent, and 15 independent variables are examined via factor and regression analysis. The explanatory power of the regression analysis was significantly higher for the drop-out rates than for the Test 9 scores. Poverty was by far the most important factor behind dropout high rates. The result indicates that once families pass the poverty threshold, student performance is more responsive to state funding. Further research may bring more details on the relationship between investment in social inclusion and formal education. The key conclusion from the analysis is that neither national public nor European funds alone are able to address problems around the issue of increasing drop-out rates. Regional distribution of the dropout rates is strongly correlated with the distribution of Roma communities, material deprivation, and unemployment. The state has to address problems of poverty and marginalisation first and then turn to policies of primary education. The policy recommendation is to implement complex local strategies, which address multiple problems in one policy package.*

**Keywords:** *early school leavers, socio-economic background, student performance*

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## **HELICOBACTER PYLORI ERADICATION EFFECTS ON BACTERIA TRANSFER AND PREVALENCE AMONG CHILDREN**

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### **ABSTRACT**

*The aim of the research is to evaluate the long-term effects of helicobacter pylori eradication among children of the initially infected population.*

*Results: Helicobacter pylori prevalence among children is highly related to the prevalence of the bacteria among the parents of the child. With already one parent having the bacteria, the chance of the child having the bacteria increases significantly. Within one-time eradication of the bacteria for the whole population aged 20-74, economical effects from these children can be seen after approximately 20 years when these children are entering the labor market. Within overall population projections and these assumptions, initially the share of unaffected people in the economically active population declines, but when entering the labor market the share of healthy population increases with gradually decreasing increase rate. However this share decreases as effects of one-time eradication evades in the long-term.*

*Conclusions: One-time helicobacter eradication has positive effects on prevalence of bacteria among population, decreasing chances of transferring bacteria to the children, and has cost-effectiveness gains when these children are entering the labor market. These effects however gradually fades if eradication is not repeated for the whole or some share of population in the long term.*

**Keywords:** *Cost-effectiveness, Eradication, Helicobacter pylori*

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## **INNOVATION MANAGEMENT IN THE CONTEXT OF SMART CITIES DIGITAL TRANSFORMATION**

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### **ABSTRACT**

*The paper introduces important aspects of doctoral research concerning innovation management in the context of business management challenges posed by digital transformation. The research was conducted as part of the Research Centre of Business Administration in The Bucharest University of Economic Studies, Romania. The study aims to identify and showcase key components of innovation management - with a primary focus on topics spurred by the recent wave of digital evolution. Against this background, the issue of smart city solutions makes for an interesting case – firstly, because it affects a large number of people and businesses around the globe and secondly, the complexity of the topic forces companies to pursue*

*different innovation management approaches to successfully manage its associated challenges as well as opportunities. The paper consists of an overview on the existing literature and a concise outline of our research. Both research from professional associations as well as recognized publishers were considered. Furthermore, market data were gathered and processed. More than 50 publications were analyzed to better understand trends in digital transformation and its impact on innovation management. Our research revealed that in the light of the fundamental challenges posed by digitization, companies are required to take a structured approach towards their innovation management options. In the context of smart city solutions, the adoption of the "4I Solutions Model" enables businesses to choose the strategic option suitable to their individual case. In a nutshell, this framework includes four different approaches ranging from initiating groundwork innovation internally to establishing partnerships with selected external parties.*

**Keywords:** *Innovation Management, Digital Transformation, Business Models, Smart Cities*

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## **THE ROLE OF THE BUSINESS IN THE PROVISION OF SUSTAINABLE SOCIO- ECONOMIC DEVELOPMENT**

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### **ABSTRACT**

*In the article, the role of business in ensuring sustainable social and economic development and the idea of the concept of corporate social responsibility in large companies are analyzed not only by standard commercial and financial indicators. The broader request of the public and its potential sustainability, as*



*well as compliance with business development, has been studied. The possibility of solving the problems of sustainable development of society in the context of contradictions between the tasks of economic, ecological and social development has been studied. The importance of developing a more progressive theory of development and existing opportunities for using the concept of corporate social responsibility to address the social and economic problems of the regions was underscored. In the article the current status of the concept of corporate social responsibility and ways of adaptation to the conditions of the Republic of Azerbaijan are considered. In the existing political and economic pressure condition the importance of ensuring the state security and mainly the security in the economic field increases day by day in Azerbaijan Republic. Given the fact that economic security is the large-scale concept based on some principles (developed socio-economic system, ensuring the sustainability of the national economy etc.) we can observe that several internal and external factors highly affecting on the economic security of a state. From this perspective the role of business for ensuring the economic security and sustainable socio-economic development is that it facilitates the influence of the firm and companies on development of socio-economic development and the stability of the national economy. Business activity of the firm and companies on sustainable socio-economic development is important on the development of the state's economic system and maintaining of the employment of people, meeting the needs of people by goods (services, jobs), taking part in creating a competitive environment and forming the existing budgets are important subjects and they have been discussed in this paper. In this paper approaches analysis of the author for business concept on ensuring of socio-economic development are introduced, the important role of the business for socio-economic development is described, socio-economic development dynamics of the business is researched, and problems of business experienced on this way are investigated.*

**Keywords:** *concept of social responsibility, priorities of sustainable development, the scope of business opportunities*

## **MANAGEMENT INNOVATION OF PRODUCTS AND SERVICES IN STRATEGIC MANAGEMENT**

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### **ABSTRACT**

*Modern business environment is very dynamic, unpredictable, turbulent, characterized by: a shorter life cycle of products or services, with expressive competition on a global scale, transition of society from an industrial to a society in which knowledge is treated like a critical resource in the economy, volatility of the market and economic conditions. Constantly impose new challenges that the management of a modern organization faces to achieve effective and efficient operations, which makes the manager's job more complex and dynamic, in constant struggle to rich the business position and to improve it. Only those businesses companies that are willing to promote innovation, change and continuously working on improving the quality of its products and services know what success is. Otherwise, their existence can seriously be in questione. Those companies that are not willing to innovate, will hardly be able to keep up with the global competition. Nowadays, in new circumstances the consumers in time, where their information are more accessible than ever, have a wide choice and the possibility to decide what is most acceptable to them. Crude market conditions do not forgive errors. Essential is to learning and to innovate in the modern business environment and it can not be only a privilege of management, but it must become obligation and needs of all*

*employees. Organizations expected of employees that innovate becomes a state of their consciousness and aware of its usefulness in the way that every day do something for their environment and for their economic subject. By investing in employee skills, the company will indirectly invest in improving their products and services.*

**Keywords:** *Business environment, Enterprise, Innovation, Lifecycle, Management, Products and services*

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## **MICROFINANCE AND MATERNAL HEALTH**

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### **ABSTRACT**

*One of the millennium development goal i.e. Improve maternal health is chosen to examine the impact of microfinance in the presence of political stability as a moderating variable. Microfinance is measured with respect to three monetary dimensions and two non monetary dimensions. To investigate impact of growth in microfinance, microfinance index is developed by using principle component analysis and then panel regression models i.e. fixed effect and random effect models are applied. Data of 41 countries from 2000 to 2012 is analyzed to investigate impact of microfinance on maternal health. The research concluded that with growth in microfinance maternal health improves. The study will be helpful for policy makers to design strategies to achieve millennium development goals.*

**Keywords:** *Microfinance, Maternal Health, Millennium Development Goals*

## **MACROECONOMIC ANALYSIS AND EVALUATION OF THE TRANSITION TO THE SUSTAINABLE DEVELOPMENT STRATEGY OF AZERBAIJAN**

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### **ABSTRACT**

*Taking into consideration the world experience of economic development, global, national and regional characteristics, transition problem of the sustainable economic development of Azerbaijan, the country's development level, existing balance of resources and its utilization, forwarding movement of opportunities in the near perspectives, as well as the obtained results in all the sectors and directions of the national economy of Azerbaijan, the created economic, scientific-technical, financial potentiality, human capital, institutional, basing on the normative-legal and legislative bases of its theoretical and methodological and practically realizing problemes are researched in the article. Challenges of sustainable development strategy and its practical implementation: The systematic SWOT analysis of the development of the national economy, its strong and weak sides, capacities, negative-global pressures, threat identification, evaluation tasks are revealed in a logical consistency on the basis of 360-degree diagnostics. For the realization of the sustainable development concept mechanism of Azerbaijan, the implementation of innovation-oriented investment policy, creating a strong economic and market infrastructure meeting international standards, forming a national innovation system, sharpening the share of intellectual capital in (GDP) gross domestic product, implementation of appropriate inevitable institutional changes requiring the condition and demand of market in a global world, determination of the amount of transfers from the oil funds to the budget according to the "golden rule" principles, the optimal ratio*

*application of sustainable fiscal and effective monetary policy with the process of socio-economic regulation, vast utilization of targeted programs in the major fields and directions of the national economy and in a whole it is necessary to deepen the reforms from the sustainable development point of view. The concrete suggestions and recommendations are put forward at the end of the article in accordance with the improvement process of sustainable development transition of the country in the near future.*

**Keywords:** *sustainable economy, sustainability potential, safety conception, competitiveness, human capital*

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## **EVALUATION OF EXPORT DIRECTIONS OF AZERBAIJAN IN THE WORLD MARKET**

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### **ABSTRACT**

*Trade is an ancient economic relation form among the countries and regions of the world. The development and expansion of trade caused to the establishment of the world market. The growth in a number of countries and population created foreign trade between the countries and formed export and import directions. The trends appearing in the world trade, the position of the Republic of Azerbaijan in world market, the situation of foreign trade, the export quotas of Azerbaijan, geographical and economical integration unities of export, commodity structure, the existing export directions of Azerbaijan over world countries, the suggested forecast of the export directions of Azerbaijan by 2030 are given, the main targets and export directions on the increasement of product export from Azerbaijan have been revealed in the research work.*

**Keywords:** *world market, foreign trade, export, foreign trade quota, geographical and commodity structure of export, export directions*

## **IMPACT OF INTEREST RATES ON MANUFACTURING'S SHARE OF GDP**

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### **ABSTRACT**

*Paper provides analysis of the impact of interest rates on manufacturing's share of GDP across countries and argues that 1) interest rates differently affects tradable and non-tradable sectors, 2) manufacturing is more sensitive to interest rate fluctuations than the non-tradable sectors, and 3) high interest rates lead to the shift from the manufacturing to the non-tradable sectors that negatively affects the trade balance of goods and services.*

**Keywords:** *deindustrialization, interest rates, manufacturing's share of GDP*

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# APPLICATION OF INNOVATIVE KNOWLEDGE FOR EFFECTIVE RECOVERY OF INDUSTRIAL WASTE IN MANUFACTURING PROCESSES OF WOODWORKING INDUSTRY

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## **ABSTRACT**

*Nowadays research in the field of wood science is focused on the development of innovative high value-added products derived from wood as well as on their maximized utilization rate. On one hand constant increase in yield and efficiency of processing of all sortiment of wood are most welcome, but on the other hand, decreasing quality of raw materials. One of the possibility how to solves this problem is application of innovative ecological acceptable adhesives for manufacturing wood products, which utilize also less quality raw materials and lignocellulose waste. Adhesive bonding has become an efficient and economically viable way for better utilization of wood feedstock and lignocellulose waste. In the manufacturing process of sulphate pulp, are created of lignocellulosic waste - kraft black sulphate liquors. At present organic components of the sulphate liquors are utilized in the regeneration process, i.e. they are incinerated to provide heat energy and carbon, which serves to reduce sodium sulphate to sulphide as one of the components of the cooking solution. Such recovery of waste generated does not lead to the solution of environmentally acceptable means of recovery of waste products. By modifying the treatment of waste sulphate liquors we can reciprocally replace some toxic components of polycondensation adhesives in the preparation of various wood materials (composites).*

*In our research, we focused on the preparation of modified sulfate liquors (from lignocellulosic waste) that we applied the preparation of environmentally acceptable polycondensation adhesives in the experimental preparation of innovative wood materials demanded by customers in the wood consumer sector.*

**Keywords:** *Effective recovery of waste, Innovative knowledge, Wood products*

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## **ON INTERNATIONAL EXPERIENCE OF ESTABLISHING GROWTH POLES**

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### **ABSTRACT**

*Competitive advantages are distributed unevenly in the country's economic space, resulting in regional inequality. The regional state policy should be aimed at greatest possible smoothing of the*



*regions' socio-economic development levels. Scholars in the field of regional economics analyze effectiveness of various approaches to territorial management, intended to smooth intra- and interregional differences in terms of monetary (financial flows) and non-monetary (quality of life) indicators. Among the theories offering a solution to this problem is the growth poles theory. It is based on the assumption that growth occurs unevenly in economic space: it is concentrated in certain areas and subsequently, thanks to the "spreading" mechanisms, it covers the entire economy. Growth poles theory proponents believe that limited resources should be invested in industries/agglomerations more capable of growth and development than others. Through interaction mechanisms between economic entities, growth impulses are transmitted to other industries/agglomerations. As a result, growth poles "pull" the rest of the economy up to their own level. The growth poles theory has been developed by a number of scholars, in addition, developed and developing countries have accumulated considerable practical experience in the implementation of the concept. The purpose of this article is to analyze the practical experience of territorial management based on the growth poles theory accumulated since the beginning of the XXI century. In the first part we will focus on the growth poles theory evolution and its critical understanding. In the second part we will describe the practical experience of a number of states in the growth poles theory application to economic systems management. In the third part, we will demonstrate how the growth poles concept can become an integral part of the strategy for spatial development of the territory (in particular, the region) along with other concepts of spatial economics.*

**Keywords:** *growth pole, spatial development, spatial economics, strategy*

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## **THE ROLE OF FINANCIAL CONTROL OVER INCREASING THE EFFICIENCY OF USING BUDGET FUNDS**

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### **ABSTRACT**

*In the context of modern globalization and economic integration financial control is one of the key components for the implementation of important areas of public administration and state policy, which not only serves as the mechanism for carrying out the verification of the accuracy of the financial documenting process, detection of violations in fiscal legislation and financial discipline and notification of such cases, but also as an important instrument for the management of finances and economic processes through it. Financial control is a control system of legislative and executive authorities over all financial entities, i.e. financial activities of the government, enterprises and organizations. Its purpose is to ensure the successful implementation of the state's economic policy, help shape financial resources in all spheres of the national economy and effectively utilize them. Since the importance of financial control has increased dramatically in the modern day, the importance of financial control is also rising considerably. Financial control is a dynamic process that always has new features, and therefore it should hold a firm and decent place at the research object of the science of economics in the long term regardless of the degree of knowledge, especially in transition economies. Financial control is both a crucial part of financial management and a prerequisite for the effectiveness of financial system governance. Under current conditions, organization and implementation of effective state control over a deeper study of the general issues of financing budget expenditures, budget formation and particularly use of budget funds, including the role of financial control in increasing the efficiency of use of budget funds has not been sufficiently*

*studied. This issue is particularly relevant in terms of efficient use of budget funds, improving the quality of governance in the budget sphere and the transition to international standards of budget formation and execution. The article studies and classifies the factors influencing the effectiveness of the state financial control on budget expenditures, and provides directions for enhancing the role of financial control in improving the effectiveness of the use of budget funds. The results obtained from the study provide an objective basis for the assessment of financial control in increasing the efficiency of budget expenditures.*

**Keywords:** *budget funds, efficiency, financial control, modern globalization*

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## **NEW APPROACH TO MANAGEMENT EDUCATION IN THE POST-SOVIET STATES**

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### **ABSTRACT**

*Globalization and the rapid implementation of innovations in management processes have fundamentally changed the approach to management education. The need to train modern creative managers is triggered by the needs of business organizations and government agencies. In fact, in the post-Soviet states, the transition to a capitalist management system was completed, but the methods of managing the economy stayed mostly administrative. At the same time, the peculiarity of the development of separate states is so individual and multifactorial that it is impossible to formulate a single recipe for increasing the relevance of management education. Management as the most relevant science of our time, cannot be unified for all states, and*

*the use of its methods, principles, functions very much depends on the mentality of the people, its culture, history, and the characteristics of the ethnogenesis of the nation. The changes that are occurring with a cosmic speed in Azerbaijan dictate an increase in the requirement for the training of modern managers, the changes of our education with the world's leading educational institutions. Therefore, the main task of management today in the country is the study of methods and ways of adapting innovation management to the real economy. If these modern challenges are not realized, Azerbaijan will not stand the competition. Therefore, the task of innovation management is a rapid breakthrough in managing the process of introducing new technologies into the economy and training progressive managers. The paradigm of the new millennium is becoming knowledge, increasing the productivity of mental labor, mastering the methods of its measurement. All this is completely related to management education. Consequently, the training of creative managers should be based on new educational standards, which provide for a completely new approach, involving the creation of a unified system. State, business and universities. This social triangle is a necessary condition for the development of society. Management education should be based on new modern learning technologies. The learning process itself must be synthesized with real practice. In the context of globalization, the pace of changes in economic processes, the replication of innovative novelties, their application in the production sector with the intensification of innovation activity on a qualitatively new basis are undoubtedly accelerating throughout the world. In fact, this is the "positively charged" effect of globalization, which allows an ever-increasing number of countries to benefit from innovative achievements, advanced technical standards and new management practices. According to forecasts, the growth of the world economy in the short and medium term future will occur as a result of the influence of this particular factor. The problems of education are firstly the preparation of highly qualified, specialized managers; secondly, the mass involvement of students in the process (through the start-ups) of creating innovative products that can*

*withstand competition. The role of the state, in this case, is a) to coordinate the activities of start-ups, the creation of technoparks and technopolises; and b) economic incentives for their activities. It seems expedient to create integrated technoparks based on the synthesis of business ideas and resource opportunities. Modern information technologies allow solving this problem. At the same time, in this case, the problem of human capital development will be solved, the main indicator of which is education. Changes that occur in the training of managers require its cooperation by modern world universities.*

**Keywords:** *business idea, innovation, management, start-up*

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## **STRUCTURAL MODEL OF ECONOMIC DEVELOPMENT OF AZERBAIJAN: CHALLENGES AND OUTLOOKS**

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*According to its intrinsic logics, challenges of interaction between a production and market, is about the necessity of ongoing channeling of the production to social interests of a human being, as a demiurge of all forms of living process, since the productivity and efficiency of other activities directly depends on the level of its social security. During the period of administrative-command system of the former socialist camp, the development of market relations was hindered by mono-systemic economy, oriented towards the use of a single state property; overburdened regulation of production-economic processes at the macro-level; limited economic freedom of economy at the micro-level; centralized orientation of provision of material and financial resources. These new international subjects faced a challenge to choose a way of how to introduce civil market*

*relations with socially oriented economy. By that time, there was a best international practice of European countries: Germany, Denmark, Norway, and Sweden etc. These countries, in 70s of the XX century, have been managed to settle objectives in practice, which were set, but not fulfilled by former socialist countries. The definition of the "success model" emerged in the scientific vocabulary in the second half of the XX century has been implemented in our country too. Whereas up to 90s that definition was used in relation to Germany, Japan, Sweden and other such kind of countries, China and Turkey were in the limelight of the world community in this respect in early 90s of the XX century. In-depth research was made to learn the essence of their economic development, which results in such a rapid and effective prosperity.*

**Keywords:** *challenges of interaction, administrative-command, macro-level, limited economic, market balance, inter sectorial competitiveness, investment and consumption*

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## **DOMINANCE IMPROVEMENT OF THE EXPANSION MECHANISM OF AZERBAIJAN FOREIGN ECONOMIC RELATIONS**

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### **ABSTRACT**

*Nowadays internal and external (foreign policy) course of Azerbaijan Republic could be an example for the other countries of the region. Azerbaijan demonstrates the practice of systematically conducting a balanced political course in such a complex region as the South Caucasus and the international position of the country is growing day by day. The article notes*

*that Azerbaijan is a country with very favourable climate conditions and rich natural and soil resources, large reserves of high-quality oil and natural gas. This article discusses the development of external economic relations of Azerbaijan, a policy that guarantees the distribution of natural and industrial resources. At the present stage economic development of Azerbaijan is largely determined by globalization processes. Internationalization and the challenge of globalization reinforces the need to increase the openness of the national economy. The purpose of this article is to show the ways to strengthen the external economic orientation towards globalization, to open up new opportunities for development of the country. The idea of expanding world economic relations with both international organizations and individual countries is being justified, the possibilities of new technologies, the organization of management, knowledge and much more are being strengthened. The final part of the article is noted that the country's international trade gives Azerbaijan greater flexibility in the production and export of products with minimum costs. Also it states that in recent years Azerbaijan has increased its share in world trade by expansion of oil and natural gas extraction, reconstruction and construction of new power plants, restoration of the Great Silk Road and the tasks that today are set in the direction of expanding the base for tourism.*

**Keywords:** *Azerbaijan, development, external policy, globalization, trade*

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## STATISTICAL ANALYSIS OF EMPLOYMENT AND UNEMPLOYMENT IN AZERBAIJAN

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### **ABSTRACT**

*Like any other market, labor market is also determined by supply and demand. Using statistical methods, the author evaluates the labor resources in Azerbaijan and reveals the dynamics of the employed and unemployed population.*

**Keywords:** *labor market, labor resources, unemployment rate, employment, economic activity, working age, International Labor Organization*

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## ROLE OF TOURISM IN SOCIAL DEVELOPMENT OF THE REPUBLIC OF AZERBAIJAN

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### **ABSTRACT**

*Recently, tourism industry plays a particular place in Azerbaijan. Tourism in the framework of strategic roadmap of national economy is considered a priority area of national economy. The following words of Ilham Aliyev, the president of the Republic of*



*Azerbaijan proves this: "In the beginning Azerbaijan was famous for its gas and oil. I intend Azerbaijan to be famous for its picturesqueness and comfortableness for gaining fame as a tourism centre". The role of tourism in social development covers the urgency of a study subject. The studies directed to learn the role of tourism in economic development of the country were aimed to ascertain the essential tendency of tourism industry and to offer favourable methods for the purpose of increasing the significance of tourism in national economy.*

**Keywords:** Azerbaijan, role of tourism, social economy, tourism

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## **LINKING INNOVATION AND NATIONAL COMPETITIVENESS**

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### **ABSTRACT**

*Today, companies and countries live in a fast changing and dynamic business environment. Being competitive and innovative is one of the main aims of each business and national economy. The quest for competitive advantage becomes even more crucial when we consider the strong impact of globalisation and the ongoing 4<sup>th</sup> Industrial Revolution. The author will be investigating the connection between innovation and competitiveness, accordingly to the global competitiveness index. Innovation will be defined based on the most recent 4th edition of the Oslo manual "An innovation is a new or improved product or process (or combination thereof) that differs significantly from the unit's previous products and processes and that has been made available to potential users (product) or brought into use by the unit (process)." (OECD, Oslo manual, 4th Edition, 2018, p. 20.). In the paper competitiveness will be defined as "the set of*

*institutions, policies and factors that determine the level of productivity of a country” as defined by The World Economic Forum (WEF), which has been measuring competitiveness among countries since 1979. Through its Global Competitiveness Index (GCI) The World Economic Forum assesses the competitiveness of 140 countries, providing valuable insights of each economy. Innovation and innovation activities are becoming one of the most important factors into achieving sustainable competitive advantage. In this paper the author will collect, compare, analyse and deduct the main indicators for competitiveness and innovation for the selected national economy - The Republic of Croatia. Competitiveness and innovation will also be analysed in terms of regional competitiveness based on the last EU Regional Competitiveness Index for 2016. The paper will investigate and furthermore analyse the strong linkage found between innovation and competitiveness for the selected national economy case.*

**Keywords:** *competitiveness, competitiveness index, innovation, regional competitiveness, sustainable competitive advantage*

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## **EFFECTIVE UTILIZATION OF HUMAN POTENTIAL AND LABOR PRODUCTIVITY**

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### **ABSTRACT**

*The development and effective use of human potential, the leading role of the education system in this process is revealed in the article. The role of rational use of human potential in raising productivity in market conditions was justified. The importance of human potential in improvement of labor productivity, sustainable socio-economic development of the country,*

*enhancement of competitiveness of production and service sectors, integration into global markets are studied. The impact of issues such as raising quality in all levels of education, development of employees' knowledge and skills through various trainings, and adaptation of qualified personnel to labor market requirements have been explored for the development of human potential. The article focuses on two major issues: 1) the elevation of quality in all levels of education for the formation and development of human potential; 2) stimulation of investment in stable development of labor potential for increasing labor productivity. The wide range opportunities for improving labor productivity in Azerbaijan as a key issue for promoting investment in human potential to increase labor productivity in all spheres covered by the Strategic Road Map on main sectors of the national economy is researched in the article. The role of internal and environmental factors in the realization of human potential is high. In developing and realizing this potential, The person himself, his family, the company where he works, and ultimately the region or the country should be interested with his life. All this shows that for the realization of human potential, human development should be invested in the micro, meso and macro levels.*

**Keywords:** *education level, human capital, human potential, labor productivity, living standards*

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# MAIN ASPECTS OF IMPROVING THE FINANCIAL SUSTAINABILITY OF THE STATE AND THE USE OF INTERNATIONAL BORROWING IN THE REPUBLIC OF AZERBAIJAN

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## **ABSTRACT**

*The proposed article presents the economic nature and approaches to determining the financial sustainability of the state and government borrowing and the possibility of its formation. The article discusses the concept of "public debt", its structure by subjects of international credit and the foreign exchange composition of the country's foreign loans. It has been carried out the analysis of changes in economic development indicators and the indicators of the country's budget. It has been investigated the dynamics of changes in public debt and GDP in the Republic of Azerbaijan for the period 2010–2017. And also, the article examines the debt nature of the modern economy, as most countries lack their own resources to finance the current balance, to cover the state budget deficit, to carry out socio-economic reforms, and to fulfill debt obligations.*

**Keywords:** *financial resources, economic reforms, public debt, external public debt, financial sustainability of states, solvency of the country*

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## **FINANCIAL STABILITY ASSESSMENT OF THE BANKING SECTOR ON THE BASIS OF COMPOSITE INDEX**

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### **ABSTRACT**

*The purpose of this article is to analyze the financial stability of the banking sector of the group of countries and to build a risk map according to groups of countries based on basic indicators. The article presents the methodology of calculating the composite index BSFSI, which allows making a comparative assessment of financial stability of the banking sector of different countries. Using the Minmax method, the BSFSI sub-indices expressed in different units are comparable and can be used in comparative analysis. The article presents a review of the methods of assessing the liquidity of a commercial bank. As a result of the calculation, the estimation of financial stability of the banking sector of 29 countries on the basis of composite BSFSI index. The index BSFSI gives the ability in the most general form to assess the banking sector from the point of view of international competitiveness, and to compare it with other countries.*

*On the other hand, this index allows identifying the strengths and weaknesses of the current financial condition of the banking sector at the level of individual countries and monitoring its sustainability. At the same time, the index does not allow us to judge the sources of risk if, for example, they are financial instruments. Thus, our index allows us to consider systemic risk as the probability of a serious downturn in the financial system. In this study, based on data on the basic indicators of the stability of the banking sector of 29 countries, we have calculated the BSFSI index, conducted the analysis for individual countries and groups of countries. In particular, on the basis of the BSFSI index, we constructed a map of risks for the financial stability of the banking sector in developed countries, the CEE and CIS countries, and countries with risky debt.*

**Keywords:** *financial stability, banking sector, risk analysis, financial indicators, composite index, capital adequacy, earning capacity, liquidity, sensitivity to risk*

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## **BUILDING AN INNOVATION ECOSYSTEM IN AZERBAIJAN - ON THE BASIS OF THE STUDY OF ISRAELI PRACTICE**

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### **ABSTRACT**

*Building a successful innovation ecosystem is a key factor in innovation, growth, and development. Formation of a favorable innovation ecosystem remains an essential policy priority for the government of Azerbaijan too. President of the Republic of Azerbaijan signed a decree on the establishment of the Innovation Agency under the Ministry of Transport, Communications and High Technologies of the Republic of Azerbaijan on November 6<sup>th</sup>, 2018. The Innovation Agency to be established in 2019 will be a coordinating body to draft and implement an innovation roadmap of an Azerbaijani ecosystem. This paper reviews world practice, including an Israeli practice of success to deduct results and models to build an ecosystem in Azerbaijan. The aim is to determine factors that made the Israeli ecosystem successful and study if these factors can be applied to the development and implementation of similar benchmarks in Azerbaijan. The methodology that is used for this research is the case study from*

*Israel. Through systematic analysis and logical generalization, the paper analytically discusses and deducts conclusions from Israel's experience to spell out some key public policy lessons. While the paper finds out that the R&D grants, venture capital policies, developing skilled human capital and public-private partnerships were the reasons of the success of Israel, this paper also determines that government played a key role in stimulating these policies with successful outcomes in successful practice. The limitation of the research with the case is the generalizability of the case study. The practice of Israel does not mean that the similar practice will be successful in Azerbaijan.*

**Keywords:** *Business Model, Ecosystem, Innovation*

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## **IMPLEMENTATION OF NEW APPROACHES IN RESEARCH OF INNOVATIVE SPECIAL POLYMER COMPOSITES**

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### **ABSTRACT**

*At present, it is crucial for companies to remain in the global market and to become more competitive in their position through the implementation of innovation policy. Major innovations are the product innovations where significant improvements can be reflected in technical specifications and new materials, that are significantly different from the original products, thus replacing the products and materials that are absent for the needs of different sectors of industry. Replacement of existing materials in the production of final products by new, forward-looking materials contribute to preserving and increasing market.*



*Solving this relatively complex problem is to focus attention to the manufacturing process that delivers prospective products from new materials with minimal adaptation of technological processes and repeatable economically efficient and environmentally friendly production. At present, the field of manufacturing of special composite materials is considered to be key in the view of new, safer, technically more environmentally friendly and economically more efficient applications for various industries. New trends in fibers development are going towards widening the range of fibers from the classic types of fiber-forming polymers. Polymer blends where a large number of mixtures with a wide range of performance can be prepared from a limited number of ingredients are becoming more important. In our research based on the study of the structural characteristics of polymer mixtures and the determination of the optimal technological conditions of the manufacturing process we have experimentally prepared new types of special composites, which are applicable as materials for collection of hazardous compounds in air protection sector as effective filters.*

**Keywords:** *Effective manufacturing processes, Product innovation, Special polymer composites*

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## THE EFFECT OF CAPITAL STRUCTURE ON FIRM EFFICIENCY

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### **ABSTRACT**

*Paper considers the impact of cash, debt, trade credit and equity financing on firm efficiency. Paper argues that 1) cash holding negatively affects firm efficiency, 2) debt and trade credit have both positive and negative impact on efficiency, 3) debt and trade credit are more conducive to increasing efficiency than cash holding, 4) trade credit is more conducive to increasing efficiency than debt and 5) the strongest positive impact on efficiency is provided by equity financing.*

**Keywords:** *capital structure, cash, debt, equity financing, firm efficiency, trade credit*

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## **SUSTAINABLE DEVELOPMENT OF TOURISM IN AZERBAIJAN: CURRENT SITUATION, PROBLEMS AND SOLUTION**

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### **ABSTRACT**

*In the non-oil sector of Azerbaijan, tourism is seen as one of the most promising areas. Azerbaijan has a strong potential to develop tourism with rich natural and historical-cultural recreation resources. After gaining independence in 1991, a new tourism strategy was developed in the country and an independent tourism policy was started. Taking into account the importance of tourism for the country, tourism development priorities and targets have been identified in regional development programs as well as on tourism related documents. The "Strategic Road Map", approved in December 2016, can be considered as a new stage in the development of the country's tourism. In recent years, the positive results of the measures taken in the field of tourism infrastructure development, promotion and personnel training in Azerbaijan are observed. Growth in the number of foreign tourists visiting the country and revival in domestic tourism are indicators of progress in tourism. In Azerbaijan tourism development is essential for the protection of nature, such as the conservation, rational use of natural and historical-cultural recreation resources, solving existing problems in tourism and ecotourism in order to sustain sustainable development of tourism.*

**Keywords:** *sustainable tourism, tourist infrastructure, strategic roadmap, ecotourism*

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## MECHANISMS OF NATURAL RESOURCE REVENUES AND ECOLOGICAL BALANCE

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### **ABSTRACT**

*Economists and politicians in many countries predict the collapse of the economy's commodity models. This is largely due to the future depletion of certain natural resources. Partly knowing this risk is still a lot of doubt. But the main threat to the operation of the "raw material economy" is the formation of the so-called economy of information. The resource economy is aimed at studying and evaluating economic resources, especially resources - public goods, when determining their optimal placement. The methodological basis of resource economics is a system of methods and tools for non-valuable valuation and this allows for determining costs or benefits related to resources that are free of charge. In many countries, active research is being carried out to improve the use of alternative fuels and resources. Therefore, knowledge becomes a kind of multiplier that increases the value of other economic resources. Countries with rich mineral resources need to start shaping elements of knowledge economy by increasing the scientific and technical potential, increasing the scientific and technical potential by obtaining a supercontrol by reducing the dependence on natural resources in the long run, using dependency on external systems.*

**Keywords:** *ecological balance, environmental economics, ecological economics, environmental taxes, ecological policy*

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## **THE CURRENT STATE OF THE AZERBAIJAN REPUBLIC BUDGET POLICY AND THE PROSPECT OF ITS IMPROVEMENT**

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### **ABSTRACT**

*The state budget policy is determined by the Constitution of the Republic of Azerbaijan, the Law of the Republic of Azerbaijan on the budget system, as well as other legislative acts defining the functions and responsibilities of various authorities in the budget process. The basis of the budget policy is the strategic directions of economy and social policy of the state; it is they who determine the size and proportions of financial resources centralized by the state, the prospects for using budgetary funds in the interests of solving major savings, and social tasks. In the market conditions of fiscal policy - the main lever for determining the main directions of economy, the impact of the state on social production.*

**Keywords:** *budget policy, state budget, Strategic Roadmap, taxes*

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## **BUDGET AND NON-FINANCIAL ASSETS**

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### **ABSTRACT**

*Budget is the basic instrument used to fund public needs. The subject-matter of the research presented in this paper are expenditures for acquisition of non-financial assets within budget expenditures and expenses at the level of all units of local and regional self-government in the Republic of Croatia. Budget is adopted at the beginning of the year. Within it, effecting of expenditures is planned based on the available budget revenue. Expenditures for different types of assets (buildings, equipment, etc.) are presented within expenditures effected. Investment in certain types of assets is necessary in order to meet the prerequisites for better living conditions in a particular area. The size of such investment is under constant review. The aim of this paper is to research the effecting and share of expenditures for acquisition of non-financial assets within expenditures and expenses of the units of local and regional self-government and to make conclusions on their significance. Audit procedures that are conducted with the aim of a more cost-effective use of the available funds are discussed. The data of the Ministry of Finance, which is available at its webpages relating to budget execution at individual levels of government, as well as data collected from scientific literature were used in this paper.*

*The paper confirms the hypothesis that the share of expenditures for acquisition of non-financial assets within total expenditures effected in particular units is significantly smaller than the share of operating expenditures. The above is analysed at individual levels of government and in particular at the county level. It is concluded that in total, at the level of all counties and the City of Zagreb, the share of expenditures for acquisition of non-financial assets has decreased; however, at the municipality level, the share of such expenditures has increased. In the absolute amount, expenditures for acquisition of non-financial assets are highest at the town level. At the level of individual counties, the shares of expenditures for acquisition of non-financial assets within the total expenditures and expenses effected are different, depending on budgetary constraints.*

**Keywords:** *Auditing, Local and regional self-government, Budget, Expenditures, Non-financial assets*

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## **DIRECTIONS OF IMPROVEMENT OF THE INVESTMENT MECHANISM ENSURING THE ECONOMY OF THE REGION WITH PARTICIPATION OF THE PUBLIC-PRIVATE PARTNERSHIP**

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### **ABSTRACT**

*This article discusses the creation of an effective mechanism to attract investment in the regional economy with the participation of public-private partnerships, with a view to the successful implementation of large infrastructure projects of national importance. In the modern conditions of the development of the Russian economy, a public-private partnership is the most universal and effective interaction mechanism, creating the necessary effect for the development of various sectors of the economy. The need for modernization of the regional economy*



*necessitates the need for further studies of the problem of attracting sufficient investment in the innovative development of the region, including the participation of public-private partnership, in the development of specific measures to improve the mechanism of investment support of the economy at the regional level, the development of strategies for investment support of the economy of the region with the participation of public-private partnership. Based on the study, the authors proposed a methodology for implementing the mechanism of investment support for the economy at the regional level. Also we formulated the conditions for improving the effectiveness of the mechanism of public-private partnership. The authors identified the tools that make it possible to increase the efficiency of interaction between government and business structures in the form of public private partnership and proposed the measures to increase the efficiency of management decisions of investing regional projects. In conclusion, the given article proposes specific measures to improve the mechanism of investment support of the economy at the regional level.*

**Keywords:** *investment projects, public-private partnership, regional economy, government and business structures, the mechanism of investment support*

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## **A SURVEY STUDY ABOUT PROFESSIONAL FORENSIC ACCOUNTING AND ITS FEASIBILITY IN AZERBAIJAN**

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### **ABSTRACT**

*As there has been an improvement on any other scientific field it does so on accounting sphere as well. We can see the same impact on the methods of uncovering the international accounting frauds. The latest developments have a great role on changing the effectiveness of the methods over detecting the accounting frauds. The insufficiency of traditional methods has brought about the studies for the new methods for further improvements on uncovering techniques for accounting frauds. The well-known financial scandals in the international ground that we faced (like Enron, Worldcom, Parmalat) has affected the trust towards capital markets badly. Because these scandals occurred due to the lack of audit facilities, the reputation of audit and assurance engagements were besmirched too. As the fraudulent acts are the major reasons for scandals, this led to need for new studies in accounting and audit. On the light of all these events, the Forensic Accounting has been arisen in the USA. Hence, the Forensic Accounting became the major science field in enriching the methods of struggling with uncovering and preventing the fraudulent acts in accounting. This study aimed to determine the awareness and the level of knowledge of Azerbaijani academicians about forensic accounting.*

*The research includes accounting and finance lecturing academicians of miscellaneous universities in Azerbaijan. According to the results of the survey the forensic accounting is not known much by academicians, however, they expressed they would like it to be added to curriculum. Moreover, it is determined that academicians willing to see fraud, bribery and corruption titles in the content of forensic accounting related chapters.*

**Keywords:** *Education of Forensic Accounting, Forensic Accounting, Profession of Forensic Accounting*

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## **CREATION OF ORDINARY MARKET INSTITUTIONS AND POTENTIAL OF AZERBAIJAN ECONOMY FOR SUSTAINABLE DEVELOPMENT**

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### **ABSTRACT**

*The article deals with the Azerbaijan Republic' potential of developing with the support of financial intermediary institutions. There are many ordinary steps for realization of this goal. The aim is to analyze the mechanisms of stimulating creation of ordinary financial intermediaries and supplement public finance with private capital. Every country' sustainable development requires resting on long history proven basics-free entrepreneurship, banking industry, commodity and stock exchanges. Capital scarce emerging market countries need more market-oriented institutions for converting people' income into investment through saving. Low level of share of market capitalization in GDP, high share of prime working and mature*

*working age population display potential of unused savings of people. Stock market, mutual funds, pension funds, mortgage associations may attract free disposable money into financial circle and resolve multi-purpose targets. The economy will get money resources requiring effective use, the people will have current and future rewards as dividends and growth in pensions. Development of financial institutions will contribute for restructuring of the economy into efficiently functioning mechanism and attract foreign direct and portfolio investments. The bank credit possibilities for economic development has exhausted itself. This explains the necessity of forming these institutions for future sustainable development at after-oil period of Azerbaijan. The creation of discussed mechanisms in the article in short period requires regulation and stimulation by strong tax and finance incentives. The coordinated strategy to improve and consolidate the work of legislative and executive power in Azerbaijan in the direction of creation and development of market-oriented financial intermediary institutions may change Azerbaijan' oil-dominated economy into a developed market economy.*

**Keywords:** *financial intermediary institutions, market capitalization, stock market, pension funds, mutual funds, savings, tax and finance incentives, Azerbaijan economy*

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## THE ASPECTS OF ECONOMIC SECURITY: BUDGET, TAX AND MONETARY

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### **ABSTRACT**

*The article points out that ensuring economic security is, first of all, the government's responsibility, since fiscal and monetary policy plays an important role in the general economic policy of the state. Therefore, in order to improve the economy, the state chooses such stimulating instruments of fiscal policy as increasing government spending, reducing taxes or their combination. When implementing a stimulating fiscal policy, a significant impact on economic growth is provided by forms of financing the state budget deficit: borrowing or issuing new money for circulation. Thus, with the increase in the volume of goods and services, the number of employees involved in the process of economic growth proportionately increases, and the income tax on workers and individuals engaged in private and small businesses should grow at a higher rate. The next major component, tax revenue is the tax on net profit of enterprises and organizations. To do this, it is necessary to stimulate the effective application of new technologies and innovations in enterprises and organizations, where it would be possible, in our opinion, to achieve a high growth rate of "net profit". The state in this direction has been pursuing a successful policy of economic development in recent years, which aims at reequipping the economy of nanotechnology and innovation.*

**Keywords:** *macro finance, stabilization, finance, stability, economic security, financial flows, economic policy*

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## **THE EVALUATION OF SMALL AND MEDIUM ENTERPRISES ROLE IN ECONOMIC DEVELOPMENT OF AZERBAIJAN**

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### **ABSTRACT**

*The worldwide experience proves a special role and an importance of small and medium enterprises within the national economies. The business sector and especially the Small and Medium-sized Enterprises (SMEs) play an important role in the development of the economy and a significant contribution to the sustainable and inclusive growth. SMEs, having enormous potential in employment generation and job creation, as well as in fostering economic growth, could be considered a backbone of each country's economy. A strong and well-developed SME sector contributes significantly to export, innovation, and creation of modern entrepreneurial culture, playing at the same time a significant role in achieving prosperity in the country. The rise and development of SME's sector is undoubtedly necessary, since it is difficult to imagine the rising of overall standards of living without such development. The purpose of this research is the evaluation of the potential role of SMEs on the future economic growth and development of Azerbaijan. On this research paper the characteristics classifications and roles of SME on different national economies will be analyzed as well.*

**Keywords:** *Importance of SMEs, Small and Medium-sized Enterprises, roles of SMEs, SMEs in Azerbaijan economy*

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## **DUTCH DISEASE: HOW TO MITIGATE ITS EFFECTS**

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### **ABSTRACT**

*One of the most important problems of resource-rich countries is Dutch disease whose main feature is the appreciation of the domestic currency that reduces the competitiveness of tradable sector and redirects resources from tradable sector to the natural resource and non-tradable sectors which in turn results in increase in non-resource trade deficit. Paper considers different ways to mitigate Dutch disease effects in terms of efficient allocation of resource and argues that: 1) reduction in profit tax rate is preferable to other ways of neutralizing Dutch disease, 2) as selective support for certain sectors leads to misallocation of resources, reduction in profit tax should extends to all producers and not just to tradable sector.*

**Keywords:** *currency appreciation, Dutch disease, effective resource allocation, profit tax*

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## **THE IDENTIFICATION OF POLES OF COMPETITIVENESS OF THE ECONOMY THROUGH INTER-REGIONAL COOPERATION**

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### **ABSTRACT**

*In the current economic situation, at a time of limited resources and opportunities, as well as the number and severity of unresolved social and economic problems, the possibility of using the theory of "growth poles" is increasingly relevant. "Growth poles" ("points of economic growth") are agglomerations of enterprises, productions concentrated territorially and allocated by intensive innovative processes. Determination of the most perspective branches of development of regions, levels of development of branches promote increase of efficiency of strategic planning of the region, and also specific orientation of investment activity within area. Due to the limited budget, it is*



*necessary to determine the unstable sectors of the region, as well as the development prospects characteristic of the region, for the implementation of support and regulation. The relevance of the topic is due to the fact that the formation and effective functioning of "points of growth" is increasingly approved as one of the key instruments of regional development policy, as well as the development of individual territories. The increase in the effectiveness of the measures proposed by the government, as well as the formation of an effective investment policy contributes to a clear definition of the main promising sectors of the regions, i.e. the "growth poles" of the regions. Determining the goal of creating a pole of competitiveness is the key to its further effective development. The pole of competitiveness is aimed not only at the development of enterprises and companies included in it, but also at the comprehensive development of the territory in which it is located. Clearly defined boundaries of creating a pole of competitiveness allow us to determine the structures that will control its activities. Lack of control often leads to inappropriate and inefficient public financing and hinders the development of the competitiveness pole. In the work considered two methods for determining the major growth poles: the first approach is based on the basis of determining the competitiveness of industries, the second approach is characterized by the determination of the structural elasticity of production in the region. Main results: the concept of "growth poles" for the region is characterized, as well as the algorithm for determining the promising growth poles is considered, the main promising industries are identified, as well as the level of development of each of the industries at the present time, the model of unique competencies of the region is presented, which will allow to identify interregional poles of competitiveness growth and develop strategies for spatial development of the region. The main methods used in writing the work are: comparative analysis, monitoring, historical and political science, the method of constructing scenarios, correlation and regression analysis.*

**Keywords:** *information technology, information, socio-economic development, region*

## **THE ROLE OF A FINANCIAL ACCOUNTING IN ENSURING ECONOMIC SECURITY OF AN ENTERPRISE**

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### ***ABSTRACT***

*It is well known that an economic security comprises a foundation of a national security. In this regard, the article reviews the main constituent elements of economic security at macro and micro levels, identifies approaches for developing a system of economic security of an enterprise and conducts their comparative analysis. Besides, the article determines measures for ensuring economic security of an enterprise through developing an accounting system.*

***Keywords:*** *accounting, economic security, risk*

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## **THE IMPACT OF GOVERNMENT EDUCATION EXPENDITURES ON ECONOMIC GROWTH: EVIDENCE FROM AZERBAIJAN**

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### **ABSTRACT**

*This paper investigates the impact of government education expenditures on economic growth in Azerbaijan during 1995-2017 using the Vector Error Correction Model (VECM). Since the study uses time series variables the unit root properties of employed variables are tested for non-stationarity. Stationarity of the data is tested using conventional Augmented Dickey-Fuller test. Different cointegration methods, namely, Johansen, DOLS, FMOLS and CCR are used in order to get more robust results. The results from cointegration methods are consistent with each other and confirm existence of long-run relationship among the variables. This implies that there is a long run relationship between government expenditures on education and economic growth in Azerbaijan. In order to test the quality of the model residuals of the model are tested for the serial correlation, heteroskedasticity, and normality. The model is checked for model misspecification and stability. The results of all above mentioned tests are found to be adequate. Moreover, estimation results of VECM show that government expenditures on education has positive and statistically significant impact on*

*economic growth in the long-run. The paper concludes that a concerted effort should be made by policy makers to boost educational investment in order to accelerate economic growth.*

**Keywords:** *Azerbaijan, cointegration, economic growth, government education expenditures, VECM*

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## **STRUCTURAL ANALYSIS OF NON-OIL SECTOR FIELDS IN THE REGIONS OF THE REPUBLIC OF AZERBAIJAN**

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### **ABSTRACT**

*As a result of the transition of the economy of the Republic of Azerbaijan to the post-oil stage in modern condition, its future development is largely connected with the socio-economic development of the regions. In its' turn, the great potential of the non-oil sector development and socio-economic development of our country are focused on the regions of the country. At present, the regions of Azerbaijan are on the threshold of being a leading power in the development of the national economy of our country. The development and diversification of the non-oil sector in the regions of Azerbaijan will generally create the basis for the country's economy in order to reduce dependence on oil revenues, increase the level of employment in the country and its transition to the sustainable development conception. The SWOT analysis of the sustainable, competitive and diversified conditions of the regions based on concrete materials have been revealed, evaluated and assessed on the basis of priorities of the non-oil sector in the regions. Over the past 15 years, the development and diversification of the non-oil sector in the regions has been*

*implemented on three regional development programs adopted in the country. For this purpose, large financial support was provided for the development of the non-oil sector in the regions from the state budget, as well as from other financial sources, extensive tax, customs, loan concessions and subsidies. Sustainable development in the regions caused to the consistent growth of economic and social indicators, balanced development of the balancing growth rate, on the one hand, and improving level of development on the other hand. Taking into consideration, the adoption of "Strategic Road Map on Major Sectors of the National Economy and economy" will provide the competitiveness, inclusiveness and further improvement of social well-being of the economy on the basis of national economic development and sustainable economic development of the regions. The directions of improving the conceptual framework for the development of targeted state programs in different spheres and directions are being developed on the basis of structural analysis of non-oil fields in the regions of Azerbaijan. As a result of the carried out research, specific proposals and recommendations have been put forward for the development of the non-oil sector, diversification and stimulation of increasing export potential in the regions of Azerbaijan.*

**Keywords:** *strutural analysis, regions, non-oil sector, sustainable development, diversification, national economy, transition, regulation, export*

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## INNOVATIVE PROCESSES AS A FACTOR OF ECONOMIC DEVELOPMENT

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### **ABSTRACT**

*The article substantiates that there is a deep relationship between economic development and the innovation sphere. An important distinctive feature of modern economic development is the increasing influence of science on production, along with the growth of the reverse influence of the economic environment on scientific and technical activity. It has to be noted that the deep source of the fundamental socio-economic and technical transformation of society in the modern era is the intensive development of innovative processes.*

**Keywords:** *economic development, innovation processes, scientific and technical progress, innovation activity*

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# NEW HUMAN-MACHINE RELATIONS REQUEST A NEW PARADIGM: UNDERSTANDING ARTIFICIAL INTELLIGENCE

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## **ABSTRACT**

*We make decisions based on our aspirations. We don't choose between experiences; we choose between memories of experiences. And even when we think about the future, we don't think of our future normally as experiences. We think of our future as anticipated memories. And basically, you can look at this, you know, as a tyranny of the remembering self, and you can think of the remembering self-sort of dragging the experiencing self through experiences that the experiencing self doesn't need. This paper demonstrates how to build a knowledge-base which contains a decision-maker's aspiration. Our environment, the context of the decision, can only affect what is stored in our long-term memory (LTM). We retrieve what is in our LTM through the working memory (WM). Organizing our aspirations can be supported by an artificial intelligence (AI) algorithm. We developed a Knowledge-based System shell, namely Doctus KBS. It can generate a Case-Based Graph classifying the cases acquired from the domain expert. This Graph does not show dependencies, but the if-then rules induced by processing the cases. The if-then rules may be read from the root of the graph towards its leaves, where the value of the outcome is shown. The storing of experience in knowledge-bases and the discernment of the if-then rules serve the necessary sharing of knowledge. It would be useful if the recognition of thinking patterns and the if-then rules between aspirations were included in smart tools. The great benefit of the Case-Based Rule Reasoning is the reduced size, i.e. the significantly decreased number of the attributes. In the old paradigm it is a question of what AI can still know.*

*The new paradigm could be the question of how working memory could make up deficiencies.*

**Keywords:** *Artificial Intelligence, Decision maker's mind-set, Expert System*

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## **AUDIT AS A KEY TOOL FOR BUSINESS KNOWLEDGE MANAGEMENT SYSTEM RESEARCH**

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### **ABSTRACT**

*The possibilities of knowledge auditing in the conditions of the formation of the information society are discussed and systematized in the article. The peculiarities of development of methodology, organization and tools of knowledge audit that meets the modern needs of business audit development are evaluated. The question at issue is also that the audit of formalized knowledge fundamentally differs from the audit of*



*non-formalized knowledge. As one of the main areas of business audit, knowledge audit is highly professional consulting services in a wide range of subject areas of economic, financial, legal and many other areas of modern business. Research of the demand for the specified direction of audit in the world community has shown that the lack of a coherent methodology impedes the decision to conduct knowledge audit. The article investigates modern approaches that allow combining the capabilities of modern business audit in general and information audit of information systems, operational audit, intellectual capital audit and knowledge audit in particular. The conclusion is that the merger of these types of audits into a single business audit shows a significant business effect. The practical significance of the article is that the conclusions and proposals are aimed at strengthening the role of the modern audit and contribute to the real optimization of modern business. The study conducted by the authors revealed that the new reality of the XXI century has changed the attitude to the traditional audit, requiring justification of the business effect in the implementation of new information systems and modernization of old ones, moving from complex automation of business processes to specialized solutions. Despite this, the demand for the development of business and IT-strategies and feasibility studies is steadily growing. Projects on the use of corporate knowledge at all levels of management are coming to the fore.*

**Keywords:** *Knowledge audit, knowledge, corporate memory, knowledge management system, formal knowledge, informal knowledge, reengineering, optimization, intellectual capital, intangible assets, knowledge assets*

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## FEATURES OF ATTRACTING FOREIGN DIRECT INVESTMENT TO THE INDUSTRY OF AZERBAIJAN

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### **ABSTRACT**

*According to this article, attracting of foreign investment is a central issue of reconstruction of foreign economic policy and reforming of economic system of the republic. The purpose of this issue is to study the features of attracting foreign direct investment to the industry of Azerbaijan. In the course of the study, the following tasks were settled: investment environment of Azerbaijan was described, investments were analyzed and the direction of foreign investment in the country's economy was determined, and ways to stimulate investment in industry were identified. The research methodology is based on the works of foreign scientists to attract foreign direct investment. The study period covers the period of 1995-2017. The results of the study indicate that the oil sector has been and still remains as the main direction of attracting foreign direct investment in industry. Oil in Azerbaijan is the most attractive area of the national economy for a foreign investor. Due to the fact that the majority of companies engaged in the oil sector are foreign, mostly foreign investments are attracted to this sector. The main direct foreign investors in the economy of Azerbaijan are residents of the UK, USA, Turkey, Japan and Norway. With regard to the signing of international gas agreements, an increase is expected in foreign investment in the energy sector of Azerbaijan. It was revealed that the state investment policy focuses on creating a favorable investment climate in the country, on stimulating the attraction of private capital, as well as finding new forms of joint investment in promising projects.*

**Keywords:** *foreign direct investment, investment environment, oil sector*

## **ORGANIZATION OF THE EFFECTIVE MECHANISM OF INDIVIDUAL INCOME TAXATION**

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### **ABSTRACT**

*Purpose of the study Investigation of the mechanism of taxation on personal income tax, with the main attention paid to the proportional tax rate, which is the main feature of income tax. Methodology of the study Comparison, synthesis and analysis. Results of the study. The purpose of individual income tax is the replenishment of the country's budget and the even distribution of vitally important funds between the population, which is achieved through the implementation of the functions of the reduced tax. This tax is the economic lever of the state. It is through this that the fiscal and regulatory issues are to be addressed, but this does not correspond to the realities of our time.*

**Keywords:** *Income tax, Proportional Tax Rate, Progressive Scale of Taxation Tax, Tax Rate*

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## **SOME ASPECTS OF OUTSOURCING AS A FACTOR OF EFFECTIVE DEVELOPMENT OF THE ORGANIZATION**

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### **ABSTRACT**

*In modern conditions, organizations are increasingly turning to outsourcing services as one of the ways to effectively develop an organization. The article presents various approaches to the definition of the term outsourcing, identifies the reasons for switching to outsourcing, and assesses the advantages and disadvantages of this approach. The efficiency of using outsourcing in organizations was evaluated.*

**Keywords:** *development, effective development, organization, outsourcing, types of outsourcing*

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## **EVALUATION OF TANAP AND TAP PROJECTS EFFICIENCY**

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### **ABSTRACT**

*In modern age, one of the main goals of each state is to ensure the country's sustainable economic development and the welfare of people. The income from natural resources has a unique impact on sustainable economic development. Azerbaijan implements large-scale projects for the efficient use of natural resources. It should be noted that Azerbaijan's natural gas reserves are considered as new opportunities for Europe. The choice of a natural gas transport route to Europe has become a necessity for this opportunity to materialize. Therefore, for the export of Azerbaijani gas to Turkey and Europe it is particularly important in the creation of the Southern Gas Corridor. The Southern Gas Corridor consists of the South Caucasus pipeline, the Trans-Anatolian Natural Gas Pipeline and the Trans-Adriatic Pipeline. This project emerged as a strategic partnership between Azerbaijan and Turkey, also have political and economic importance for both countries. The main aim here is exporting Shah Deniz II gas to Europe via the territory of Turkey and ensure Europe's energy security. TAP and TANAP projects help to integrate Azerbaijan with regional and European energy markets, and to strengthen the transit and transition role of Caucasus. In this article, two major projects - TAP and TANAP, which are still under development, were examined and these projects' future contributions to Azerbaijan and Europe's energy security were shown.*

*Furthermore, the effectiveness of these global projects for the parties and their place in energy policies were evaluated.*

**Keywords:** *Efficiency, Energy, Resource, TANAP, TAP*

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## **CRISES IN THE GLOBAL FINANCIAL SYSTEM: ANTI-CRISIS POLICY - THE STAGES OF REGULATION**

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### **ABSTRACT**

*Purpose of the study. Investigation of the gaps in the global financial system and the disclosure of the main directions of the anti-crisis policy. Research Methodology. Summarize, analyze and evaluate. Results of the study. Countries around the global financial crisis are taking different action. State programs implemented in recent years in order to prevent this crisis in our country and the implementation of the infrastructure projects proved that these measures are purposeful. Developed countries today say that the intention to accelerate the construction of infant structure and social facilities to overcome the emerging financial crisis indicates that the anti-crisis action plan of the Government of Azerbaijan against the financial crisis and the future will be resolved. The strong energy potential of our country in recent years also reaffirms this idea.*

**Keywords:** *Anti-crisis policy, Economy, Financial crisis, State world*

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## **THE DEVELOPMENT OF MANAGEMENT INNOVATION THROUGH THE USE OF LEAN- TECHNOLOGY**

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### **ABSTRACT**

*The article is devoted to the development of new directions of optimization of management technologies, administrative processes and organizational structures. The features and the need to apply the principles of effective resource management, attention to the needs of the customer, focus on the problem of elimination of all types of losses, the full use of the intellectual potential of the personnel of the enterprise for the development of management innovation. The methods, principles and basic tools of lean production technology are studied, the possibility of their application in the management process is analyzed. In modern conditions of economic development, innovation and innovation determine the competitiveness of national corporations on the*

*world market and are the most important factors for the effective development of the economy as a whole. In international practice, little attention is paid to innovation in management, and the development of enterprises is mainly associated with technical and technological innovations. However, the effectiveness of the Corporation's management is reflected in the performance of new equipment and technologies. Since the renewal and development of any activity occur due to the improvement of methods of its implementation, it is necessary to introduce innovative conceptual approaches to the improvement of the management system that determine the innovative strategy of the Corporation. One of the methods to improve the efficiency of corporate management and improve its activities is the introduction of the concept of lean production.*

**Keywords:** *Management innovations, Lean technologies, Lean production in management, Innovative development*

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## **BANKING REGULATION AND THE FISCAL POLICY IN THE ECONOMIC DEVELOPMENT: WORLD AND NATIONAL EXPERIENCE**

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### **ABSTRACT**

*Article discusses the features of the use of financial resources in economic development at the present stage of development in Azerbaijan. Based on the lessons of world practice and the success of the financial policy pursued in Azerbaijan and studying the benefits of using oil revenues, the author found it extremely important to create a competitive environment in the national economy in conditions of high incomes. It has been established that the effectiveness of budget revenues should be the main goal of economic policy. In general, the article presents a systematic assessment of economic growth observed in recent years in Azerbaijan, including the rationalization of the aggregate structure of demand and payments, the balance of tax burden, budget deficit and inflation and, as a result, the sustainability of economic development. One of the important features of the modern stage of the world economy is the comprehensive nature of the problem of increasing the effectiveness of economic policy*

*against the background of the trend of economic recovery. In our opinion, the main reason for this is the contrast current stage of economic development in the world. The fact is that the achievement of a new qualitative stage of development on the whole justified the actual rapprochement of traditional and axiomatic considerations as the basis of the humanitarian and social nature of economic activity.*

**Keywords:** *bank policy, fiscal regulation, fiscal policy, marketing, monetary regulation, world experience*

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## **THE STATE OF APPLICATION OF ELECTRONIC SYSTEMS IN HIGHER EDUCATION IN AZERBAIJAN**

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### **ABSTRACT**

*The article deals with one of the important requirements - the processes in the direction of nationalizing programs used in the e-management system. E-education is the bridge between labour activity and education today. In return, it makes broad opportunities for education along the life. The article also encompasses 28 indicators of e-knowledge on Azerbaijan Information Society Group analyzed by State Statistics*

*Committee. Beside this, application of electron systems to higher educational institutes has been analyzed. State position is indicated in this direction. Strategy and laws on Azerbaijan's education sphere are mentioned.*

**Keywords:** *e-management system, e-resource, e-lecture, interactive training, higher education, social reading*

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## **CONCEPTUAL BASIS OF ENTREPRENEURSHIP DEVELOPMENT IN NON-OIL SECTOR**

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### **ABSTRACT**

*The evolution process of scientific views on entrepreneurship have been looked through the theoretical, conceptual aspect and leading force, strategic resource of entrepreneurial activity, especially small and medium-sized enterprises (SMEs), enabling the economic, technological and intellectual potential of our country have fully and effectively implemented through business activities and was emphasized in the article. For the determination of strategic goals such as sustainable growth of non-oil sector and high share of gross domestic product in the current period for overcoming oil dependence of our economy and to secure insurance against oil prices fluctuations in world markets, dynamism of entrepreneurial activity, importance of defining new tasks in relation to targets and stimulus, development of new conceptual bases of their implementation have been pointed out. From the conceptual point of view a great attention paid to the importance in the article to the "Strategic road map for the consumer goods production at small and medium entrepreneurship level in the Republic of Azerbaijan"*

*approved by the President of the Republic of Azerbaijan on December 6, 2016. Taking into consideration the innovation-based development as one of the priority directions of SME development in the non-oil sector of the country by expanding opportunities for financing private innovation investments with legislative, organizational and economic measures implemented for the improvement of business environment. It is planned to work out the mechanism for solving investment problems, increase financial sustainability, expand access to long-term and low-interest loans, to provide concessional loans and insurance, loan repayment mechanisms, credit allocation and management for the simplification of the system has been justified as an important issues in the article.*

**Keywords:** *non-oil sector, small and medium-sized business, innovation, state support mechanism*

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## **UNEMPLOYMENT AND SOME ISSUES OF USE OF HUMAN CAPITAL**

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### **ABSTRACT**

*To provide sustainability of economic reforms carried out in our country and transition to new economic development strategy, the president of Azerbaijan Republic approved a decree "National economy and main directions of the strategical road map for key sectors of the economy" the main target of which is to improve human capital. It is necessary to mention that human capital plays a decisive role in an increase of labour productivity, sustainable economic growth, increase in competition between*

*manufacturing and service sectors and integration of country to global markets. To achieve this, it is required to raise quality of all levels of education, to provide constantivity of improvement of workers' skills and knowledges, to adapt the preparation of skilled personnel for market requirements, to stimulate investment of companies on the research and development departments and to use existing human resources effectively. The article is focused on the role of the improvement of human capital and its efficient usage on the development of the society as a whole and alteration of the all aspects of social life in the provision of the sustainability of economic reforms held within the country. In this context, author tried to display the indispensable contribution of the education to the improvement of human capital by briefly analyzing the changes in the phenomenon of unemployment.*

**Keywords:** *educational unemployment, human capital, labor force, labour productivity, reforms, sustainable development, unemployment*

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## **THE EFFECTIVE MANAGEMENT WAYS OF ECONOMIC STABILITY OF ENTERPRISES**

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### **ABSTRACT**

*Modern economic conditions of economic development make leadership sets of commercial enterprises to the small business sector, to go in search of new and innovative ways of their development. Often development entails not quite the expected consequences. The article addressed topical issues of effective*

*management of small trade enterprises, as well as administrative decisions related to the competitiveness and distribution costs. The emphasis is on the importance of proper and timely development and management solutions that ensure sustainable functioning of trade enterprises in the future. It is proposed to consider the interaction of small companies with larger organizations designated probable variants of this kind of interaction. Reflected the possible background of government involvement in ensuring the promotion of economic stability of commercial enterprises.*

**Keywords:** *economic stabilization, entrepreneurship, management, management solutions*

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## **THE MAIN DIRECTIONS OF REFORMING OF TAX SYSTEM IN THE AZERBAIJAN REPUBLIC**

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### **ABSTRACT**

*After independence, the transition of the economy of the Republic of Azerbaijan to market principles caused, as in other areas, the need for fundamental reforms in the tax system. As is known, taxes form the basis of the tax system. The tax system of Azerbaijan has created an effective mechanism for collecting tax arrears. Recently there have been major advances in the reduction of tax arrears, as well as reducing the number of tax debtors. Today, Azerbaijan has defined the integration of the tax system to the standards applied in the European Union as one of its goals. In accordance with the development strategy of the national economy, in recent years there has been some success in*

*improving the tax system, significant work has been done to bring the tax authorities up to modern European standards, to build tax legislation and administer in accordance with modern requirements. One of the most important elements of the tax system of Azerbaijan is the creation of a favorable business environment, the focus of business on economic development, and compliance with the economic interests of not only the state, but also entrepreneurs and citizens.*

**Keywords:** AVIS, Tax Code, taxes, tax reforms, budget

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## **ECONOMIC VALUE OF CO-PAYMENTS IN HEALTHCARE**

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### **ABSTRACT**

*The co-payment system has to overcome a variety of specific problems due to the nature of healthcare needs and the structure of the healthcare system. Cost sharing in health care cannot be considered as a unique positive mechanism, and especially as an alternative source of financing. Their inclusion requires detailly design state politics of group risk protection and the search for rational and most acceptable forms of co-payments.*

**Keywords:** *co-insurance, co-payments in health care, cost sharing in health care, patient fees*

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## OPTIMIZATION OF QUALITY MANAGEMENT OF CARGO TRANSPORTATION

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### **ABSTRACT**

*The method of calculation of basic parameters of cargo transportation has been analyzed. An optimal model of quality management has been developed. An equation of full economic costs has been formed for the logistics chain. The possibilities of carrying out optimal management of cargo transportation have been studied. It was determined that optimization parameters such as the capacity of the warehouse, the transport capacity of the vehicle, the efficiency of lifting vehicles can be taken. The main parameter of the logistics chain is justification for the minimization of the cost of economic integration costs. The issue of improving the production structure of transport enterprises has been solved to optimize quality management. It has been shown that the range of technical means that provide freight traffic is dynamic interacting and has a certain hierarchical structure. The system approach has confirmed that the system has an invariant structure. It has been established that optimization of the logistics chain must first be achieved by optimizing its structure, ie proportional development of its elements, rational union, and perfect harmonization of key parameters. It has been established that the multidimensionality and diversity of indicators and parameters characterizing the work of technical facilities make it difficult to select effective methods and tools for their calculation. It has been shown that the methodological basis of the optimization of the quality of transportations can be generated by the use of production power, which is an integral indicator of the potential for load capacity over a single period of time.*

**Keywords:** *economic cost, logistics, management, quality, transportation*



## PLANNING AND FORECASTING OF QUALITY MANAGEMENT

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### **ABSTRACT**

*Quality management should be carried out on the basis of a set of scientifically based principles. All of them can be divided into general, system-wide and special. Among all the system-wide principles of quality management it is necessary to pay attention to the implementation of general management functions. The structure of general management functions includes in the following functions: planning and forecasting, organization, motivation, control. The planning of product quality is the establishment of reasonable tasks for its production with the required values of quality indicators at a given moment or within a specified time interval. The planning for quality improvement should be based on scientifically based forecasting of needs of the internal and external market. The subjects of product quality planning are ultimately various measures and indicators that reflect both the individual properties of the products and the various characteristics of the system and quality management processes. The product quality management receives a lot of attention in all countries. In recent years, a new approach, a new strategy has emerged in quality management, which is implemented through strategic and long-term planning. Recently, one of the important areas of improving the quality of products in an enterprise has been the planning of the preparation of manufactured products (works, services), quality systems and production for certification. Quality forecasting is the process of determining the possible values of quality indicators in the future period of time based on the analysis of quality data obtained in the previous time interval.*

*The main methods of forecasting quality are research and norm. The implementation of research and normative forecasting is carried out by the following main methods: extrapolation; multivariate prediction; expert; mixed. For solving of complicated problems of quality management, should be used complex prediction methods.*

**Keywords:** *general functions, quality planning, quality prediction, quality management, quality systems, motivation, organization*

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## **MANAGEABILITY OF FINANCIAL RISKS AS AN IMPORTANT FACTOR OF FINANCIAL STABILITY**

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### **ABSTRACT**

*The article notes that in modern conditions risk is an inevitable element in making any economic decision. There is a limit after exceeding which the risk could jeopardize the functioning of a business. Therefore, it is necessary to determine whether the expected profitability is sufficient for risk aggregation and realization of profits. Much attention is paid to the importance of a rational choice for a probable assessment, considering risk situations and substantiation of design options for decisions made. It is necessary to distinguish between managed and unmanaged risk situations. The problem of expansion and strengthening of the degree of controllability of financial risks arises based on an accurate assessment of the real risk situation. Manageability of financial risks acts as an important factor of financial stability. In turn, neutralization of uncertainty factors to some extent can be assessed as a form of financial risk*

*management and effective consideration of risk factors in the implementation of an economic strategy. As a result, positive changes in the financial system develop into a qualitatively new condition contributing to financial stability. In general, financial risk shows the imperfection of the self-regulation market mechanism and makes external regulation necessary. Therefore, in the conditions of spontaneous market relations, the role of state regulation is increasing. To ensure financial stability, enterprises must maintain their solvency, liquidity and creditworthiness at the right level. The economic strategy of the state and business structures are dialectically interconnected with state regulation methods. The main task of ensuring the sustainability of the financial system based on its systemic regulation is to achieve manageability of financial risks in this area.*

**Keywords:** *financial risks, financial system stability, risk manageability, regulatory methods, uncertainty*

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## **FOREIGN DIRECT INVESTMENTS IN OIL SECTOR AND SUSTAINABLE DEVELOPMENT IN AZERBAIJAN**

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### **ABSTRACT**

*The paper investigates impact of foreign direct investment (FDI) in the oil sector in Azerbaijan on sustainable development, including components of the economic growth and well-being of*

*the population. Assessment of employment level dependence on FDI shows that FDI in the oil sector does not have a significant impact on employment. There are several reasons for this. First, main part of FDI volume entering the country is mainly focused on the oil sector, this sector is capital-intensive, not labor-intensive, and investments are spent in the development of more core capital and application of new technologies in this sector. Although FDI has a certain impact on the level of employment in the oil and gas sector, such impacts are not felt in the economy as a whole. The effects of FDI on the poverty level are also an important issue. Studies show that the use of FDI is crucial in reducing poverty. As well as this paper shows that FDI plays an important role in reducing poverty in Azerbaijan. The impact of FDI on poverty takes place in different countries through different mechanisms. This is due to the diversity of areas where the FDI is directed. Since the main part of the FDI in Azerbaijan focuses on the oil and gas sector, the value added generated in this sector allows the country's revenues to be recovered from the Oil Fund and the redistribution through the state budget make it possible for the FDI to be used efficiently. Thus, the fact that FDI is included in the country does not mean that the economic and socio-economic effects of this funding are positive. The positive impact of economic effects of FDI and its rational use depend on the economic conjuncture of each country.*

**Keywords:** *employment, GDP, income, investment, oil sector, poverty, sustainable development*

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## **EVALUATING DEMOGRAPHIC CAPACITY OF TERRITORIES IN REGIONAL SUSTAINABLE DEVELOPMENT PLANS**

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### **ABSTRACT**

*Demographic potential depends on regional demographic processes and social-economic factors. The related research on 2 economic regions of Azerbaijan had performed taking into account indicators of the demographic potential and defining it impacting factors, already formed processes and indicators such as population number, age and gender groups shares, migration and marriage processes, demographic waves and behavioral characteristics. In framework of mid-term and long-term sustainable development planning predictive models had developed based on multidimensional (involving environmental, social, economic and institutional aspects) approach. Data analysis and models of demographic processes were developed*

*for each administrative rayon. Data analysis and predictions results show demographic potential of each administrative rayon highly depends on its economic development indicators. More important conclusion reflects risk of demographic potential diminishing in future as a result of demographic waves formed in a period of economic crises.*

**Keywords:** *Capacity, Demographic, Development plans, Potential*

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## **ESTIMATION OF THE EDUCATION INFLUENCE ON THE POPULATION INCOME**

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### **ABSTRACT**

*From the beginning of the 20-th century, forming the knowledge economy, creating the human capital and providing the sustainable development on basis of the development of education arrange the priorities of the economical policy in the advanced countries of the world. Some researchers show that if all other factors are constant and the portion of population having the high*

*education in structure of economically active population grows, it will raise the labour productivities and wages of all workers including the workers having the lower education level too. In this study international research methods have been investigated for the qualitative evaluation of educational system and comparison with the achievements of other countries. Based on world countries data, authors have comparatively analyzed the indicators characterizing the welfare of population such as income and wages influenced by the education. In the study the mode of life of population, including the relationship of between the income of the population and level of their educations have been investigated through the econometric modelling. Models have been realized by means of Eviews Software on based of data for the years 1996-2017.*

**Keywords:** *education, income, mean years of schooling, sustainable development, wages*

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**ADVANCING TOWARDS SUSTAINABLE  
ECONOMIES: EXAMINING RESIDENT  
ATTITUDES & PERCEPTIONS TOWARDS  
SUSTAINABLE TOURISM DEVELOPMENT IN  
QATAR**

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**ABSTRACT**

*Tourism is essential to advancing economies and is better achieved through the three pillars of sustainability due to its positive consequences and is able to implement actions that*

*directly affect residents, economies, and environments. Sustainable tourism development in Qatar faces many challenges from lack of tourism planning to a lack of stakeholder involvement, especially involvement from the local stakeholders' side whose importance is highlighted in this paper. Resident awareness, engagement and participation are essential to the success of a sustainable tourism destination, and thus this research focuses on identifying the attitudes and perceptions of residents towards sustainable tourism development in Qatar. The residents' levels of involvement and willingness to be involved in sustainable tourism actions are also identified in this study. The research measures the local's attitude towards tourism in Qatar by examining and analysing local culture, social customs, and resident behaviours. Data derived from 142 residents were used to perform a hierarchical cluster analysis in order to find three clusters based on the residents' perceptions of sustainable tourism destination, willingness to be involved, and socio-demographic factors. Data illustrated that tourism has positive impacts and negative burdens on locals but perceptions are slowly improving through educational and community involvement methods that the country focusses on. Data all suggested that annoyances perceived by tourists were solely due to their lack of involvement in the planning process of tourism. The research concludes that for Qatar to develop economically through sustainable tourism, all private and public stakeholders must be involved in order to assure a more successfully long term stable economic development.*

**Keywords:** *Economic Development, Resident Attitudes, Resident Perceptions, Sustainable Tourism, Tourism in Qatar*

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## REGIONAL DEVELOPMENT IN PROVISION OF ECONOMIC GROWTH

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### **ABSTRACT**

*The importance of the provision of economic growth in globalized world economy, being the strategic aim of national interests, the strengthening of macroeconomic stability comprehensive and sustainable development, improvement of social welfare as a source connected with these problems. Since its independence, volatile development of Azerbaijan's economic growth rate, that is stages of recession, stability and upsurge or boom, was the result of various internal and external factors, affected by the country's strategic importance. For example, if recession in the early years was characterized by internal factors like stagnation and stability, the upsurge stage of the country's economy related to the oil strategy was catalyzed by such external factor as the increase of the oil prices in global economy. Nevertheless, slowdown in economic growth and weakening of economic activity in 2001-2014 with the sudden and sharp drop in oil prices, reconfirmed, that dependence of the economy mainly on oil-related activity is not effective. As a result, decrease in monetary reserves and limitation in sources of economic financing, generated necessity for search of new means of investment in its economic growth. From 2015 it was an imperative course to shift from capital-intensive to essentially new economic growth models based on efficient financing sources and prioritization of non-oil sector development was set forward as the catalytic factor in the process. It is specifically stated in the Strategic Road Map on national economy that development of the non-oil sector plays a crucial role in achieving sustainable economic growth.*

*The chances of non-oil sector development depends on the stabled and balanced development of regions, improvement of economic structure and their implementation and capital investment. The hardness center of regional development of socio-economic development are connected with institutional reforms, the implementation of the measures accelerating economic development in the regions, achieving their balance development caused to the disproportion. Determination of development priorities of the regions, effective utilization of existing natural resources, from the proportional placement of productive forces, approaching of production fields to raw materials, with expansion of innovative production of export orientation of competitiveness, diversification of economy creates conditions and it provides the economic stability of the country.*

**Keywords:** *economic growth, GDP, regional development, regional policy, social wellbeing*

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## **PREPARATION AND IMPLEMENTATION OF AGRICULTURAL DEVELOPMENT MASTER PLAN FOR ADMINISTRATIVE RAYON BASED ON SUSTAINABLE AND INCLUSIVE DEVELOPMENT PRINCIPLES**

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### **ABSTRACT**

*Algorithmic sequence on preparation and implementation of agricultural development Master Plan for administrative rayon comprises the followings: a) preparation of the agricultural development strategic plan; b) identification of agricultural reform model; c) support or creation of the inclusive development potential; d) risk preclusion, mitigation or management; e) formation of principles of internal relations for sustainable development ensuring; f) cluster formation as institutional step for inclusive development ensuring; g) mapping of land use and*

*consolidation plans and crop rotation schemes; h) identification of yield/productivity increase and efficient resource utilization ways. Such approach could increase welfare of rural population and productive resource utilization.*

**Keywords:** *agriculture, cluster, inclusive development, reform, strategic plan, sustainable development*

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## **STRATEGIZING OF THE SPATIAL DEVELOPMENT OF THE REGION BASED ON THE CONCEPT OF "SMART SPECIALIZATION"**

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### **ABSTRACT**

*The purpose of the study is to determine the conceptual foundations and approaches to the strategy of spatial development of the region based on the principles of "smart specialization" considering the specifics of the resource potential and geo-economic situation. The scientific novelty of the research*

*is connected with the development of conceptual and categorical apparatus of regional and spatial economy in the form of the author's extended interpretation, hierarchy and systematization of such concepts as "region", "space", "territory", "spatial potential of the territory", "spatial development of the region", "strategy of spatial development", "smart specialization". In the process of comparative research using the method of "tag cloud" content analysis of strategic documents of the regional level of the European Union and some regions of the Russian Federation, in the context of their application of various forms of spatial organization of the economy and the principles of "smart specialization" was carried out. It is established that various forms of spatial organization of the economy and the principles of "smart specialization" are implemented by Russian regional authorities sporadically, fragmentary and unsystematic, which adversely affects the spatial development and leads to a lack of formation and implementation of the unique competitive advantages of the territories. The results of the study can be used in the development and updating of strategic policy documents at the regional and municipal level, including the mobilization of internal resources of the regions, the formation and implementation of strategies for socio-economic, innovative and spatial development and network interaction of the regions.*

**Keywords:** *Macroregion, Smart Specialization, Spatial Development, Strategizing*

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# **CHALLENGES AND OPPORTUNITIES RELATED TO THE EMPLOYMENT OF UKRAINE WORKERS ON THE POLISH LABOR MARKET**

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## ***ABSTRACT***

*Research background: One of the main challenges on the job market is creating a so called employee market. A low unemployment rate and constantly decreasing number of people of productive age cause employers trouble in finding qualified workers and are faced with the challenge of creating solutions allowing subjects to recruit the right employees. This article is focused on the challenges that the Polish work environment is currently facing and possibilities that come with inflow of foreign labour.*

*Purpose of the article: The aim of this article is to examine the opinions of Polish employers in regards to hiring people from Ukraine and to try to answer whether the inflow of employees from beyond the eastern border can solve the problem of a lack of employees on the Polish job market. The research problem was examined by answering the following research questions: What is the readiness of Polish managers to hire citizens from Ukraine? What experience do Polish employers have in hiring citizens from Ukraine? What is the level of relations built between Polish and Ukrainian employees? What is the level of engagement and competence of Ukrainian workers?*

*Data and Methods: Quantitative research was carried out using the author's survey questionnaire. Research was directed at 600 responders with a response rate of 15%. During the interpretation of research tabular forms of data presentation, descriptive statistics and nonparametric statistics were used. The analysis was made using the statistical package STATISTICA.*

*Results and conclusions: Conducted research showed that one the factors contributing to the elimination of the lack of available labour is hiring employees from abroad, especially from Ukraine. Additionally it was found that in the case of hiring Ukrainian employees there were no significant mental or cultural differences.*

**Keywords:** *employee market, unemployment, workers migrations*

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## **TANAP AND TAP AS PART OF AZERBAIJAN'S ENERGY STRATEGY**

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### **ABSTRACT**

*Amidst the dissolution of the USSR, Azerbaijan defined two important directions of its energy strategy: 1. the provision of the energy security of Azerbaijan; 2. the contribution of Azerbaijan to the provision of the energy securities of other countries. In this regards, it was utmost important to boost the energy production in Azerbaijan, as well as developments of new opportunities in order to deliver Azerbaijan's energy resources to the*

*international markets. On one hand, the energy resources constituted both an export-oriented commodity (the resource that one can receive benefit of its sale) and foreign policy resources (the resource that can increase the importance of Azerbaijan for other countries) for Azerbaijan. On the other hand, Azerbaijan has a potential of playing significant energy transit role for other countries thanks to the energy infrastructure that it created. Despite the various proposals of Russia and Iran, as well as the existence of the different gas purchase/sale agreement between Azerbaijan and those two countries, Azerbaijan has preferred to transport its oil and natural gas to the Western direction. The implementation of TANAP and TAP is the continuation of this policy. Actually, TANAP and TAP implies an alternative strategic success after the failure of Nabucco project. Because, main of Nabucco was the contribution to the energy security of Europe and TANAP and TAP serve the same mission.*

**Keywords:** Azerbaijan, energy strategy, EU, TANAP, TAP

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## **SOCIO-ECONOMIC PROBLEMS OF THE NON-OIL SECTOR IN MODERN CONDITION**

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### **ABSTRACT**

*The basic directions of economic policy, implementing by the government of Azerbaijan, specific weight of forecasted income of*



*non-oil sector in GDP, maintaining sustainable economic growth due to the increase in non-oil sector etc. on the background of unstable economic situation in the world have been researched in the article. The strengthening of achievements, and provision of the stability in the economy will be achieved by expanding the non-oil sector of the economy and its rapid development on the basis of the purposes specified in the Development Concept "Azerbaijan 2020: Look into the future" pointed out in the article.*  
**Keywords:** *economic regulation, economic reforms, infrastructure, non-oil sector, socio-economic development*

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## **VALUE CHAIN FOR THE DEVELOPMENT OF THE EVORA REGION. THE CASE OF THE CHICKPEA PRODUCT**

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### **ABSTRACT**

*The objective of this study was to perform an analysis of the chickpea value chain, considering the actors, their relationships and functions, as well as the factors that affect their competitiveness. The technique of panels and field studies was used. In this research, experts from the municipalities of Mocorito Angostura and Salvador Alvarado participated in the state of Sinaloa, Mexico. It was found that there is little relationship between the research and the producers; since there are no policies that promote the integration of the value chain and its organization. In addition, there is limited commercial promotion in international markets, where the marketing of Garbanzo is the most vulnerable link. The producers sell their production to intermediaries and these in turn to importers from different countries and it is these intermediaries who appropriate most of*

*the utility offered by this type of product. The structuring between the supply of inputs and the final market is not the most appropriate. Power relations are hierarchical, few purchasing actors have power, information and their relationship with their suppliers. There are no horizontal links at the producer level, which does not allow improving the negotiating capacity and the organization, so it is urgent to reorder the value chain so that the producer is one of the main actors in capturing the value obtained in the market and in this way increase its profitability and competitiveness.*

**Keywords:** *Value chain, Competitiveness, Markets, Chickpea product, Profitability*

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## **INTEGRATION POTENTIAL IMPLEMENTATION MODELS**

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### **ABSTRACT**

*One of the trends in the development of the modern world economy is the active integration processes. The conclusion of regional integration agreements is dictated by the desire of the participating countries to create favorable conditions for the implementation of the policy of expanded reproduction, improvement of quality and ensuring the competitiveness of*

*domestic products. There are the following models for implementing the integration potential of countries.*

- 1. The development of backbone industries of the participating countries. The task of the integration association is the coordination of the choice of the backbone sectors of the economy, the joint development of which will create an additional economic effect.*
- 2. The joint development of mutually complementary branches of national economies in which there is production cooperation or there are potential opportunities for the formation of production chains.*
- 3. Joint development of industries using the competitive advantages of the countries of the integration association. This goal is most relevant in the interaction of countries with different levels of development.*
- 4. Development of industries of specialization based on the competitive advantages of the countries of the integration association. In the case when a country has a set of competitive advantages, sufficient saturation with the products of its market and the markets of the partner countries, then by agreement of the parties, the country's specialization in a particular production can be formed.*
- 5. Joint development of import-substituting industries. The goal of the integration association is to identify and agree on the list of industries and sectors with high potential for import substitution, in the development of which the countries of the association are interested in reducing economic dependence on foreign markets.*
- 6. Development of infrastructure for the expansion of mutual and foreign trade.*

**Keywords:** *economic integration, import-substituting industries, infrastructure projects, integration potential, specialization*

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## **ASSESSMENT OF THE IMPACT OF TOURISM SECTOR ON THE ECONOMY OF AZERBAIJAN, KAZAKHSTAN AND IRAN USING INPUT-OUTPUT MODELS**

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### **ABSTRACT**

*Tourism sector accounts for roughly 30 percent of global trade in services. It is known that Azerbaijan, Kazakhstan, and Iran are oil rich countries. In recent years because of the oil price went down, it compelled these countries to develop the non-oil-gas sector. The tourism sector has assumed great importance among the non-oil-gas sectors. The tourism sector is of great importance by the standpoint of accelerating the social-economic and cultural development, increasing the employment level by producing the products in the branches of the service sector, providing with foreign direct investment and currency inflows. Because tourism is included in the composition of some economic activity types, especially service fields it affords the specific difficulties to evaluate its direct and indirect effects on the country's economy like the separate sector. We consider that Input-Output tables reflecting the inter-industrial relations and the models being worked out on these tables are very useful for*

*conducting these types of analyses. In this study, the investments assigned to the tourism and its direct and indirect impacts to the other fields and outputs and employment level of these fields have been evaluated by means of models established on basis of Input-Output tables. Analysis of the results of simulations made with models gives the opportunity to define the efficiency of investments assigned to the tourism sector with respect to the other industries on each of the three countries separately. Afterward, the comparative analysis of the results of the models has been carried out.*

**Keywords:** *Employment, Input-output model, investments, multiplier, tourism*

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**PROBLEMS IN THE ENSURING MACRO-  
ECONOMIC STABILITY, FISCAL POLICY,  
PROVISION AND IMPROVEMENT OF ITS  
ACCOUNTING AND ANALYTICAL  
CHALLENGES IN THE REPUBLIC OF  
AZERBAIJAN**

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**ABSTRACT**

*The article considers concept of budgetary policy and explains the main forms of this policy by demonstrating its positive and negative effects on the state's fiscal system. Particular attention is given to analysis of main objectives of budget-tax or tax-budget policy, which is more commonly used in the Republic of Azerbaijan and the ways to achieve the effectiveness of budget system. Further, the paper notes the importance of applying SWOT analysis method in order to identify the strengths and*

*weaknesses of the state, as well as its possibilities and threats. At the end, by investigating the given data on the state budget of Azerbaijan Republic, the author summarizes SWOT analysis, and constructs a table that combines the strengths and weaknesses of the fiscal policy, and also demonstrates the opportunities and threats facing the Republic of Azerbaijan.*

**Keywords:** *Sustainable development, stability, fiscal policy, financial globalization, fiscal sustainability, tax-budget policy*

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## **STATISTICAL STUDY OF INTERNATIONAL MIGRATION OF POPULATION AND LABOR RESOURCES**

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### **ABSTRACT**

*In this article, based on the latest data obtained from the UN, the Organization for Economic Co-operation and Development (OECD) and the State Statistical Committee of the Republic of Azerbaijan, the current state of the international migration of population and labor resources worldwide is statistically investigated, the issues related to the profiles and trends of international migration of population and labor resources, the value and benefits of labor migration, the age and sex of migrants, the social implications of emigration, and the regulation of migration are analyzed, and the influence degree of key factors impacting on the formation of migration flows is*

*evaluated by the way of creating an econometric model with the help of SPSS software package on the basis of statistical data.*

**Keywords:** *analytical analysis, international migration, econometric model, statistical analysis*

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## **TRANSFORMATION OF FUNCTIONS OF THE STRATEGIC RESERVES OF RAW MATERIALS IN THE CONDITIONS OF ECONOMIC INSTABILITY**

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### **ABSTRACT**

*In order to ensure national security, uninterrupted functioning of the economy, market regulation and price stabilization, practically all countries of the world have created strategic reserves of raw materials. To finance the costs of maintaining and increasing strategic reserves of raw materials, it is advisable to attract funds from the public through the issuance of new financial assets secured by state-controlled stocks of raw materials. For example, receipts giving the right to receive a certain amount equal to the value of the "basket of goods". The value of the asset should be determined on the basis of the range and volume of goods included in the stabilization reserves, as well as their market prices. Being provided with strategic reserves such financial assets can be used to protect cash savings from*

*inflation. The proposed asset will be particularly attractive in a crisis with a limited choice of reliable instruments for investment. In addition, the expansion of government procurement of raw materials in a crisis situation will provide support for certain sectors of the economy. The funds raised can also be used to take measures to ensure the stability of a new financial asset. This will reduce the financial burden on the state budget for the formation of strategic reserves. The introduction of our proposed system will improve the efficiency of commodity price regulation in national economies, significantly expanding the countries' ability to conduct joint commodity interventions to influence price movements in international commodity markets.*

**Keywords:** *commodity interventions, price regulation, state strategic reserves*

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## **TOURISM MARKETING OF THE CULTURAL HERITAGE IN THE CHOSEN SLOVAKIAN AREA**

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### **ABSTRACT**

*The paper focuses on the communication strategy proposal for the tourism development in the chosen Slovak National Museum at the given castle, Slovakia. Using the BCG matrix, we analysed*



*the portfolio of the cultural events, education programs and specialized events offered by the museum. In generally, we used qualitative research with focus on the interview method for obtaining the data in the period 2016-2017. All these public events are strongly connected with the castle history and its environment generated by forest stands with historical admixture of sweet chestnut and yew trees by introduction from the 16th century. The main outputs of this paper lie in the proposal of the individual marketing communication tools to increase the interest of the general public in the cultural heritage of the given area, popularization of the museum activities and to attract lager number of tourists.*

**Keywords:** *BCG matrix, communication, marketing, strategy, tourism*

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## **EFFECTIVE HEDGING OF BUSINESS RISKS VIA PROTECTIVE INSTRUMENTS IN PUBLIC WORKS CONTRACTS**

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### **ABSTRACT**

*According to the Act on Public Procurement issued in the Czech Republic in 2016, the contracting authority specifies a set of economic qualification criteria and technical qualification criteria in order to establish human resources, technical resources and the expertise and experience necessary to perform the contract acceptable. For building construction project,*

*meeting all qualification requirements does not yet represent protection of the contracting public authority to the potential business risks connected with the construction contract. At this moment, protective instruments in the contracts for works must be used to ensure the delivery of contract on time, cost and quality. The paper analyses the contracts for public works in the field of retirement homes for the elderly which were built in last six years in the Czech Republic. The aim is to determine the hedging of business risks and the most frequently used protective instruments applied to solve the potential business risks, how efficient they are and whether the frequency of the applied instruments contrasts with other types of construction contracts. A quantitative analysis of the currently used protective instruments in the contracts for public works is performed. The outcomes of the empirical study are compared with previous research of authors in the field of revitalization of school buildings and sewage facilities and equipment. Overall, the research paper identifies what protective instruments are currently employed, at what amounts and whether the instruments fulfil the functions required to protect both investors and contractors during the contract period and to ensure quality of public construction works contracts with the criteria of economy, efficiency and effectiveness.*

**Keywords:** *bank guarantee, business risk, protective instrument, public works contract, standard contract for works*

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## **CLUSTER APPROACH TO SUSTAINABLE DEVELOPMENT OF THE NATIONAL ECONOMY**

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### **ABSTRACT**

*In modern conditions of globalization and global competition clusters are a tool that ensures the sustainable development of the national economy. The last decade has shown that the formation of clusters is an important and integral part of the state policy in the field of regional development not only in Russia but also in all developed countries of the world. The analysis of the current state of research in the field of theories of territorial organization of production, concepts of competitiveness, laws of formation of cluster structures, the development of new methodological tools for the identification of clusters, cluster effects, the definition of criteria and performance indicators allow to update the direction of cluster policy, to propose strategies to improve the*

*competitiveness of regions and the quality of life. Particular scientific and practical importance of research aimed at the development of a Toolkit to encourage clustering of regional economy, with the aim of enhancing their inclusion into the system of the modernization of relations. The cluster approach contributes to the development of production of products with high added value, as well as the activation of innovative processes in conditions of lack of natural and other resources. It stimulates the deepening of the processes of complex processing of raw materials and the use of resource-saving technologies combined with a high level of specialization and cooperation of various industries, helps to unite the efforts of neighboring and related enterprises for more effective interaction, ensures high competitiveness of jointly produced products and services in national and international markets. The result of the study: in this article the cluster approach is considered as a factor of innovative development and competitiveness of the national economy, the essence and types of clusters are analyzed, the essence of the concept of "sustainable development" in relation to the national economy is analyzed; the archetypes of the regions are identified, which allowed to offer a set of measures for sustainable development of the national economy, the mechanism of implementation of cluster policy to sustainable development of the national economy is presented. The theoretical and methodological basis of the study was the fundamental provisions of a number of scientific areas – the theory of national and regional competitiveness, cluster economic theory, the concept of regional archetypes, theories of spatial proximity, the General theory of systems. The paper uses methods of analysis of socio-economic indicators, comparisons, groupings, tabular and graphical methods of data visualization.*

**Keywords:** cluster approach, competitiveness, national economy, sustainable development

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## **CONSUMER PROTECTION IN TRANSNATIONAL RELATIONS: THE CONTRIBUTION OF THE EU**

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### **ABSTRACT**

*Up to now, it has not yet been possible to build a universal normative body under contract law, each state having its own. The plurality of existing regulations often creates legal uncertainty, undermining the legitimate expectations of the parties. To minimize these problems the Rome I Regulation on the law applicable to contractual obligations provides that the law applicable to headquarters of international contracts. It enshrines the principle of the autonomy of the will of the parties, seeking that the solution be the same in all EU Member States. That legal text also indicates, by contract categories, which law is applicable in the event of lack of choice. The EU was aware of certain categories of contracts, in particular the consumer contract, for which it chose a special scheme. Our approach will be directed to the rules applicable to consumer contracts. We will highlight the need to protect the weaker party, taking into account the principle of more favorable treatment. The EU has continued to devote also to those contracts the possibility of the parties to choose the applicable law, but respecting some limits. We will review the European literature on the subject and try to interpret the law by highlighting its shortcomings, with reference to some jurisprudence of the CJEU. The Rome I Regulation on consumer contract seat establishes a minimum status, the application of the*

*law of the consumer's habitual residence, imposing certain conditions. However, the legal system does not cover all consumers. We will try to show which consumers can invoke this law. Regulation protects only passive consumers, those for whom the trader directed its activity, does not apply to active consumers, moving to another state and then acquire products or services to a professional.*

**Keywords:** consumer; contract; european; law; professional

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## **WORLD TRADE ORGANIZATION LAW OR HUMAN RIGHTS – OBLIGATIONS OR RIGHTS**

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### **ABSTRACT**

*Main purpose while analyzing mutual relations between World Trade Organization (WTO) law and human rights is to emphasize the protection of human rights in the same line with commercial reforms. One of the main issues that brought up in WTO Public Forum by experts regarding trade and human rights was about it to be manifested in international trade system, also in WTO dispute settlement mechanism, generally in trade policy. Difference of opinions between these two fields occurs when one state supposes that the other state does not fulfill its obligations undertaken in frames of WTO, for example, customs, taxes or dues. Negative effect of politics on realization of human rights in trade sphere happens when farmer subsidies in developed*

*countries has a negative effect on right to food in developing countries, or intellectual property right in trade sphere negatively affects the right to health. Also, negative effects such as the effect of speculation on food products, or the effect of liberalization of services on customs, the effect of licenses on the price of the medicine, and its effect on right to health do exist. For a long time, human rights issue was not amongst the emphasized issues in WTO dispute settlement mechanism. Nowadays, during dispute settlement process, documents regarding human rights are widely used as a source while researching the interpretation and proof materials. The problem of accessibility of medicine in developing countries keeps remaining as one of the main problems in frames of WTO regarding the protection of intellectual property right. Several documents were adopted in order to solve this issue: TRIPS agreement and public health, WTO decision on implementation of paragraph 6 of the Doha Declaration on the TRIPS agreement and public health, The Protocol Amending the TRIPS Agreement. Doha Declaration declares the priority of public health on economic and commercial interests. After summarizing everything that happened as the result of all of these processes, we can come to conclusion that:*

- *International law norms and norms related to human rights should be taken into consideration during interpretation and implementation of WTO norms;*
- *In dispute settlement process in frames of WTO, documents regarding human rights should be widely used as a source while researching the interpretation and proof materials;*

*In practice of different states, the effect of trade principals on human rights should be analyzed – for example, The Canada–Colombia Free Trade Agreement.*

**Keywords:** *Doha Declaration, Doha Round, human rights, right to health, trade law, TRIPS, TRIPS agreement and public health, World Trade Organization*

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## **THE DETERMINANTS OF MENTAL HEALTH IN ENFORCED WORK REQUIREMENTS**

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### **ABSTRACT**

*Welfare reforms during the last few decades shifted towards implementing many variants of enforced labor market participation, condition- and obligation-based benefits intended to promote employability, individual responsibility and activation of the unemployed workers, particularly welfare clients. Typical elements of such reforms are »welfare to work« programs, mandatory community activities, training programs, individual action plans and job placements. An ongoing debate follows this conversion whether such conditionality is advancing inclusion by bringing marginalized groups into economy and society or emphasizing project of commodification by marketizing citizenship (Brodkin, 2015). While debate and research about the advantages and disadvantages of introducing mandated activities are ongoing, trend of conditioning benefits is increasingly common. The success of reforms is dependent on highly variable policy design of activational dimensions and policy implementation. Due to potentially adverse outcomes, it is necessary to explore the possibilities to enhance determinants of mental health in mandated components of activating labor market policy and to set guidelines for attentive design of such welfare policies. While not considering ethical nature of such policy decisions, this paper explores determinants that foster wellbeing in enforced work requirements. By paralleling determinants of mental health to workfare programs we can foster wellbeing of welfare clients, create more inclusive practice and set more appropriate measurable outcomes. Consequently, this research keeps pace with trends that emphasize the need to redefine policy efficiency and intervention effect by focusing away from economic measures towards psychosocial goals (Coutts, Stuckler*



*& Cann, 2014). Paper suggests further direction of planning workfare and enabling policies in order to enhance activation, quality of life, mental health and employability of welfare clients. Keywords: activation, inclusion, mental health, policy, workfare*

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## **GOODWILL, THE PROBLEMATICS OF DETERMINATION OF ITS VALUE WITHIN THE MARKETING STRATEGY**

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### **ABSTRACT**

*The meaning of Goodwill is not the same in the world but generally is considered to be an integral part of the company's value and company assets mainly intangible assets. The authors' definitions differ. In the world, for example, they are J. M. Yang, D. C. Mueller, H. P. Hughes. In the Czech environment, it is Zelenka, Kincl, Foret and Kulil. The authors refer to the definition of Kulil, according to which the authors will continue to work. Goodwill is related to the implemented marketing strategy in all cases. This connection is done consciously or the*

*management of the company does not even realize it. This whole process takes place independently of his will. There is a direct link between Binding Goodwill and marketing strategies in the internal external environment of the enterprise. A key issue for a business asset is the valuation method or more accurately assessing the present value of goodwill. There is also a need for an annual review of goodwil valuation to capture its development in the context of marketing startegies, from its growth to the decline and emergence of badwil. The prevailing valuation through book value is inappropriate. The description of the current situation in the Czech Republic is complicated by the fact that goodwill expresses itself as the difference between the accounting and the market price. It can be used and recorded only in cases when the company was acquired. With regard to goodwil and implemented marketing strategies, this is a poor condition. The link between the value of goodwill and the marketing strategy should be captured in the valuation methodology. The existing methodology allows the use of a number of methods. Comparing these methods leads to recommendations that optimally meet the requirements to capture the nature of development and the value of goodwill.*

**Keywords:** *Goodwill, Marketing strategy, Problematics, Value*

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## **ORGANIZATIONAL IDENTITY OF UNIVERSITY IN MERGER PROCESS**

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### **ABSTRACT**

*Consolidations, which are radical changes, lead to profound identity changes, which can take positive or negative forms from the point of view of the university's development. Positive changes in organizational identity lead to identification with a new, consolidated university and a sense of satisfaction with its development and faith in the possibilities of self-realization in this organization. Negative ones lead to a crisis of collective identity, cultural confusion and passive employee attitudes. At the level of individual identity, mergers can lead to identification with a new organization and a sense of self-fulfillment, or they can turn towards rejecting change and frustration of employees. University merger research, adopting the perspective of social identity, indicates that the key factor affecting willingness and, consequently, the pace of integration is the perception of prestige and the resulting degree of identification with the merger. Therefore, the key question is whether university employees will benefit from the status of a merger. If we are dealing with a strategic combination of two prestigious organizations, which is intended to enter the "world university league", there is a chance to increase the status of individual and collective organization's stakeholders.*

*Similarly in the case of other types of mergers, if the weaker university is absorbed by a stronger one, then there is a chance of increasing the prestige. I.H. Gleibs and others confirm the existence of discrepancies in the expectations and actual results of university fusion, based on identity and prestige. The aim of this article is to identify the issues of organizational identity in the processes of university merger. The article discusses the complexity of the organizational identity of universities merger processes. The research methodology was based on qualitative research - case studies of universities in Europe.*

**Keywords:** *university mergers, organizational identity, university management, mergers and acquisitions, higher education sector*

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## **EMPIRICAL ANALYSIS OF THE IMPACT OF 2008-2009 ECONOMIC CRISIS ON IMMIGRATION TENDENCIES: CASE OF OECD COUNTRIES**

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### **ABSTRACT**

*As it happened with international trade and investment flows, global financial crisis also negatively influenced the international immigration tendencies. Immigrants are usually employed in sectors that are more sensitive to crises with more temporary and part-time jobs. These are mostly less skilled occupations where immigrants usually face discriminative treatment in hiring and layoffs. That is why, following the onset of global recession the migration to the economically advanced regions decreased immediately. During the first period of global economic crisis governments in different countries also implemented a set of policies to prevent the inflow of new migrants and force the*

*existing immigrants to leave in order to provide more job opportunities for their citizens. This paper investigates how the changes of economic structure, policies and public opinion in most of the advanced countries have affected on global immigration since the global financial crisis. The work provides an empirical estimation of the impact of different crisis related factors on international migration since 2008-2009 for OECD countries.*

**Keywords:** *financial crisis, globalization, international immigration*

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## **ESTIMATION OF THE INFLUENCE OF TRANSPORTATIONS IN TRANSPORT SECTOR TO ECOLOGICAL POLLUTIONS IN AZERBAIJAN**

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### **ABSTRACT**

*The main purpose of this study is to analyze the role of transportations in arising the ecological problems and its importance. The analysis of international researches has been conducted in the similar fields show that it is possible to encounter with the correlation between the increase in the volume of transportation in transport sector and some indicators characterizing the pollution of environment. As it is known*

*transport sector has rapidly developed for the last 10 years. So, the volume of transportations of the goods have increased to 226.4 million tons in 2017. But this development has also been impacting the ecological problem and giving the negative "contribution" to it. It is known that the transportations have significantly importance in Gross Domestic Product of Azerbaijan. In this study it is considered to investigate the relationships between the transportations and ecological pollutions through econometric modelling. Nevertheless, there are a lot of analyses and research in these fields, just definitely the estimation of the influence of transportations in the transport sector to the ecological pollutions have been investigated less in Azerbaijan. From this point of view, the subject of research is considered the problem of to-day and the matter of great urgency.*

**Keywords:** *Ecological pollution, Goods transportation, Passenger transportation, Transport sector*

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# **EVALUATION OF TANAP AND TAP PROJECTS EFFICIENCY: “DIVERSIFICATION OF THE GAS SUPPLY FOR THE EUROPEAN UNION’S ENERGY SECURITY – CASPIAN AND CENTRAL ASIAN GAS”**

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## **ABSTRACT**

*In contemporary period, the EU’s current concern is to reduce dependency on Russian gas that its whole gas supply and over the region increases political and economic threats for member countries. The EU’s concern about Russia’s dominance in its gas market make consider non-Russian gas projects through Turkey - the closest neighbor after Russia. The EU sees Turkey as a crucial partner to diversify routes for the EU’s energy security. From this perspective, the purpose of this paper is to define possibility and geopolitical reasons behind changing EU’s shifting priorities from Russian to Turkish dependence for gas supply.*

**Keywords:** *Energy security, EU, TANAP, TAP, Turkey, Russia*

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## **DIGITALIZATION CHALLENGES TO GLOBAL BANKING INDUSTRY**

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### **ABSTRACT**

*Globalization has been transforming contemporary world for the last 30-40 years. Almost in all countries offices of globally-operated banks wedged in national banking systems, grabbed a significant part of local clients pretending to a dominant position and, importantly, having enough resources to fulfil these plans. Digitalization process of the last several years has strengthened competition even more. It created new rivals for banks in the form of fintech companies (FinTechs). FinTechs are substituting banks in many traditional markets, including payment services, assets management and financial consulting. They suggest clients to interact with them in a very cheap and convenient way. But at the same time FinTechs bring with them new risks for consumers because these non-bank institutions are not regulated with full-fledged tools which are used by central banks to secure stability in the banking system. Digitalization requires from banks to be on the edge of innovation and to give an adequate response to new challenges. Smart-offices of banks with a seamless technology of serving clients, broad qualification of staff and other special features is one of the means in the fight of real banks with quasi-banks or shadow banks with digital nature. Another challenge for all but especially for banks in a digital epoch is a cyber security. If banks do not pay sufficient attention to the protection of financial and personal data of their clients, they*



*pose a serious risk to consumers. Online theft of money from digital wallets and credit cards, money laundering through digital channels and many other crimes are inherent satellites of digital convenience and prosperity.*

**Keywords:** *Digitalization, Digital Wallets, Fintech, Shadow Banks, Smart-Offices, Letter of Credit (L/C)*

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## **FOREIGN BANKS IN TRANSITION ECONOMIES: TRENDS AND IMPACT ON SYSTEMIC STABILITY**

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### **ABSTRACT**

*Our paper investigates foreign banks impact on financial stability in transition countries during the boom-bust cycles, especially their contribution to the evolution and realization of systemic risk. The purpose of this study is to carry out theoretical pros and cons of foreign banks presence in post-soviet countries based on empirical evidence from their activity and risk profiles under different economic conditions and regulatory regimes.*

*A comprehensive retrospective study of global bank capital entries into transition economies, reasons of foreign capital outflows and the dynamics of banks key financial indicators was carried out, as well as a comparative analysis of foreign versus local bank groups due to systemic financial sustainability. The results of this study indicate that foreign banks appeared more solvent during economic crises in transition countries in comparison with local private banks, despite great financial losses and required capitalization. The differences in default levels and response to the crisis among foreign and local banks were found. Instead of cross-border contagion channel strengthening, foreign banks presence, higher customer loyalty and capital support from parent institutions reduced deposit outflows and smoothed the potential impact of financial instability during the crises. On the contrary, the need of modern early warning monitoring system of foreign banking still exists because of possible rise of concentration and potential non-financial risks related to geopolitical motives and strengthening of compliance requirements. Main findings of empirical analysis contribute to a deeper understanding of the ownership influence on the systemic risk formation in the CEE and post-soviet banking sectors during the previous booms and crises. Grounded on the empirical data analysis, important patterns in cross-border funding and systemic risk channels were found. It allows to forecast properly future benefits and risks of foreign bank presence in transition countries for regulatory and business purposes.*

**Keywords:** *foreign banks, financial stability, systemic risk, bank crisis, transition economies*

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## **IS ALL THAT GLITTERS, GOLD? A BEHAVIORAL ASPECT OF CRYPTOCURRENCY MARKET**

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### **ABSTRACT**

*Information Technology has emerged as an integral part of globalization, where it is not only used in e-commerce, e-business and R&D but is also a crucial part of complex data mining used in developing digital currencies and valuating them. These currencies have become popular in the last decade and people around the world have started investing in them, blindly. Even after having high volatility, decentralization and complexity in price determination using cryptography, digital currency has been attracted by many investors who may be trapped by investor biases.. The current paper focuses on exploring the behavioral biases on investment decision making of digital currency/crypto currency by employing qualitative measures and interviewing Pakistani individuals who have purchased crypto currency. It is established from the results that due to complexity of price determination and profit attractiveness, investors become a victim of biases and heuristics when they are investing in digital currencies.*

**Keywords:** *Digital Currency, Crypto Currency, Investment decisions, Investor biases, behavioral finance*

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## **FACTORS AFFECTING AUDIT QUALITY IN CORPORATE SECTOR**

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### **ABSTRACT**

*Taking into account the frequent changes in the global economic market conjuncture in recent years, it is worth paying particular attention to the factors preconditioning the effectiveness of audit procedures for the purpose of taking them into consideration when integrating audit into corporate practices. The article builds up its structure starting with conceptual substance and theoretical facets of corporate audit practice. The theoretical part puts up the conceptual basis of audit in the order of understandability. Definitions, tasks and functions that were introduced first are followed by conceptual differentiation of internal and external audit and their scope and purposes. With determination of auditor's competencies control over corporate activities, methods and means of applying those controls are explained after which factors of effectiveness of audit were revealed. Based on these factors the practical part interviewed*

*the practitioners in the practice. The thesis aims to assess important factors that impact the audit quality through comparative analysis of regulatory requirements and industry practices prevalent in corporate audit. The thesis directly applies comparative analysis methodology to the case using auditing standards (US vs. Europe) from qualitative standpoint and does not occupy quantitative (regression or any statistical methods) approach due to the fact that factors affecting audit quality are analyzed and compared in the regulatory framework of existing auditing standards and confirmed through interviews with real practitioners, and then synthesized to build an evidence-based record of the suitability of the methodology used. In the end, the thesis makes grounded conclusions with respect to the aims and goals of the research in theoretical and practical dimensions.*

**Keywords:** *auditing, assurance, qualitative audit, combined risk assessment, control environment*

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## **SOCIAL BALANCE AS ONE OF THE KEY CHALLENGES ON THE WAY TO SUSTAINABLE DEVELOPMENT**

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### **ABSTRACT**

*A whole range of socio-political conflicts and economic problems of modernity unfolds between such extremes as unequal access to resources and rewards, wealth and poverty. Excessive differences in financial means and vital opportunities have a direct negative impact on the development of human potential, initiating long-range requirements that set incentives and direction of economic development. The article discusses the role of the middle class as an active economic entity, which is an engine of economic growth,*

*as well as a guarantee of the stability of the entire social system. The middle class acts as a motivation for the innovative development of modern society because it is the foundation and social base of civil society. The availability of a powerful middle class in the social hierarchy of modern societies is an important indicator of reducing inequality, increasing the level and quality of life, and ultimately sustainable development. The process of creation and development of the middle class is one of the basic social processes in transformational economies. That is why it is necessary to create a social structure within the limits of which people would be able to establish their abilities and develop them to the full extent in order to strengthen the position of the middle class. The basis of social policy for sustainable development implies a fundamentally new system of values. Under this policy, the state shall maintain a balance of interests between social groups, which in turn will ensure the balanced and sustainable development of the entire social system.*

**Keywords:** *development, sustainability, inequality, social structure, human capital, middle class*

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## **UNDERSTANDING ASPIRATIONS: R&D PROJECT EVALUATION BY KNOWLEDGE BASED SYSTEMS**

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### **ABSTRACT**

*When an R&D project is launched, there are explicit and tacit aspirations as an attempt to achieve those results along which we evaluate the project as successful. Based on experience from previous projects, we can articulate all these aspirations with an extended vocabulary to present the expectations and intentions. This process can be supported by a Knowledge Engineer, who ensures the acquisition of all knowledge elements and who can help put them into the Knowledge Base of an Expert System. To reduce these attributes to the most informative ones, an AI-based Expert System can be used as a suitable tool, because when we have a few dozen cases in the domain, the result of case-based reasoning will show the most relevant aspirations. These expectations will describe both the limits and abilities of the project by which the decision maker can identify core competencies or even unsubstantiated dependencies on external resources. These insights can be key elements of strategic planning in the future.*

*In this problem-solving process, we examine the question of which aspirations developers use in high-tech R&D projects, and the logical relationships between them. Since Popper's Tentative Solutions can be the adequate method for seeking answers in case of complex problems, we made semi-structured qualitative interviews with project managers and decision makers to build knowledge bases based on their experience and systematize their knowledge. The result of our research a) will show the set of those aspirations for which the same sensemaking will be given by different decision makers, and b) contributes a potential value to the validation of R&D projects.*

**Keywords:** *R&D projects, decision support, project evaluation, Expert Systems*

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## **ANALYSIS OF LOGISTICS SECTOR IN THE EUROPEAN UNION**

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### **ABSTRACT**

*The logistics sector is one of the European Union's rapidly evolving sectors of the economy. Data of the period between 2011-2016, reveals that there is a 9% growth in the number of companies in the logistics sector with a turnover increase of 16.3%. The market structure consists mainly of micro-companies (the relative share of companies with 1-9 person is about 58-59%, and those with 2-9 persons employed- 31-32%), resulting in a total share of between 90 and 91%. Moreover, the overall share of the leading 5 countries (Germany, United Kingdom, France, Italy, and Spain) in gross value added in the sector is extremely high and reaches its peak in 2014-15 to 70.9%. The industrial dynamics in the sector are also examined through the difference*



*between the share of entry and exit rates of the enterprises. For the first two years, this difference is negative; however, starting in 2014, we see positive increase, reaching its peak of 3.3% in 2016.*

**Keywords:** *logistics sector, market structure, industrial dynamics, European Union*

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**ASSESSMENT OF DISTRIBUTION OF  
EXAMINATION POINTS AND PASSING  
SCORES OF EXAMS OBTAINED IN THE  
ADMISSION TO HIGHER EDUCATION  
INSTITUTIONS IN AZERBAIJAN**

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**ABSTRACT**

*Based on the official data set of the State Examination Center of the Republic of Azerbaijan, authors analysed the normality of distribution of applicants' admission exam scores with the means of Pearson's chi-squared test ( $\chi^2$ ). It was found that admission*

*scores do not follow the normal distribution. Based on the dynamic series, the analysis was conducted, and average score attained by applicants, deviation from the average score ( $\sigma$ -standard error), as well as variation coefficient was calculated and level of homogeneity of attained scores were identified.*

**Keywords:** *examination point, chi-square, distribution, normal, statistical analysis*

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## **THE SLOVAK PUBLIC VERSUS ADVERTISING: A CASE STUDY**

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### **ABSTRACT**

*This paper deals with the investigation of the Slovak public relation to the advertising of the consumer goods and services. Marketing research was realized via qualitative research method using structured questionnaire on the chosen sample of respondents by purposeful sampling (n=1067). We focused mainly on the public perception of the commercials, their intensity and necessity, preferred advertisement, consideration of the advertising, as well as the interest in commercials and the impact of the advertisement on the public behavior. In the first place, the evaluation of the qualitative research was realized by*

*one-dimensional descriptive statistics what points at the frequency of the individual preferred opinions. Secondly, selected questions were evaluated by two-dimensional statistics to find some statistic relevant relations among qualitative characters using Pearson Chi-square test. The findings reveal that the advertising is necessary for the Slovak public, but its intensity is too high, which lead in some cases to public annoyance. The statistical relevant influence on the respondent's attitudes to the advertising had their status and education. Other conclusions are related to the public requirements on preferred characters for advertising to those mostly were matched attributes like truthful, modest, comprehensible, humorous and original.*

**Keywords:** *advertising, inquiry, marketing, questionnaire, respondent*

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## **PROBLEMS OF OPPORTUNISM OF FINANCIAL INTERMEDIARIES IN THE COUNTRIES WITH "TRANSITIVE" ECONOMY**

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### **ABSTRACT**

*Opportunism, as a form of behavioral model, is inherent to all economic systems without exception. But, the fact remains undeniable that it is in countries with a "transitive" economy*

*opportunistic behavior takes the most diverse forms and significantly affects economic trends in general. To the full extent manifestations of opportunism in “transitive” economies are related to financial intermediation. Moreover, the opportunistic model of strategic development in financial sector of “transitive” economy can be fully sufficiently, to spread over time to a large number of participants. Within this content, the issue arises regarding the possibilities of state influence on these processes. It is obvious that successful implementation of opportunistic strategies in the short term perspective has a positive effect on the effectiveness of financial intermediation. In this case, it is important to talk exclusively about increasing of economic benefits of final beneficiaries. On the other hand, a number of strategic problems arise, without the solution of which the further development of the financial sector is impossible. In the context of identified problems’ solving, the state should pay attention to three aspects: firstly, the formation of institutional environment that will make opportunistic behavior economically unprofitable; secondly, increase financial literacy of financial services’ consumers; thirdly, changing the format of competition in the financial sector, taking into account the maximum transparency of financial institutions.*

**Keywords:** *economic opportunism, “transitive” economy, financial intermediation, financial sector*

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## **GREEN INVESTING FOR SDGS: EU EXPERIENCE FOR DEVELOPING COUNTRIES**

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### **ABSTRACT**

*The paper devoted to the analysis of the main principals of green investments as the alternative recourse to finance the achievement of the Sustainable Developments Goals 2030. Besides, the obtained result of the analysis of green investments dynamic proved the snowballing effect of green finance market developing in the world. The results of analysed showed: that emerging and developed countries influence on climate with different power; had unequal financial potential to achieve Sustainable Development Goals. In the paper, the authors tried to check hypotheses: linking between the country's contribution to the international commitment on climate-related expending, the volume of climate finance (as a type of green investments) and the country's rating on the Sustainable Development Index. The objects of the investigation were European and developing countries in the period 2015-2017 years. Under this research, the authors used the dataset from World Data Bank, Eurostat, Reports of OECD, European Investment Bank, Climate Bonds Initiative, Sustainable Development Index.*

*The findings showed the correlation between the volume of green investments (for two types: international commitment on climate-related expending, the volume of climate finance) and country's efficiency on the way to achieve the SDGs 2030. Thus, the country with the higher volume of green investments occupied the higher position on the Sustainable Development Index. On the basis of the findings and results of the analysis of the EU experience, the authors allocated the most attractive direction to develop green investments market for emerging countries.*

**Keywords:** *investments, green economy, expenditure, green bonds*

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## **THE NATIONAL ECONOMY COMPETITIVENESS: EFFECT OF MACROECONOMIC STABILITY, RENEWABLE ENERGY ON ECONOMIC GROWTH**

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### **ABSTRACT**

*According to the reports of the Global Competitiveness which developed by the World Economic Forum, the competitiveness was defined as "a set of institutions, policies and production*

*factors that form the level of the country's performance". This paper investigates the effect of macroeconomic stability, environmental performance on economic growth. The object of investigation – the countries with transformation process from the recourses to the effective economic model according to the reports of the Global Competitiveness which developed by the World Economic Forum. The authors indicated that the main goal to achieve the stable growth – increasing the level of the national economic competitiveness could be realized not only through the growth of the key determinants of the competitiveness: institutions; infrastructure; macroeconomic stability and etc., but also considering the aspects and parameters of country's environmental performance. The methodology instruments of the investigation were modified production function of Cobb-Douglas which considering the level of the country's macroeconomic stability and environmental performance. The period of investigation was 2000–2017 years. Under this research, the authors used the dataset from World Data Bank, Global Environmental performance Index, Global competitiveness report. The findings proved the correspondence of the developed models to the input dataset. Moreover, the assessments of the elasticity of the developed model components were positive and statistically significant.*

**Keywords:** *economic growth, environmental performance index, human capital, physical capital, stability*

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## **SOCIO-ECONOMIC PROBLEMS OF SUSTAINABLE DEVELOPMENT**

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### **ABSTRACT**

*It is one of the important priorities that the Azerbaijani government has put forward and successfully implemented provision of sustainable socio-economic development in our country. Sustainable development - it is envisaged that the needs of today's generations will be met in the normal way without interfering with the future generations' ability to meet consumer needs. The concept of sustainable development is harmoniously coordinated with ecological, economic and a trio of social issues. One of these economic issues is food security. The first strategic objective of the "Strategic Road Map for the Production and Processing of Agricultural Products in the Republic of Azerbaijan", consisting of nine strategic goals enhancing institutional capacity to ensure food security. Proposals for the creation of the Food Safety Commission on this strategic objective have been prepared. At the same time, international experience has been studied for conducting regular monitoring to assess the risks of food supply with respect to sustainability and a food safety monitoring project has been developed. Food Safety Agency has been established to ensure food security in the country effectively. The main purpose of long-term measures in the field of food security is to increase the profitability and competitiveness of Azerbaijan's agriculture, as well as to integrate it into the international economic system. Food security should be ensured primarily by improving agriculture and improving the food consumption situation in the country. However, experts do not consider the current level of subsidies to the state to be sufficient to ensure food security.*

*Nevertheless, more subsidies are needed to achieve food security and the proper and efficient allocation of allocated funds remains an important issue.*

**Keywords:** *Economic problems, Food safety, Sustainable development*

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## **THE DEVELOPMENT OF INTERACTION FORMS AND METHODS FOR INNOVATION ACTIVITY SUBJECTS IN REGIONAL INNOVATION SYSTEMS**

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### **ABSTRACT**

*In this article, we systematize all the factors for the development of regional innovation systems and formulate the concept of innovative entrepreneurship. In the course of this research on issues related to an insufficient number of innovative entrepreneurs, an analysis was made of the main characteristics of programs of foreign universities that train specialists in innovative technological entrepreneurship. The results of this analysis showed that the basic principles of such programs are: Universities form an educational group of students in such a way that students of economic and natural sciences study at the same time in one group. For example, the University of Tennessee (Martin, USA) determines the contingent of students on the basis of 50:50. One of the leading programs in the field of technology entrepreneurship, the Georgia University of Technology program, forms groups in a way that each of the project teams includes at least three people: a student enrolled in the MBA program, a student in law school and a student in the natural sciences program or engineering specialties. The educational*

*program is structured in such a way as to maximize students' practical skills in assessing market and technological prospects, skills in preparing business plans and developing the final product, and skills in conducting future business. Despite the diversity of educational programs aimed at participants of innovative business, all technological entrepreneurship programs are designed mainly for managers of innovative projects, and the objectives of this training are, as a rule, to transfer to the audience information about the rules and methods of functioning of innovative product markets necessary skills for managing innovative projects. However, it should be noted that it would be deeply mistaken to equate such participants in the innovation process as an innovation manager and an innovative entrepreneur.*

**Keywords:** *subject, regional, innovation, renovation*

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## **NATIONAL WEALTH IS THE BASIS OF SUSTAINABLE DEVELOPMENT**

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### **ABSTRACT**

*The national wealth notion and increase ways have been historically thought by the economists. One of the advices for entrepreneurs is "recline to your assets". When an entrepreneur establishes and improves his activities, he should use the assets as the base of development. This success key saying at the level of entrepreneur, I think, can also be attributed to the country. The category of the national wealth is macroeconomic category that measures the aggregate assets in the country. One of the main questions in the economic theory is that what is the wealth, how it is calculated, and what is its source. Mercantilists, physiocrats,*

*classics have different opinions about this issue. In the study of the national wealth notion, the prominent economist Raymond Goldsmith, Eurostat and the UN Statistical Commission researches have a special place. Analyzing the existing theory, let's try to describe this category as follows. National wealth is a monetary expression of national-moral values and the amount of money that has been formed by deducting the country's and its residents' aggregate assets from outside that country's non-residents. The size of the country's national wealth affects the credit, the investment volume, and conditions of its economy. There are different approaches to the national wealth. I think it's more convenient for modeling based on the accumulated wealth distribution, but I suggest its improved option:*

- *natural wealth (depleted and inexhaustible)*
- *wealth created by human labor (physical, intellectual, financial)*
- *the essence of man.*

*The methodology of calculating the national wealth category should be improved. The property must be calculated with full or residual value? When they calculate by residual value, there is a different approach to the amortization in the legislation of different countries. There are other questions from this point of view... Along with other factors, sustainable development, requires the national wealth structure to be effective on key and sub-elements. That's why the invested capital in it should be oriented in terms of efficiency. The major change in the structure of national wealth in the world is increase of the human wealth share. What is the national wealth of our country? We try to find answer to this question.*

**Keywords:** *national health, sustainable development, assets*

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## **AGRICULTURAL SUBSIDIES IN MEXICO AS PART OF THE HACENDARY POLICY FOR THE REGIONAL DEVELOPMENT**

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### **ABSTRACT**

*In Mexico it is recorded that by 2015, 14% of the population lives in rural areas, developing mainly agricultural activities under adverse and precarious conditions, which makes it necessary to provide financial support through subsidies to the agricultural sector. With the objective of identifying the causes and effects of the reduction of agricultural subsidies in the agricultural sector, the conditions and means of management of agricultural subsidies are analyzed as part of productive programs that make up the hacendary policy to determine its economic and financial impact on agricultural activity. Given the hypothesis of considering that the application of agricultural subsidies, they represent a fiscal-hacendary policy because they are part of the programmable public expenditure, with sectoral orientation and compensatory attributes to the income of agricultural producers, that by decreasing the agricultural activity has been discouraged and with this, the reduction of poverty in rural agricultural areas of the country has been hampered. Using the methodology proposed by Scott (2010), for the geographical apportionment of the distribution of agricultural subsidies, it is observed that the decrease of programmable public spending destined to agricultural public policies, is concentrated in a few agricultural producers that make up the richest half of the farmers in Mexico, which could explain the low contribution to the GDP of the agricultural sector and the low productive performance, which implies a lack of correlation between programmable public spending on agricultural subsidies and agricultural GDP growth.*

**Keywords:** *Agricultural Subsidies, Hacendary Policy, Fiscal Policy, Programmable public expenditure, Regional development, Treasury Policy*

## **SINALOA: THE FUTURE OF AGRICULTURAL SMES BEFORE THE NEW AGRICULTURAL POLICY**

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### **ABSTRACT**

*This research work presents agricultural PYMES in the state of Sinaloa, México as a subject of study in a scenario where, based on their characteristics, the problems faced when it comes to internationalization are analyzed. The determining factors and the obstacles that restrict the possibilities of entering foreign markets are exposed and the different export strategies will be analyzed, in a scenario of business integration or export association that will allow a greater insertion in international markets and increase their competitiveness. Finally, the work presents a series of proposals and strategies to carry out the organizational schemes called export consortia and operationalized in agricultural Pymes in the state of Sinaloa.*

**Keywords:** *Associationism, Competitiveness, Development, Internationalization, Pymes*

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## **INTERNATIONAL STANDARDS OF FINANCIAL SUPPORT STABILITY OF THE BANKING SYSTEM**

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### **ABSTRACT**

*Ensuring financial sustainability of the banking sector is connected with effective system development of crisis management and regulation at the micro-, macro- and mega-levels. The main reasons for the development of crisis management systems for ensuring sustainable development of the banking sector are:*

- *the extreme complexity of the mechanism of the international banking system and the use of a significant number of new financial instruments;*
- *variety of operations and the movement rate of financial capital;*
- *financial globalization and integration, that enhance the effects of systemic risks on the process of extrapolation from the banking sector to capital and derivative markets;*
- *the availability of information asymmetry in the financial market;*
- *the process of introducing common standards in the field of bank management;*
- *improving the management of banking activities, particularly anti-crisis management, based on the harmonization of international and national regulatory systems.*

*The conclusion is that the transformation of international standards for providing sustainable development of the banking sector contributes to the recognition of the scale of the impact of the crisis factors on the solvency, liquidity and capital adequacy of banks; there were identified preventive measures to avoid crisis situations, crisis management techniques and measures to overcome the threat of a crisis with the least losses for the banking sector.*

**Keywords:** *anti-crises management, Basel principles, financial stability, macroprudential policy*

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## **PROVIDING SAFETY AND HIGH QUALITY OF PRODUCTS IN ENTERPRISES AND ORGANIZATIONS BASED ON THE REQUIREMENTS OF INTERNATIONAL STANDARDS**

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### **ABSTRACT**

*It is important that the quality and safety of the products produced in the time of rapid development of science and technology meet the modern requirements. Therefore, ensuring the safety of the products, as well as the production process, the raw materials and semi-finished products used in this process, and the high quality of the product are taken into account in the International Standards. Manufacturers from different countries around the world apply the requirements of the International Standards at all stages of the production cycle and product life cycle irrespective of their production capacity. In the world practice these Standards are widely used: ISO 9000, ISO 22000 (based on*



*HACCP system), ISO 14000, ISO 31000, GMP (Good Manufacturing Practice). These normative documents have been updated over time and improved versions are widely used today. In a number of countries, a national standard project has been developed and implemented by harmonizing them. The use of such standard projects in enterprises and organizations creates the conditions for high quality products, cost-effective production process, products with low cost value and high quality. The products obtained through the application of international standards are of high quality, low cost and have high purchasing power in local and international markets. Thus, as a result of the application of international standards, each stage of the production process is systematically monitored, potentially possible risks are explored, and an emergency response plan is developed for continuous improvement. Thus, with less material resources, high profitability and high economic efficiency are achieved, which, in turn, plays a positive role in economic development.*

**Keywords:** *Continuous improvement, International Standards, Production process, Products, Quality, Safety*

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## **WHAT EMPLOYABILITY QUALITIES DO COMMERCIAL BANK MANAGERS EXPECT FROM GRADUATES IN AZERBAIJAN?**

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### **ABSTRACT**

*The purpose of this research was find out what employability qualities commercial bank managers expect from graduates in Azerbaijan. The reviewed literature was segmented into the*

*themes such as the definition of employability; the expectations of employers and developed models of employability. A few practical models were studied, including CareerEDGE (Dacre Pool and Sewell, 2007). The CareerEDGE model was used as an instrument to define bank managers' expectations. A qualitative research method with semi-structured interviews was adapted to question 25 managers from 12 commercial banks and the Financial Market Supervisory Body of Azerbaijan. The respondents considered the model important and well-designed, and suitable for use by all stakeholders: educators, employers, parents and students. The managers discussed the elements of the model in succession, described their expectations, gave valuable suggestions and shared their experiences. Importantly, not only graduates' work experience and academic knowledge were valued by the managers, but also their generic skills that could be obtained through the learning experience. The research was not able to involve more managers from commercial banks, including managers from their regional branches, due to limited time and resources. A beneficial output of this research is that it has been suggested as a way to introduce the model to students and other stakeholders. As the topic is pertinent to the society there are many routes to explore in this field.*

**Keywords:** Azerbaijan, bank managers, employability qualities, graduates

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## **DEVELOPMENT OF THE SOUTH BOHEMIAN REGION AS VIEWED BY ITS INHABITANTS**

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### **ABSTRACT**

*The article presents the subjective opinion of the inhabitants of the South Bohemian Region on the development of their region, as well as the satisfaction of the municipalities of the South Bohemian Region with their place of residence and with the municipal life. The outputs are based on the questionnaire survey which was implemented on a representative sample of 700 inhabitants of municipalities of different size and character in the South Bohemian Region. The data were statistically processed in the SPSS program in relation to the size of the municipality and to other selected sociodemographic characteristics of the respondents through the chi-square test and t-test analysis at a 95% level of significance. The following outputs were found. The tested sociodemographic variables had no significant relation with the satisfaction with the life in any given municipality: gender ( $p=0.520$ ), education ( $p=0.509$ ), and socioeconomic status ( $p=0.340$ ). 44.8 % respondents assess the situation in their municipality as an average situation; only 19.2 % state that the situation is good. 20.8 % respondents plan to move house; 13.5 % in the course of the current year. The respondents most frequently plan to settle in their current district. 51.2 % respondents believe that their municipality develops; 47.5 % see the differences between municipalities of the Czech Republic as significant. 38.9 % believe that the people in their municipality live like people in other Czech municipalities; 26.3 % believe that they live better, which is related to their answer to the next question - the respondents most frequently state that their municipality has developed equally well or better in recent ten years, as compared to other similar municipalities.*

*Nevertheless, the prospects are more conservative; about one half of the respondents believe that the municipality development will stop and stagnate.*

**Keywords:** *regional development, municipality life, quality of life, moving house*

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## **INTEGRATION OF ISO 9001 AND SIX SIGMA IN TERMS OF CONTINUOUSLY IMPROVING QUALITY MANAGEMENT**

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### **ABSTRACT**

*Purpose: ISO 9001 is an international standard prepared for quality management systems in various industries. Six Sigma is a widely used methodology for improving processes. However, when looking at the ISO 9001 standard and the Six Sigma methodology, they have general requirements. This article deals with the possible application of ISO 9001 and Six Sigma, which are used for different purposes at the enterprise.*

*Design: Different literature on the subject has been studied and compared to ISO 9001 and Six Sigma and their integration is analyzed.*

*Finding: With the integration of ISO 9001 and Six Sigma, it is possible to reduce the inconsistency at the enterprise and to ensure sustainable quality improvement by improving the quality*

*of the product. This article provides the theoretical basis for the integration of Six Sigma and ISO 9001.*

*Research limitations / implications: The article presents the integration model of ISO 9001 and Six Sigma. However, these models can be expanded by incorporating normativ references and other standards.*

*Practical conclusions: The aim of this study is to examine the advantages and benefits of Six Sigma integration with ISO quality management system.*

*Originality / value: The paper structure is based on the analysis of various ideas related to the application of ISO 9001 Integration with Six Sigma in Literature. In addition, this theme provides a useful framework for the development, implementation, maintenance and improvement of QMS in parallel with the Six Sigma program.*

**Keywords:** *Continuous Improvement, ISO 9001, Integration, Quality Management System, Six Sigma*

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## **SPECIES COMPOSITION AND QUANTITATIVE DISTRIBUTION OF LARVAE OF DRAGONFLIES (ODONATA) IN THE NEW ECOLOGICAL CONDITIONS OF THE LAKE MEHMAN**

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### **ABSTRACT**

*The paper presents new data on species composition, number and distribution of the larvae of dragonflies (Odonata) in new environmental conditions of the different habitats of in the lake*

*Mehman. Field works conducted in 2015 - 2017 in the lake Mehman resulted in the rearings of 25 species and forms of dragonfly larvae. Seven of these L. nympha, S. fusca, E. viridulum, I. pumilio, O. concellatum, L. depressa, L. quadrimaculata, Cordulia sp. are new to the lake. Species Lestes virens, and I.elegans, were found in winter, spring and autumn of 2015 and winter and autumn of 2017; C.scitulumin winter and autumn of 2015; C.hastulatum - winter, spring and autumn of 2017; E.fatimein winter and autumn of 2015 - 2017; in winter and spring of 2015 - 2017. Species C. mercuriale, C. scitulum, L. virens, I. elegans, C. puella, E. najas, O. albistylum are observed in the lake in all seasons and are dominated by widespread. It should be noted that the decrease in the number of larvae of dragonflies in the summer, especially at depths of up to 0.5 m is due to their intensive consumption by fish and water birds and emergence of adult dragonflies which leave the lake. On the other hand, in summer period, the volume of oxygen in shallow water of the lake Mehman greatly reduced, and asa result of evaporation of water, the amount of salts in water is increased. In such circumstances, the probability of occurrence of freshwater organisms in the benthos is naturally decreased. The study of the distribution of larvae of dragonflies on specific habitats of the lake revealed their maximum development on plant and silty habitats, and the minimum - on black silty sand. Changes in biomass of benthic organisms as well as larvae of dragonflies, which developed very poor is analyzed. Poor development of dragonfly larvae in the lake Mehman characterized, on the one hand with their intensive consumption by fish and water birds and on the other hand - the steady worsening of the environmental conditions of the lake.*

**Keywords:** Lake Mehman, larvae of the dragonflies, species composition, number, habitat, distribution

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## **AZERBAIJAN FROM INCLUSIVE AND INNOVATIVE GOVERNANCE TO GREEN ECONOMY**

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### **ABSTRACT**

*The entry of Azerbaijan into the list of developed countries by 2025 is a priority task set by government. Further development of country is based on sustainable development conception. Since the recent economic achievements of Azerbaijan are based on the principles of inclusive and innovative management and this trend is the basis of transition to a sustainable green economy. Knowledge-based economy in parallel with the inclusive and innovative governance, in turn, serves to restore the ecological balance and effective resource management. At the same time conveying the effectiveness of innovative development to the population provides social welfare. In this regard, some examples of efforts and initiatives for sustainable development by government reviewed in the article.*

**Keywords:** *Inclusive and innovative governance, sustainable development, green economy, knowledge based economy, environmental management, competitive economy, energy efficiency*

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## **IMPROVING THE COMPETITIVENESS OF NATIONAL ECONOMY AND STRENGTHENING STATE AID TO ENTREPRENEURSHIP**

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### **ABSTRACT**

*The work indicates that developing the business and making improvements in this area, improving the legislative basis, domestic and foreign investments, modern technologies, attracting management experience, and using all of it in producing high quality competitive goods are priorities of the state economic development strategy. The aim of the state policy in this field is to improve the business environment and state support, to develop relations between the state and entrepreneur, at the next stage, to create new institutions in accordance with the requirements of market economy and to support their effective activities at the next stage. It was noted that the National Fund for Entrepreneurship Support is the first national financial institution to provide small and medium-sized businesses with preferential lending through the state budget for the establishment and development of private structures in the country. It operates under the Ministry of Economy of the Republic of Azerbaijan. As a result of changes in the normative-legal acts regulating the Fund's business, its elaborate mechanism of business have been formulated and the amount of funds allocated for issuing preferential loans from the state budget has been increased. The development of small and medium-sized businesses in Azerbaijan has particular importance in terms of diversification of the economy, increasing competitiveness, ensuring employment, meeting demand for consumer goods through local resources and ensuring economic development. Thus, when considering the share of small and medium-sized businesses in GDP and*



*employment in developed countries, it can be concluded that transformation of small and medium-sized businesses into a major driving force in sustainable economic development in Azerbaijan is one of the main challenges ahead. The "Strategic Roadmap on the Production of Consumer Goods at the Level of Small and Medium-sized Enterprises in the Republic of Azerbaijan" has been developed as part of efforts of the country to ensure competitiveness, inclusiveness and sustainability in the country's economy.*

**Keywords:** *Business activity, Business environment, Competitiveness, Investment, Non-oil sector, Provision of concessional loans, State support*

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## **SUSTAINABLE DEVELOPMENT AS NATIONAL DOCTRINE: EXPERIENCE OF VIETNAM**

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### **ABSTRACT**

*The paper considers the concept of sustainable development as a combination of three components - economy, society and ecology, in their unity. The implementation of the sustainable development concept in Vietnam during the period from 1992 to 2017 is analyzed. The problem of selecting indicators for monitoring and evaluating sustainable development is discussed. On the basis of quantitative and factual data, achievements are assessed and the difficulties encountered in the implementation of the sustainable*

*development concept in Vietnam are identified. Prospective recommendations for maintaining dynamic balance between elements of the sustainable development triad are substantiated.*

**Keywords:** *sustainable development, indicators of sustainable development, economic development, social development, environment protection*

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## **BENEFITS AND FAILURES OF ELECTRONIC SYSTEMS OF PAYMENT**

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### **ABSTRACT**

*The development of modern information technology has also enabled the development of electronic payment systems. Economic entities have quickly accepted and implemented it in their business because electronic payment systems are not too demanding in the technological sense and allow business transactions to be realized in just a few seconds. Further development of business through the Internet has developed, but is still developing, a new discipline within the economy as a science called the digital economy. Likewise, the development of modern information technology is accompanied by negative side effects, criminal offenses in the field of computer crime.*

**Keywords:** *Information technology, Digital economy, Electronic commerce, Computer criminality*

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## TERMS OF POST-SECONDARY EDUCATION MANAGEMENT

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### **ABSTRACT**

*Modern know-how is currently being transformed into a crucial factor in economic growth and competitiveness of our country. The country's economic leadership can only be achieved on the basis of modern technology and the most advanced technology in public production. The important factor of socio-economic development in modern Azerbaijan is the constant renewal and modernization of knowledge. Generation of knowledge, the main means of their collection and transmission is education, especially higher education and post-secondary education. The modern stage of development and management of education is characterized by the globalization and institutionalization of economic relations. Particular attention should be paid to the cooperation of enterprises in establishing a single educational space within the intensification of relations in the educational process. Thus, in contrast to economic entities entering into competition with each other for the consumer, it is necessary to achieve the cooperation of educational institutions, especially the higher education institutions. This, in its turn, will lead to the availability of "hands-on" solutions for all services provided by the education system and increase the quality of education. Higher education, especially after the postgraduate education, is characterized by the transition from the training of highly qualified personnel to the formation of human personality. This requires the preparation and implementation of a new educational paradigm that focuses on the formation of education, and in particular, the post-graduate education. Post-graduate vocational education is the next stage in vocational training, which enables citizens to raise their education, science and professional level on the basis of higher vocational education.*

*Such education can be acquired at the doctoral, philatelic, adjuncture and doctoral studies of the relevant specialties created at the Higher Vocational Education Institutions and Research Institutions. Traditionally, philosophy and doctoral studies include the fourth and fifth levels of vocational education. In fact, however, the job is more complicated. Thus, in the development of the Law of Azerbaijan Republic "On Education", this stage of professional education was defined as a special area of postgraduate education. In our opinion, it would be better for this stage of education to be called "scientific education". Post-graduate professional (vocational) education realizes programs designed to train highly qualified scientific and scientific-pedagogical cadres - philosophy and doctors of sciences. Preparation of scientific and scientific-pedagogical cadres is carried out in the form of doctoral studies, dissertations, thesis of philosophy and science. Scientific and scientific-pedagogical staff training and attestation system operates in Azerbaijan. PhD degree in scientific specialties is awarded on dissertation boards as a result of open dissertation defense of researchers having higher or higher education and approved by the Supreme Attestation Commission under the President of the Republic of Azerbaijan. the name of the doctor of sciences is issued by the Higher Attestation Commission of the President of the Republic of Azerbaijan on the basis of the presentation of the specialized dissertation councils after the dissertation defense of the researcher. The main form of training of scientific-pedagogical and scientific cadres, as well as education, science and pedagogical specialties on the basis of higher vocational education, is a doctorate in scientific specialties. The preparation of philosophical doctors is carried out in accordance with the current nomenclature of scientific worker specialties for the fields of science and scientific specialties.*

**Keywords:** *higher education, dissertation, doctorate post-graduate education, post-graduate studies*

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## THE ANALYSES OF EMPLOYMENT AND SALARY IN AGRARIAN FIELD

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### **ABSTRACT**

*The adaptation of labor relations and its regulation acts as a component of state's economic policy. The purpose of the article is to have a glance at the formulation level of labor market in the republic, as well as, pay particular attention to the implementation of improvement of employment relating to the agrarian field, labor, labor sociology, investigation of scientific profile of labor relations are highlighted in the research paper of some economic scientists. The statistic indicators stipulating economic development of the Republic of Azerbaijan, labor market activities, as well as imprinted indicators are used in the article. Considering the social importance of the problem and rational management of labor market and its regulation, a lot of measures are implemented in this field. Being the leading force of economic development the formulation and regulation of labor market is a complex process as social, demographic, psychological factors influence to the labor market. That is why the economic scientists have a long dispute for the formulation of labor market. According to the western economic theory the labor market is considered as a place where only one of the production resources is realized. This conceptual task is envisaged from 4 angels and have their own peculiarities. The reforms carried out in the republic caused to the radical changes, and dynamic economic development is provided. Some measures are implemented particularly in the provision of economic development of regions, social well fare etc. New work places, institutions and infrastructures are created for the purpose providing the populations` employment*

**Keywords:** *agrarian, agriculture, labor market, employment, income, salary, regulation*

## **MENTAL ACCOUNTING: THE IMPACT OF HUMAN PSYCHOLOGY ON FINANCIAL DECISIONS**

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### **ABSTRACT**

*Improving the management process requires an understanding of the new economic approach - mental accounting, ways to more effectively manage human psychology and its interaction with the environment. This paper explains the essence of the mental accounting concept in a theoretical-practical way. The psychological, economic and organizational aspects of the decisions taken by the people regarding the management have been analyzed and have led to rational and irrational decisions. The influence of psychological states, logic, knowledge, and skills on decision-making processes has been studied when people make their financial decisions. Along with the reasons for making accounting decisions, the results and problems revealed. Explaining the mechanisms of influence of interest in making financial decisions, the possibilities of balancing their psychological and economic conformity with the rational behavior of people were attracted to an investigation. Preparation of decisions affecting entrepreneurial activity has been explained in accounting stages, analysis of the opportunities given in the decision-making process and the existing problems. The psychological and organizational difficulties arising from financial decisions have been shown. The influence and attitudes of existing attitudes and relationships within the structures and deficiencies during the implementation have been identified, based on the diversity of the management system.*

*In the research process, we conducted a survey questionnaire by focusing on various accountants' experiences and used a comparative and related analysis, summarization, grouping, and synthesis methods. The paper introduces recommendations to enhance the effectiveness of financial decision and identify the limitations of the psychological impacts on making financial decisions within the scope of the authority, law and duty commitments of the organization. In the context of the limited resources and increased need, the practical consideration suggestions were made regarding the adoption, implementation, and evaluation of financial decisions.*

**Keywords:** *Accounting, Decision-Making, Financial, Mental Accounting, Behavior, Decision-Making, Rational Decision*

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## **ADVERTISING MANAGEMENT IN BUSINES STRATEGY SELECTION**

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### **ABSTRACT**

*Any ad (no matter what format it takes) is a paid, public (meaning non-personal) announcement that is a persuasive message made by an identifiable sponsor of a company, organization, or person to existing (or potential) customers or a non-profit member base. Advertising is only one component of the overall marketing process. Advertising is that part of marketing that involves directly getting the word out about your business, product, or service to those you want to reach most. Nearly all ads will have the name of the sponsor (and very often a recognizable logo). Advertising includes the placement of an ad in such mediums as newspapers, magazines, direct mail, billboards, TV, radio, and online. Increasingly, as the world of print advertising shrinks, people are finding more creative ways to advertise, such as*

*displaying signs on top of taxis. Advertising, because it involves so many layers—including art and design, ad placement, and frequency—is the most expensive part of all marketing plans. Public relations (because it is very labor intensive) is the second most expensive marketing component, and market research is the third most expensive. Marketing is the systematic planning, implementation, and control of a mix of activities intended to bring together buyers and sellers for the mutually advantageous exchange or transfer of products or services. For our purposes, let's use the terms buyers and sellers loosely. Even if you run a non-profit environmental organization you still have to sell people on the idea that wind is a good power source for clean energy. Think of marketing as a step-by-step process that begins with a unique selling proposition—a short compelling sentence that describes your business. This proposition (or message) then acts as a guiding theme that helps you identify target clients who are interested in what you're selling. If you think of marketing as a pie, the whole marketing pie can be divided into advertising, market research, media planning, public relations, community relations, customer support, and sales strategy. Advertising, while the most in-your-face slice of the pie, is still only one slice of the marketing pie. All marketing elements must work independently but they also must work together toward the bigger goal of one unified marketing campaign with a common message.*

**Keywords:** Advertising campaign, advertising strategy, main role of advertising, stages of advertising management

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## **MODELLING THE IMPACT OF EXCHANGE RATE VOLATILITY ON AGRICULTURE SPHERE: IN CASE OF AZERBAIJAN**

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### **ABSTRACT**

*The intensity of economic and political changes in the globalized economy requires significant changes in the exchange rate policies of the developing countries. This has led the determination of transmission channel from exchange rate volatility to the economy to be much more complex for researchers. Different approaches have been put forward explaining the transmission channel in various countries. The short and long-run, direct and indirect channels of the transmission have been studied in the existing literature. The study examines and defines the transmission channel from exchange rate volatility to the share of agriculture in GDP of Azerbaijan Republic. Key research variables of the study have been chosen among the main macroeconomic variables of the country. Quarterly data from 2007 to 2018 is taken for the econometric analysis. The paper uses a cointegrated VAR model, VECM model for Azerbaijan in order to study the response of the share of agriculture in GDP to non-oil real effective exchange rates in Azerbaijan. Empirical analysis shows that, for Azerbaijan there is a short-run statistical significant relationship between the non-oil real effective exchange rate and agriculture*

*share in GDP getting its basis from the increasing trade in the country in a short-term. Besides, there have been found a long run relationship running from Imports; Inflation and GDP to share of Agriculture in GDP; and from Imports; Inflation and GDP to non-oil real effective exchange rate in Azerbaijan as well. In conclusion, decreases in trade (exports and imports) are transmitted to higher non-oil real effective exchange rate that also affects the share of agriculture in GDP negatively in a short-run and they relate with each other in a long-run as well.*

**Keywords:** *Exchange rate volatilities, VAR model, VECM model, agriculture share, GDP to share of Agriculture*

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## **THE ROLE OF THE ENERGY CHARTER TREATY IN FOSTERING AND PROMOTING ENERGY EFFICIENCY AND SUSTAINABLE DEVELOPMENT**

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### **ABSTRACT**

*The paper aims to critically analyze whether the Energy Charter Treaty (hereafter "ECT") can be considered a viable instrument to foster and safeguard the concept of sustainable development, whilst simultaneously promoting foreign investment. First, an overview of the investment protection regime under ECT will be set out, assessing whether or not the ECT ensures that investments are in line with environmentally sound practices. Secondly, this study examine whether references to energy efficiency and environmental concern could signify that this treaty does not only place importance on investment protection, but also considers energy efficiency an equally important objective. Subsequently, this paper will argue that whilst the ECT*

*can be read as promoting sustainable development, this goal is often not realized when the ECT provisions are applied in reality. Finally, the article will propose some reforms that could be made to the ECT which ensures observing key issue related to energy efficiency and sustainable development*

**Keywords:** *Energy Efficiency, Environmental Concern, Accountability, Regulatory Measures, Sustainable Development*

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## **THE MAIN DIRECTIONS OF MONETARY SUPPORT OF MACROECONOMIC STABILITY IN MODERN CONDITIONS**

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### **ABSTRACT**

*The article considers the concept of sustainable development, the main directions of sustainable development concept. Particular attention is paid to the peculiarities of monetary assurance of macroeconomic stability in the context of globalization for sustainable development. By analyzing its impact on transmission mechanisms of monetary policy, the direct effect of financial globalization on influence of this policy is traced. The paper further notes that globalization can affect the incentives for central banks to control inflation and, more directly, inflation processes in the short and medium term. Investigating the materials, the author draws the conclusion that, theoretically, globalization can affect inflation and monetary policy through several channels. First, globalization can directly influence the MCP by changing the environment in financial markets. First, globalization can directly influence the MCP by changing the environment in financial markets. Secondly, financial globalization, i.e. higher international mobility of capital may*

*have an imbalance, forcing central banks to pursue sound money-credit policies for sustainable economic growth.*

**Keywords:** *Sustainable development, macroeconomic stability, globalization, financial globalization, integration, money-credit policy*

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## **THE ROLE OF ICT IN TOURISM GLOBALISATION**

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### **ABSTRACT**

*Nowadays, tourism is a global computerized (digitalized) business, including participation of airline companies, hotel chains, and travel corporations. Globalization has become not only the real basis for the formation of mass tourism, but also has a tremendous impact on innovative activities in the socio-cultural sphere. Tourism uses advanced technologies, which include new products, microprocessors, media and communication technology. Given that approximately 1/7 of the world's population are involved in the tourism activity yearly, we can confidently discuss the actuality of challenges in tourism. The emergence of modern means of media and communication (ICT) has a profound impact on economic production and people's daily routine activities. Contemporary tourists' activities, the work of tourism companies and organizations cannot be imagined without ICT. Currently, customized technologies tailored for individual tourism are demanded and being developed at a rapid pace. The aim of the study is to examine Azerbaijan's potential in the implementation of innovative technologies in the sphere of tourism. The research of tourism companies and organizations' activities countries shows that they*

*achieve success not only through ICT, but also through an individual approach to building an innovative model of managing the tourism business. The possibility of implementing innovative models of tourism business management is regulated exclusively by the state. State policy, legislation, environmental protection, healthcare, the level of development of human and natural resources are indicators that determine the effectiveness of the country's tourism sphere. Based on this, the study attempted to identify the impact of these indicators on the efficiency and optimal level of performance of the tourism business in Azerbaijan. As a result, innovation in tourism should be aimed at creating a new or upgrading and customizing existing products and services, improving transportation and logistics infrastructure, hospitality and other services, developing new niche markets, as well as implementing advanced ICT into organizational and management activities within the industry. With the introduction of advanced technologies in the field of tourism, the term "globalization" began to have a more fundamental role, providing access to data recreation types, prices, online accessibility to accommodation details and purchase of tour packages. This kind of new approach had a great influence not only in the sphere of tourism on the global scale but also exerted an influence on the development in the respective countries. Considering Azerbaijan's historical sightseeing places, one of the ideas recommended to be realized is the implementation of Augmented Realities (AR) in the tourism industry. Unfortunately, over the past few years, we have witnessed a significant decrease in the numbers of tourists visiting the museums. Through the help of the integration of AR in the application, the process of viewing the exhibits can be made more interactive, resulting in the hands-on experience, which will make the country's history more memorable for tourists. Consequently, innovations in tourism should be considered as permanent, global, and dynamic processes.*

**Keywords:** *Augmented Reality, Information Communication Technology, innovation, tourism*

## **THE IMPACT OF THE FLUCTUATION OF GLOBAL OIL PROCES ON AZERBAIJAN'S BUSINESS DEVELOPMENT**

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### **ABSTRACT**

*According to statistics, Azerbaijan's exports were valued at US \$15,5 billion in 2017. This puts Azerbaijan at 76<sup>th</sup> spot among 224 countries in the world. Oil contributes 90% of all exports. Thus, oil prices in the global market have a significant effect on the economy of Azerbaijan. After gaining independence and the realization of "the Contract of the Century", signed in 1994, a new stage in the development of the country began. This led to the establishment of global companies in Azerbaijan. They not only invested in the economy but also brought their innovative corporate management culture. A cadre of modern managers began to form. Starting from 1995, with the cash flow generated by the oil industry, economic revival has been observed in the country. Not surprisingly, a large portion of Azerbaijani population is employed by the companies started after 1995. During the time period between 2003 and 2015 there had always been an increase in oil prices, with an exception of a short decline period in 2008-2009. In 2003-2015, during the period of high oil prices in the global markets, there was a boom in the construction industry; and large-scale state level projects were implemented in Azerbaijan. The buying power of the population was quite high. For this reason, the local businesses, making an ever-increasing profit, did not see any issues with their management system. The drastic fall in oil prices in 2015, resulted in The Central Bank of Azerbaijan switching to the floating exchange rate regime. Because of a steep devaluation, US dollar saw a rise from 0.78 to*

*1.70 manats. This resulted in a change in the population's income, which, in its turn, caused a change in the purchasing behavior of the customers. Consequently, the businesses suffered a significant loss of income. The crisis has revealed some critical issues in the management of the local businesses. The following problems have been identified:*

- *Incorrect operation of a company's management system.*
- *Poor management of storage for finished goods and raw materials.*
- *Failure of a timely renewal of a product portfolio.*
- *Lack of price strategies.*

*Business owners have started the implementation of reforms in the management shortly after the crisis. These include the following:*

- *Recruitment of professional managers.*
- *Recruitment of consultants to make changes in the management structures.*
- *Studying the experience of the world's leading companies.*
- *A close collaboration with universities.*

**Keywords:** *Azerbaijan's exports, Steep devaluation, Business Environment of Azerbaijan s, Low oil prices, Azerbaijan's economy and business*

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## **THE PLACE AND IMPORTANCE OF DOMESTIC TOURISTS' PERCEPTUAL MAPS IN TOURISM MARKETING**

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### **ABSTRACT**

*Recently, great importance has been attached to the development of domestic tourism along with international tourism by the countries throughout the world. Because domestic tourism is a very important factor both for the mobility of the economy and for the development of the sector. In this regard, Azerbaijan, having strong tourism infrastructure, has taken a number of important measures to further develop domestic tourism in recent years. The peculiarity of perceptual maps is that they provide a visual representation of the market to the decision maker. Perceptual maps are a tool needed by the businesses to recognize their competitors, identify their positions in the market, and see the gaps in the market. The main purpose of the research is to investigate Azerbaijan's domestic tourism potential in different regions, how these regions that have already proved themselves in the field of tourism are positioned as a brand and, most importantly, how this positioning is assessed by the residents of the country traveling within it. The research revealed that Azerbaijan, proved itself in the field of tourism in recent years, has a strong domestic tourism potential. Especially, there is a strong competition for leading positions in the market among the regions, tourist destinations of the country. For this purpose destinations are trying to position their products in the best way possible, to create a positive image in the minds of tourists and to attract more and more tourists.*



*However, the research revealed that although the leading destinations in the country tend to turn their products into a popular brand and maintain a proper positioning policy, their positions in the minds of tourists are somewhat different. When choosing destinations, tourists who pay more attention to service say that the service in certain destinations of the country is not at the desired level, that is, unsatisfactory, but the prices are slightly higher.*

**Keywords:** *Destination, Domestic tourist, Perceptual maps, Positioning*

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**REFRAMING PRACTITIONER  
DEVELOPMENT: A TRANSDISCIPLINARY  
APPROACH ON COMPUTER SUPPORTED  
COLLABORATIVE LEARNING IN  
ORGANIZATIONAL LEARNING AND  
DEVELOPMENT**

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**ABSTRACT**

*Within the context of the fourth industrial revolution the global labor markets are undergoing major transformation, characterized by growing skill instability, and a reskilling imperative. This together with the way practitioners interact with*

*and consume information in the workplace, and the distinct trends showing how employees are learning differently, as well as the dramatically changed expectations of the digital learners demanding an effortless learning experience, challenges the classical ways Learning Development Organizations address professional practitioner development. Digital technology and Computer Supported Collaborative Learning (CSCL) on the other hand provides a series of new affordances that enable learning process designers to virtually scaffold the Post-Experiential practitioners learning (Szoboszlai, Velencei, Baracscai, 2014). For this to happen it is argued that the introduction of technologies is not enough in itself, a series of paradigm changes are also needed. Technology can be, and is used in didactical pedagogy as well, but this talk explores how in order to become the truly efficient scaffold of the digital learners' collaborative learning process and capitalize on its the affordances, a fundamental change in pedagogy - from didactic to a reflexive - is also needed. The novelty of the presentation lays in suggesting a transdisciplinary approach to computer supported collaborative knowledge-building, compared to the classical multi- and interdisciplinary approaches. Different definitions of transdisciplinary are presented and is argued that in order to maximize the affordances presented by digital technologies and becoming valuable artificial complements to the practitioner intelligence, the research of computer supported collaborative (CSCL) should transcend the disciplinary and interdisciplinary levels. It is further argued that due to the complexity of the problem, solutions should be investigated not within the realms of educational technologies, cognitive computational sciences and organizational learning management but transcending them, new points of convergences related to practitioner learning should be defined, and thematic knowledge integration tentative validated based on (1) consistency, (2) relevancy, (3) applicability.*

**Keywords:** *Computer Supported Collaborative Learning, Professional Practitioner Development, Technology Enhanced Learning, Transdisciplinarity*

## **TRANSFORMATION OF NATIONAL ECONOMIES IN BOUNDLESS WORLD**

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*Ever since second half of 20-th century national economies are constantly changing and the laborers are migrating among different economic sectors. Those changes are pushed forward by the bilateral free trade agreements at the beginning, and fueled by multilateral trade agreements later on. Foundation of international trade institutions made the world boundless and transformed it into one single market. Such environment made foreign direct investments and foreign outsourcing even more easier and transformation of national economies became more rapid and more radical. The growth rates achieved by developing countries in years 1990. and 2000. are until then unprecedented. The models of such transformations so far had similar pattern, but now is the question whether or not will such patterns be repeated or are there whole new model to be applied in volatile and fast changing world. International trade agreement, which so far used to be leverage of faster development, are being suspended by the countries who used to be leaders in foundation of such agreements and international organizations, and, furthermore, integration processes who strongly marked second half of 20-th century, are slowing down and, even more, are changing direction into disintegration processes whose further*

*repercussions are hard to anticipate. Despite new relations who are yet still appearing in the world, process of national economies' transformations is unrestrainable, but the question is what kind of transformation it shall be. Therefore, a secondary research of available literature is performed, in order to anticipate possible models of economic transformations, and to anticipate preconditions that the national economies are to fulfil and provide in order to achieve further economic growth.*

**Keywords:** *development, growth, statistic analysis, transformation*

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## **UNDERSTANDING THE HUMAN CAPITAL DEVELOPMENT: DIVERSIFICATION OF MULTINATIONAL ENTERPRISES**

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### **ABSTRACT**

*The cooperation of multicultural teams is an organic phenomenon of globalized work. Multicultural team ill-functioning without trust. In the absence of trust, dialog and community of practice are ponderous. Nevertheless, when two cultures meet, the distrust is an involuntary reaction. Encounter and collision of cultures are present in the age of globalization, but the methodology of a single discipline is not able to describe and solve the emerging issues. Transdisciplinary approach (go beyond the disciplinary boundaries) and the reconceptualization of knowledge help to understand the operation of this*

*phenomenon and provide the solution. To operate on the foreign market means a significant risk (cultural differences, asymmetric information between domestic and foreign-based labor, lack of transparency, foreign exchange risks, political risks, corporate governance differences). However, to minimize the cost of capital and systematic risk, to maximize the market access and to achieve diverse global human capital mean an enormous advantage for multinational enterprises compare to the local one. Each foreign country has a unique culture, history, and the institutional practice is different. Multinational management requires an understanding of these differences. The limited knowledge of the decision makers influences cooperation and creates a high risk of the operation. The cultural understanding and connection are crucial for knowledge management, especially how produced and how to keep within the organization, reflects the importance of trust. The benefits of international portfolio diversification are intelligible, but on the other hand, the effect on the individual human capital is not unequivocally. When the primary aim is the cost optimization, the international enterprises have to provide sufficient tools to increase the productivity of the human capital and keep their knowledge in the organization, but if they do not invest significantly to the development further, it makes them vulnerable.*

**Keywords:** *diversification, globalization, human capital, multinational team, trust*

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# **THE IMPLEMENTATION OF PARTIAL LEAST SQUARE MODELLING (PLS) FOR MARKETING RESEARCH IN ARAB COUNTRIES: INTRODUCTION TO BEGINNER USERS - EVIDENCE FROM ISLAMIC BANKS OF PALESTINE**

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## **ABSTRACT**

*Partial Least Square method works similarly to the standard regression model as each of these are often used for determining a relationship between certain variables that can influence the marketing strategies in general. The reason why PLS is considered is because of its advantages such as its lower size sample, easier to test and implement and capabilities to handle formative indicators. This is considered to be ideal in scenarios which are often related with international marketing as it could be difficult for an individual to adopt marketing strategies that are well suited for that country or region. This is especially true for Arab countries due to the complexities in this region due to a deep interconnection between their religion and their vast culture. This assessment will primarily focus on understanding and evaluating the uses of Partial Least Square in international business literature towards helping in understanding the benefits of using it to develop strategies for marketing research that are*

*well suited for Arab countries. For this, PLS software such as SmartPLS will be used in order to run the tests to determine the viability of the marketing strategies that will be used for this.*

**Keywords:** *Structural equation modelling, Partial least squares, PLS-SEM*

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## **PREDICTIVE MODELS AND SCENARIOS OF ECONOMIC DEVELOPMENT OF THE REGION**

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### **ABSTRACT**

*Statistical analysis of data becomes an integral part of the management system at all levels — from a small firm to the national economy as a whole. The article investigates the scientific views on forecasting the development of regions. In modern conditions of economic development, the implementation of a long-term national program is impossible without taking into account the specifics of regional development. This explains the*

*importance of forecasting at the regional level. Regional forecasting represents the prospects for the functioning of the region at some point in the future. By means of the forecast the possibility of realization of the directions of the state social and economic policy in various spheres and at different levels is estimated. It is important to note that the state forecasting is based on the use of statistical data in the forecast period and recommendations of the subjects of the state, taking into account the opportunities and interests of the region. At the same time, the forecasts of socio – economic development of the regions are on the one hand an integral part of the state forecast, on the other determine the quality of the programs of socio – economic development of the region. The increased interest in this problem is explained by the fact that the forecast makes it possible to determine the probability of crisis situations in different regions of the country, and this in turn will contribute to the adoption of timely decisions in order to avoid negative consequences. Thus, regional forecasting performs analytical, diagnostic and foresight functions and is a mandatory tool for the development of the region's development prospects. This study focuses on the need for scenario forecasting and modeling, which take into account the influence of the main external and internal factors on the development of the regional economy and make it possible to obtain forecasts that reflect alternative development options. The algorithm of development of the regional forecast on the basis of scenario approach is described. Three scenarios of economic development in the region-optimistic, pessimistic and realistic. Taking into account the stated vision of the three scenarios of the regional economy development, the substantiation of certain provisions of the regional economy development strategy and specific mechanisms for solving the actual problems of its economic growth are considered. The problems arising in the process of forecasting are also identified, and recommendations for improving its efficiency are formulated.*

**Keywords:** forecasting, modeling, region, scenario analysis



## **SUSTAINABLE DEVELOPMENT ASPECTS OF INFORMATION SOCIETY**

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### **ABSTRACT**

*Information society is the new stage of development of a civilization, concept of post-industrial society. Improvement of the main characteristics of information and communication technologies, is considered a necessary step for satisfaction of important conditions of democracy in information society. The research of sustainable development of information society is important in terms of the solution of global problems. To characterize these aspects it is necessary to conduct a complex research. In this case, advantages of information society have to be defined and also influences of information society on global problems are estimated. The main essence of this article is made by a research in terms of sustainable development of the main priorities and aspects of development of information society. In article are characterized the visible contours of information*

*society, and are revealed its advantages and threats. It is also estimated influence of information society to global problems. Functions of information society from a point sight of ensuring sustainable development are specified. Possibilities of sustainable development of information society are opened, its potential opportunities for the solution of global problems are investigated. Are characterized a view from Azerbaijan of aspects of sustainable development of information society and the taken steps.*

**Keywords:** *global problems, information society, asymmetry of information, sustainable development, advantages, model, ecology, infrastructure, competitiveness, threats*

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## **DESIGNING SURVEY RESEARCH: RECOMMENDATION FOR QUESTIONNAIRE DEVELOPMENT, CALCULATING SAMPLE SIZE AND SELECTING RESEARCH PARADIGMS**

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### **ABSTRACT**

*The present study aims to provide a brief guideline to novice researchers that how to develop research questionnaire, research paradigm and theory in a survey based research. Using*

*pragmatic approach, this study has discussed questionnaire development process in detail including questionnaire wording and formatting. Extending to this research paradigms and theory levels have been discussed. This study goes a step further and described sampling issues such as selecting appropriate sample size. Moreover, research methods for instance quantitative and qualitative research methods have been discussed. The main contribution of this study was to examine the sampling size issue. A meticulous review has bared the exact sample size that is supported by different researchers. Banking sector has been used for the development of questionnaire and sample size selection. Overall this article is designed to give beginner researchers advice and support to help them to design good questionnaires, to maximize their response rate, and to undertake appropriate data analysis.*

**Keywords:** *Questionnaire design, Research methods, Sampling issues, Research paradigms, Banking research*

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## **THE ASSESMENT OF IMPACT OF COMPETITIVENESS TO ECONOMIC DEVELOPMENT**

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### **ABSTRACT**

*Competition plays key driving force for economic development in the efficient market economy. To achieve competitive advantage at the international level, each country needs to improve competitiveness on different economic indicators at the national level. The Global Competitiveness Report 2018 of World Economic Forum calculated the competitiveness index of countries under 98 sub-indexes. The goal of the research is econometric assessment of the impact of competitiveness to economic development in the oil rich countries, such as Azerbaijan. For the purposes of this research, the global rating*

*of Azerbaijan was determined through calculating the volume of GDP, as well as, oil and non-oil GDP. The research was conducted by applying systematic and statistical analysis and running Excell and Eviews8 calculations. As a result, the impact of competitiveness index to the GDP (oil and non-oil GDP) at the oil rich countries, such as Azerbaijan was calculated and following outcomes were achieved:*

- *The semi-elasticity coefficient is above 1 on the volume of non-oil GDP on the competitiveness index. That means, if the competitiveness of Azerbaijan increases on the global rating then the next year non-oil GDP increases more than 1%. The improvement of the competitiveness indicators in the current year in Azerbaijan increases non-oil sector the following year. It takes time to attract investments to a country, so this outcome is expected.*
- *The semi-elasticity coefficient of the GDP volume on the competitiveness index is smaller than the semi-elasticity coefficient of the non-oil GDP at the oil rich countries.*

*The practical importance of the research: this study can motivate other scholars to conduct research on the area. The innovativeness and uniqueness of the research: the impact of the competitiveness indicators on the economic growth has been assessed in Azerbaijan.*

**Keywords:** *Competition, Competitiveness Index, Economic Growth, Econometric Assessment, Oil Rich Countries*

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## **EXAMINING THE ROLE OF CREDIT VOLUME ON ECONOMIC GROWTH: THE CASE OF AZERBAIJAN**

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### **ABSTRACT**

*Economic growth in the economy, can be measured by an increase in the amount of production and in national income for goods and services over time. Economic development can be defined as a process of structural change in economic, social, cultural and political areas as well as increase in the production and income in a country. However, it is clear that, the approaches which increase the quality of life of goods and services only enhance the quality of life. For this reason, examining the economic growth from environmental, social and economic point of view is vital in order to ensure the sustainability of development but this also requires the development of the concept of social and cultural aspects. In this study, the relationship between the domestic credit volume and the gross domestic product in the public and deposit banks were analyzed by using the quarterly data covering the periods of 2006-2017 for Azerbaijan. The reason for selection of 2006-2017 period is to release process of the New Azerbaijani Manat in the Republic of Azerbaijan in 2006. As a result of the analysis, it was concluded that each of them was first-order stationary series and there was no long-run relationship between them.*

*Eventually, the result of Granger causality test which is applied for credit volume and economic growth, has a bidirectional causality relationship between two series.*

**Keywords:** *Structural Break, Financial Development, Economic Growth, Causality*

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## **PUBLIC-PRIVATE PARTNERSHIP: OPPORTUNITIES AND PROSPECTS OF BANKING FINANCING**

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### **ABSTRACT**

*The devaluation shock experienced by the economy of Azerbaijan in 2015 actually put an end to the socio-economic model that has been cultivated since the start of the implementation of large oil projects. The new model, the parameters of which are announced, should lead the country and society to a qualitatively new level of development. New instruments of social and economic policy are required, in particular, for investment incentives for the development of non-oil sectors of the economy. Such a tool could potentially be a public-private partnership (PPP). PPP should become not just a set of various projects, but become a powerful factor in the development of public relations and institutions. The issue of financial support of such a partnership is one of the most difficult. The level of investment potential and the effectiveness of*

*PPP as a national movement depends not only on how this issue is resolved. This also determines the possibilities for developing the potential of domestic banks, increasing their contribution to the industrialization of the country, expanding the banking business instruments, increasing banking influence on capital markets, approving the practice of targeted pooling of banks' efforts and resources, for example, in the form of banking consortia. The development of bank financing of PPP can help solve the problem of increasing the level of capitalization of local banks, the lack of reliable points of application for bank capital, the expansion of the range of banking products, and the permanent improvement of banking technologies.*

**Keywords:** *public-private partnership, financial support for PPP, bank financing of PPP*

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## **IMPORTANCE OF ACADEMIC STAFF ATTITUDE TOWARDS THE RANKINGS OF HIGHER EDUCATION INSTITUTIONS**

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### **ABSTRACT**

*More and more higher education institutions have started to use data from rankings for analysis, strategic planning and policy making to attract more financing for international research and enrolment of foreign students. The importance for universities in deciding which indicators are of greatest interest in accordance with their strategic priorities, and in focusing on these alone has*



*been underlined and important is attitude of academic staff and their willingness and motivation for activities supporting higher level of their university rankings. Many methodologies of rankings testify, that various indicators can be brought together – for example, on reputation, research, teaching, resources, the international dimension of university; co-operation with employers. On great importance is management to reflect the performance and success of university including each member of academic staff. Many investigations have performed in this field and research results usually are used for management decision making on different levels: on university level, on higher education and science level and for country level. Research aim is to evaluate the significance of the attitude of the members of academic staff towards rankings and different indicators and their motivation to improve them to support management decision making of higher education institutions. Research methods used: analysis of scientific publications on university rankings aspects related to academic staff importance and attitude; expert survey on university organisation and used ranking indicators aspects supporting university rankings. Expert survey is designed with use of evaluation scale 1 – 10, where 1 – fully disagree with the statement and 10 – fully agree with the statement. For expert data analysis indicators of descriptive statistics (indicators of central tendency or location and indicators of variability) are used. Expert survey results are used in development of survey of academic staff. Main results and findings of the study: members of academic staff have big influence on university rankings have significant role in the development of university. It is important to motivate members of academic staff to work in directions important for university international rankings and foresee those motivating factors of academic staff to be included in the strategy of university – as in the scale of the world, as in the regional and national scale.*

**Keywords:** *University rankings, performance indicators, academic staff, experts*

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## **ECONOMETRIC ASSESSMENT OF THE DEPENDENCE OF REVENUES ON VALUE ADDED TAX ON INCOME TAX AND PROFIT TAX REVENUES IN REPUBLIC OF AZERBAIJAN AND IN RUSSIAN FEDERATION**

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### **ABSTRACT**

*In this research, the dependence of VAT revenues on the factors affecting it in the Republic of Azerbaijan and the Russian Federation was studied. For this purpose, information on the volume of revenues from value-added tax, income tax and profit tax was collected and analyzed. To determine the dependence of VAT revenues on income tax and profit tax revenues, as well as on the difference between the amount of debt and overpaid taxes and the dependence of VAT revenues on the profit tax rate for Azerbaijan and to determine the dependence of VAT revenue on income tax and profit tax revenues for Russian Federation, statistical indicators for 2006–2017 were collected and analyzed, and regression equations were constructed and an econometric evaluation was carried out using the “EViews” application software and the results were analyzed.*

**Keywords:** *value added tax, income tax, profit tax, direct and indirect taxes, econometrics*

## **ASSESSMENT OF THE INTEGRATION RELATIONSHIPS BETWEEN SCIENCE AND EDUCATION AT THE DOCTORAL**

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### **ABSTRACT**

*In this article the integration between science and education has  
been studied. The number of indexed scientific articles in  
Azerbaijan is accepted as a explained variable, which is pulled*

*up from SCOPUS scientific bibliographic base and its dependence on the number of admitted PhD students has been assessed running the econometric model. In addition, the dependence of explained variable on the GDP value, education and science has been calculated by running the econometric models. As a result, the ratio of Doctor of Science to Doctor of Philosophy has been calculated.*

**Keywords:** *science, education, integration, PhD, econometrics*

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## **WHAT AGRICULTURAL PRODUCTS CAN INCREASE THE COUNTRY'S EXPORT POTENTIAL**

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### **ABSTRACT**

*The aim of this paper to analyze an agricultural potential of Azerbaijan in the case of its olive production. Due to widespread of olive products in the Mediterranean countries, people often associate manufacturing of olive oil and preserved olives with such countries as Spain, Portugal, Greece, Turkey, Italy, Cyprus, Malta, France, Slovenia, and others. The goal of this paper to reveal the agricultural potential of the domestic market, provide a SWOT analysis of effective functioning of the olive sector in Azerbaijan, learn the world and domestic trends of olive oil production and consumption. Research shows that sales of olive oil non-producing countries have been growing and olive oil production is under the regulation of the common agricultural policy of the European Union. Because of distinctive flavor and healthy characteristics, olive products occupy a premium position in the mind of consumers. Mathematical analysis of*

*future trends of olive oil system also is reviewed in this study. The held research gives strong recommendations small and medium entrepreneurs for the growing and improving olive oil industry in Azerbaijan, as well as carries out general policy, maintain the general economic sustainability of national agriculture. Azerbaijani farmers should learn and analyze best practice of olive oil producers and using David Ricardo comparative advantage theory develop a common agricultural policy for the country as a whole and along with export of energy resources diversify an export basket by manufacturing consumer superior goods accordance with global market demand, make a new brand "Made in Azerbaijan" prestigious and easily recognizable among different countries in long-term perspective. Marketing strategies for entering international markets also suggested and can draw the attention of local manufactures.*

**Keywords:** *common agricultural policy, brand, marketing strategy, olive oil production, SWOT analysis*

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## **INTERNATIONAL EXPERIENCE IN ENSURING THE STABILITY OF SMALL AND MEDIUM- SIZED ENTERPRISES AND THEIR ROLE IN THE AZERBAIJANI ECONOMY**

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### **ABSTRACT**

*The main purpose of the research is to establish the structure of small and medium-sized enterprises, to ensure the current financial sustainability, to make assessments in line with the results of that analysis and to develop proposals on it. The research was carried out on the basis of research methods such*

*as scientific abstraction and systematic analysis, logical summarization, and statistical analysis. As a result of the research, it has been determined through research and analysis that one of the most important priorities of economic policy in the country is to ensure sustainable development in enterprises. Large-scale and multifaceted measures are being taken to ensure sustainable development in Azerbaijan. A number of proposals have been made, taking advantage of international experience in addressing the issues raised in this area and ensuring durability. The practical significance of the research is that, as a result of the research, the role of the enterprise's financial sustainability has been identified, its role in the economy has been disclosed. The results and recommendations formed as a result of the research can be used to manage businesses. Scientific novelty and originality of the research: the current state of financial sustainability management in small and medium-sized enterprises was analyzed; proposals were made on the basis of results; assessment of financial sustainability of small and medium-sized enterprises was conducted, proposals on results were submitted; Directions for improving financial sustainability of small and medium-sized enterprises have been identified, proposals have been put forward.*

**Keywords:** *entrepreneurship, small and medium enterprises, strategic road map, sustainability*

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## **ROLE OF THE SOCIAL PROTECTION SYSTEM OF POPULATION IN ENSURING NATIONAL ECONOMIC INTERESTS**

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### **ABSTRACT**

*This work indicates that social protection is a system of social and legal measures which provides all the citizens with a certain standard of living and is aimed at supporting individual groups. The improvement of social welfare of low-income population is always in the focus of the state. Recently important steps have been taken for improving the living standard of the population that need a special social protection, and in the field of their active integration into society. Attraction people of this category to numerous social programs has successfully been realized. A lot of work has been done for improving social and living conditions and the social payments allocated to this category people were regularly increased from year to year. It was noted that self-employment measures have particular importance in strengthening the socially sensitive part of the population, social protection of low-income families and increasing living standards, passing from traditional "passive" policy measures to "active" employment policies. As a result of the measures envisaged in the Strategic Roadmap on the sectors of the economy, the share of informal employment in the economy will be reduced, foreign investment in the non-oil sector and exports in the non-oil sector will be increased, additional workplaces in production and tourism sector will be created, and small and medium-sized businesses will grow. Specifically, it encourages women and the youth for social-public programs in rural areas and businessmen to participate in entrepreneurship training programs in vocational education institutions, increases dynamics of salaries for years and expands employment*

*opportunities in non-agricultural areas, causes the timely implementation of the Strategic Roadmap to contribute to the implementation of the targets set.*

**Keywords:** *Labor pensions, Social assistance, Self-employment measures, Social protection, Unemployment insurance*

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## **THE IMPACT OF FDI ON ENVIROMENTAL DEGRADATION IN AZERBAIJAN**

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### **ABSTRACT**

*World is struggling with the upcoming threats of CO<sub>2</sub> emissions, that is why, in order to achieve global environmental sustainability in the greenhouse gas emissions, several countries in 1997 agreed on Kyoto protocol which imposes some*



*obligations on developed nations in the reduction of greenhouse gas emissions. The growing trend of CO<sub>2</sub> emissions is not only the case for developed nations, indeed, in the last decade emerging economies are capturing large scale of emissions and becoming much more hazardous for global warming. Especially, in developing economies foreign direct investments are dominant in polluting industries. Economic growth and FDI from this perspective, are causing CO<sub>2</sub> emissions to augment, if governments and industries are willingness in the alleviation of pollution. Thus, in this paper we have studied the impacts of FDI and economic growth on the Environmental degradation, proxied by consumption based CO<sub>2</sub> emissions for Azerbaijan country case. For this purpose, co-integration techniques were employed to the time series data over the period of 1996-2013. Cointegration test concluded that there is a long-run co-movement among the variables. Estimation results show that FDI and economic growth have positive and statistically significant impact on CO<sub>2</sub> emissions in the long-run. The findings of the study can be used by policymakers in making adequate decisions in related environmental degradation-FDI-economic growth circumstances.*

**Keywords:** *Azerbaijan, CO<sub>2</sub> emissions, co-integration, economic growth, FDI*

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## **THE ROLE OF THE CORPORATE SOCIAL RESPONSIBILITY IN SUSTAINABLE DEVELOPMENT OF SMALL AND MEDIUM ENTERPRISES IN AZERBAIJAN**

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### **ABSTRACT**

*Introduction and purpose of the study - The primary goal of this research work is to clarify and give a reasonable explanation to the role of corporate social responsibility (CSR) in sustainable development of small and medium-sized commercial organizations, particularly in post-soviet countries including Azerbaijan. As a central topic, it first discusses the concept of corporate social responsibility, its formation, development, transition to a new level, and then concentrates on the role of CSR for the companies, their sustainable development and establishing an effective dialogue with the overall environment. The author sets out the levels of responsibility of the business from the perspective of the CSR pyramid of Archie Carroll specifying the social responsibility as one of the most important responsibilities of businesses. The role of corporate social responsibility is underlined as an effective tool in gaining competitive advantage and establishing dialogue between the business organizations, community and governments.*

*Literature review - This research work is developed on the basis of published theoretical literature and articles of national and international researchers studying various aspects of CSR. Some field survey and first-hand information gathering has been conducted at this stage of the research. Used sources includes materials of scientific-practical conferences and business forums, expert analyses, documents of international organizations, as well as of business associations specialized also in scientific research.*

*Methodology - Methods include logical reasoning based on the analysis of scientific literature and of statistical data, analysis of CSR reports and data that is publicly available on the websites of different companies.*

*Practical and social implications - Conclusions and recommendations in this research work can be used by business organizations, particularly by SMEs who are interested in developing and practicing a consolidated CSR strategy. Furthermore, the content and the research materials of this study can be used for developing lectures/courses on CSR and Corporate Governance, Business Ethics, Strategic Management.*

**Keywords:** *Business and society, SME, social reporting, CSR, sustainable development, CSR pyramid*

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## **MONITORING AND EVALUATION SYSTEM OF RESEARCH ACTIVITIES AND SCIENTIFIC POTENTIAL (IN CASE OF AZERBAIJAN)**

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### **ABSTRACT**

*In this article the author considers reasons of the current trends in world development, the large-scale transformation of society based on the influence of scientific, technological and social growth, as well as their speed and interaction, which covers almost all spheres of human activity. Key factors and sources of economic growth change accordingly. Scientific knowledge and intellectual capital, which are the main sources of creating competitive advantages and sustainable development of socio-*

*economic system are considered the most important. From the beginning of independence of the Republic of Azerbaijan to the present, the course of improving science and technology policy of state is consistently implemented aiming at further support for the stimulation of scientific and technological development and innovation activities of the republic. As a result of the policy implemented, a viable science and technology environment has been developed that generates new knowledge priority scientific and technical areas have been identified. In terms of the transformation of the market economy, it successfully solves the issues of macroeconomic stability, which is one of the most important factors of the transition from the export-raw model of economic development to an innovative economy, the key resource of which is human capital. In conclusion should be notes that it is necessary to create a unified national system of scientific and technical knowledge, which should ensure the development and effective use of national resources of scientific and technical information, their integration into the global information space and promote the creation of a market for information products and services. After applying this model of innovative research will develop infrastructure and mechanisms of scientific and technical knowledge. It will fund mainly by private sector and should create for introducing new technologies, production of innovative products, as well as strengthening the scientific potential of the country and improving human resources in the future.*

**Keywords:** *assessment, expertise, innovative economy, scientific, social growth, technical knowledge*

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## **PRIORITY DIRECTIONS OF FINANCING SOCIO-ECONOMIC DEVELOPMENT OF REGIONS IN AZERBAIJAN**

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### **ABSTRACT**

*The article outlines the essence of the state's regional policy and determines its main directions. Specifically, the criteria for determining the backward regions, which are of crucial importance in the formation of the regional policy of the state, have been substantiated. The article also substantiates the directions of financing the social and economic development of the regions. These justifications cover energy, transport and social development issues. The article outlines the factors that necessitate the state support to the development of the rural areas. The density of the population was noted as the main factor supporting the development of rural areas. Thus, in rural areas, due to low population density, both production and sales of products require large expenditures in comparison with urban areas.*

**Keywords:** *Regional policy, spatial inequalities, financing rural development, state programs*

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## **STATISTICAL SIGNIFICANCE OF FACTORS INFLUENCING TERRORISM IN PAKISTAN**

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*Pakistan is severely suffering from terrorism which have shaken its social fabric, shackled political system and frightened the public. This article provides an empirical investigation of the determinants of terrorism in Pakistan. Principally, the factors affecting terrorism was explored involving in terrorism adaptation by the peoples. The study was conducted in Faisalabad and Rahim Yar Khan and data thus obtained was subjected to logistic regression. Sociological studies using logistic regression models to analyze data in which the outcome variable has two discrete categories, classically referred to as a 'binary' outcome. Through standardized regression analysis, the factors contributing positively or negatively were identified to a change of state leading to potential terrorist activities. Results showed that education, age, radicalization, un-employment, extremism are the major factor affecting the terrorism. The anti-terrorism organization and Government efforts were found to be non-effective for eradication/stopping terrorism. The results revealed that geographic factors are also important to flourish*

*the terrorist activities. Therefore, these identified potential factors should be taken into account in the prevention of terrorism activities in future.*

**Keywords:** *Terrorism, Logistic Regression, Region, Anti-terrorism Organization*

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## **DEVELOPMENT OF COMPETENCE MODEL FOR INDUSTRY 4.0: A THEORETICAL APPROACH**

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### **ABSTRACT**

*Technological advances have caused dramatic increases in industrial productivity since the emergence of the Industrial Revolution. Although Industrial Revolution creates many new opportunities for companies, at the same time it causes many challenges arising from the ongoing automation and digitization of organizations. The latest changes, such as digitalization and robotics, have revolutionized the nature of work and created a demand for new set of skills to navigate the fourth industrial revolution i.e. Industry 4.0 However, the biggest challenge isn't technology; the focus is on the people. While digital technologies are rapidly becoming a commodity, success largely depends on companies and their employees. In order to face those challenges successfully, companies have to maintain a well qualified workforce. Hence, the purpose of this paper is to highlight the*

*significance of human resource management in frame of Industry 4.0 revolution. The Industry 4.0 revolution has been driven by humans using creative minds to solve problems that were confronted. Moreover, Industry 4.0 is characterized by Cyber-physical systems (CPS), Internet of Things (IoT), Internet of Service (IoS), and Smart Factory and many more technologies that will require organizations with specific expertise. Therefore, the focus is on identifying competencies that are needed to fit well in Industry 4.0 revolution. The main theoretical contribution of this paper is a starting-point for further research of employee's competencies for Industry 4.0. In addition, the given preview of competence models will be useful for creating job descriptions that can ensure the survival of contemporary companies in the era of digitalization. According to identified relevance of competences, future research should focus on the development appropriate competence model and education system, which will fulfill the perceived gap in current practice.*

**Keywords:** *Competence, Competence model, Competence development, Industry 4.0, Internet of Things*

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## **FORMATION FEATURES OF THE MIDDLE CLASS: DEVELOPING COUNTRIES AND AZERBAIJAN**

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### **ABSTRACT**

*In different countries the growth of the middle class is considered as the main force of political and economic changes in society. On the basis of world experience, we can say that in a democratic society the formation and development of the middle class is considered the basis of the state, but in the authoritarian regime its is considered the main source of threat to the state or government. Studies show that there are socio-economic and political changes in the formation of the middle class in developing countries. Representatives of this class also act as a driving force in addressing important issues, such as increasing employment, creating new business areas, improving*

*infrastructure, creating an attractive environment for mobilizing new resources and ensuring sustainable and proportional economic development for the long term period. In the paper factors affecting the formation of the middle class in developing countries will be grouped and their impact levels will be determined. At the same time, comparative analysis of the current situation in this area will be carried out, the characteristic features of formation of this layer in developing countries will be summarized and appropriate proposals will be given.*

**Keywords:** *middle class, employment, economic changes, developing countries, creating new business areas*

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## **GROWTH AND INNOVATION ACTIVITY OF AGRICULTURAL AND FOOD PROCESSING FIRMS IN BULGARIA**

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### **ABSTRACT**

*This paper explores and analyzes the dynamics of firm growth and productivity, on the one hand, and the investments in innovation activity, on the other, as we distinguish between firms from Agricultural sector and Food processing sector. An attempt has been made to examine the relationship between the firms' growth and performance and the innovation activity of firms of different size and age. For this purpose we analyze 1) the change in the sales revenue and value added from firms' operations; 2) the significance of investments in innovation activities and real*

*assets, the size and age of the firms as factors for higher growth and productivity. Our findings show that regardless the firm size there is a positive link between firms' growth, productivity and age and the amount of innovation investments for the food processing firms, and not for the firms in Agricultural sector. Innovation active firms in both sectors indicate better economic performance and create more value added. Considering firm size, we found that the investments in innovation activities and firms' age are significantly related for the small and large firms in the Agricultural sector and the small and medium firms in the Food processing sector. Large innovation active firms from the Food processing sector invest more in real assets, however in the Agricultural sector the small and medium-size innovative firms outstrip investments of the large firms. Food processing firms show higher ability to generate revenues, create more value added and perform larger investments. Investments in real assets are significantly linked with firms' innovation investments in both sectors.*

**Keywords:** *financial performance, firms' growth, innovation activity, investments, productivity*

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## THE RESEARCH OF INVESTMENT FACTOR IN ECONOMIC GROWTH

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### **ABSTRACT**

*The major aim of economic policy of any country is to provide economic growth. One of the important factors is the investments in fixed assets. The role of investment factor in economic growth is researched and results are shown in the article. The econometric analyze of main macroeconomic indicators – GDP in Azerbaijan, investments in fixed assets is the predmet of the article. So the mutual relations GDP in Azerbaijan and investments in fixed assets is researched and the dependence between them is researched by absolute and relative indicators. The econometric models of investment multiplier and accelerator which is reflected the quantity and quality regularity influence of investment to economic growth and the mutual of relations GDP and investment are established in the article. The run period and force of influence of current and previous invesments to the economic growth is estimated. In present conditions the importance of large scale investments are justified, the model of forecast investment is offered and the forecast fixed assets investments are estimated.*

**Keywords:** *investment, economic growth, multiplier, accelerator, econometric model, forecast*

## LONG TERM ECONOMIC SUSTAINABILITY IN THE PERSPECTIVE OF AZERBAIJAN

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### **ABSTRACT**

*Azerbaijan as an oil-rich country faced a wide range of problems in the way of transformation to the capitalist system. Especially, weak institutional development, high level of "shadow economy" and high dependency from oil and gas exports created economic threats and weakened sustainability. In this research paper, we have tried to find an answer to the main research question: How can the innovation-based economy play a role to decrease import dependency and reinforce export in Azerbaijan? We have taken into consideration the official data (Azerbaijan State Statistical Committee) for the geographical structure and development dynamics of foreign trade during 1997-2017. Analyzing this data and taking into account the institutional structure of the economy of Azerbaijan, we have established a model that offers a framework to launch and develop an innovation-based economy in the long run. The main results of the analysis show that Azerbaijan in the period from 1997 to 2017 mainly was dependent on natural resources and increased the stickiness to imports in different sectors. High dependency on natural resources creates new threats in front of the sustainability of the country. Because of these factors, Azerbaijan requires to realize a transformation to the innovation economy. By introducing a significant import dependency as a factor, we have limited the reasons for economic security. The further research on other factors of economic security and investigations about building an innovation-based economy in Azerbaijan are significant.*

**Keywords:** *sustainable development, innovation economy, economic security, and economic growth*

## CONTENT COMMUNICATION IN BUILDING BRAND IMAGE VIA SOCIAL MEDIA - CASE STUDY

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### **ABSTRACT**

*The aim of this article was to determine the place and significance of the content communication in building the right brand image using social media. The following thesis was taken into consideration: in the days of IT development the decisive role in building the right brand image on the Internet is played by methodical publishing of attractive and useful content as a manifestation of content marketing of the brand. Starting from the definition, the instrumentarium and the strategy of applying the content communication, the following concepts were described: the brand image and fundamentals of its building. The theoretical deliberations were supported by the results of the author's own research based on the study case method. In the consequence, the comprehensive application of the varied forms of content communication via social media for the Rimmel brand was presented in this article. It is to help to enhance the unique image of the examined brand, to contribute to build its community and to bring measurable results in such a competitive branch as the cosmetics is.*

**Keywords:** *content communication, brand image, content communications using social media, case study*

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## HOW DOES LABOR MIGRATION AFFECT THE ECONOMIES OF RECIPIENT COUNTRIES?

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### **ABSTRACT**

*Modern social reality can not be imagined without the migration of the population. Leading world development states, applying a selective approach and clearly defining priorities, seek to use international migration as a significant factor in the development of national human capital, the economy and the entire social sphere. A striking example is the United States, where science, high technology, medicine, etc., develop with the help of highly qualified immigrants, and low-skilled labor from abroad provides small and medium-sized businesses with cheap hands. Such countries as Canada, Australia, New Zealand, Israel, England, and Germany do not stand aside. However, migration cannot be viewed as a process with only positive effects. In fact, migration is a kind of social “catalyst”. If the state has systemic problems in governance, anti-corruption activities, there is an increase in inter-ethnic tensions, crime, shadow economy, illegal employment, drug trafficking, etc. With the growth of labor migration, foreign labor resources began to have a greater influence on the socio-economic and political development of the host countries, including the development of the labor market, individual industries, and the smoothing of demographic imbalances. Unfortunately, the assessment of the impact of labor immigration on economic development is complicated by a number of factors: the widespread illegal employment, the shortcomings of the migration statistics system, and the dependence of the effect on the scale and duration of use of foreign labor. It should also be noted that the consequences of attracting highly skilled labor are different, in some cases drastically, from the immigration of low-skilled workers.*

*Nevertheless, the analysis of the most significant local and foreign scientific research allowed us to form a typology of the positive and negative consequences of the use of foreign labor resources for the economies of the receiving migrant countries.*

**Keywords:** *demographic imbalances, human capital, international migration, labor immigration, positive and negative consequences for the economy*

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## **THE (FOREST) WASTE AS SOURCE OF NEW COMPANIES AND JOB CREATION**

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### **ABSTRACT**

*According to the European Environment Agency (EEA), global demand for energy and natural resources is expected to increase, and climate change impacts will intensify. The only viable option is to move to a low-carbon, clean, safe, affordable and renewable energy circular economy. Circular economy is thus among the main contemporary political objectives in Europe, and*



*sustainability and reflection on the life cycle are increasingly the center of attention. According to the Circular Economy (EC) model, with regard to energy production, sustainable development must be guided by principles of reduction, reuse and recycling of materials and waste, with the combustion process at as the penultimate option, followed by landfill. The current paradigm of extraction, production and use of natural resources do not converge with a future vision. The planet has a finite capacity of resources that it is able to provide, just as is finite its capacity to deal with the consequences of the use of these resources. Solutions that seek synergies between resources and waste, the use of resources and the consequences that result with a minimal environmental impact, have been sought. Biomass recovery technologies are pointed as a solution that aims to reversing part of the problem. This document approaches the problems associated with resource extraction, elucidating how waste (in this case, forest biomass) can be converted into energy and the resulting by-products can be returned to nature with a positive impact, closing the cycle. These new biomass recovery technology can enable the creation of new companies and job creation.*

**Keywords:** *biomass, closed product cycle, production of energy*

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## **THE IMPORTANCE OF RESOURCES IN THE INTERNATIONALIZATION STRATEGIES OF CROATIAN FIRMS**

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### **ABSTRACT**

*Resources and capabilities are considered to be key sources of competitive advantage of a company, but only if they are not possessed by the competition. In order for competitive advantage to be sustainable, it is important that firms invest in continual improvement, i.e. in the education of their staff, modern technology and innovations. Modern business takes place in constantly unpredictable and uncertain conditions, and it is therefore necessary that a company has people ready to adjust to new business climate, and also new technologies to keep up with the competition. New business conditions have made the boundaries between people and information thinner, so many firms opt for entering international markets. Entering the international market represents a huge economic challenge because it requires certain skills and knowledge from the management and the employees. In the forming of export economic strategies, the country decides on the way of realizing its strategic goals with the highest success. The Republic of Croatia has faced some highly demanding political and economic processes and events in the past few years. Fast development of modern technologies and globalization has created conditions for internationalization of businesses in Croatia. Economic success of a country depends on the compatibility of development goals of the country with the goals of the economic strategies. When choosing the strategy for entering international market,*

*companies have to conduct different researches related to the demand for their product or services, and the research on the culture, language and customs of the country where they wish to operate. The empirical research was conducted with the experts in charge with the activities related to the internationalization of companies. Based on the sample of five firms, the conclusion can be made on what strategies Croatian firms choose for entering the international market, and whether they come across any obstacles along the way, and if they do, what the most common obstacles are.*

**Keywords:** *competitive advantage, internationalization of firms, strategies for entering the international market, resource theory*

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## **TRANSFORMATION OF THE WORLD MONETARY SYSTEM FROM THE GOLD STANDARD TO THE CRYPTOCURRENCY?**

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### **ABSTRACT**

*The world monetary system is a mechanism that links the economies of individual countries into a global economy. Therefore, any violations arising in the functioning of the global monetary system lead to significant problems in the development of the economy of separate countries and the world economy as a whole. Historically, the world monetary system passed through four stages in its development. The first world monetary system was the gold standard system. The existence of the gold standard prevented inflation and ensured the equilibrium of balance of payments of states. The next stage was the period of the Genoa currency system. During this period, only some currencies including the British pound sterling and the US dollar began to*

*be considered as gold equivalents. The Bretton woods monetary system was adopted in 1944, which consolidated the leading role of the United States and its currency in the world monetary system, due to the post-war economic power of this country. Under this system, only the US dollar was pegged to gold and exchanged for gold at the request of central banks of other countries. The Jamaican currency system replaced the Bretton woods monetary system in 1971. According to the new system, the rate of the currency of each country began to change according to changes in supply and demand in the foreign exchange market. The modern monetary system is based on the functioning of two currencies, the US dollar and the Euro. Unfortunately, exchange rate fluctuations of these leading currencies negatively affect the economies of other countries. Some experts consider cryptocurrency as the global currency of the future global monetary system. The current situation in the global economy confirms that the world monetary system will inevitably be transformed and this process will be long, ambiguous and possibly not predictable.*

**Keywords:** *Balance of payments, Currency, Cryptocurrency, Global Economy, Financial crisis, Special Drawing Rights, World Monetary System*

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## **DEVELOPMENT AND INTERNATIONALIZATION OF SMES IN POST- SOVIET COUNTRIES: SUGGESTIONS FOR FUTURE PERSPECTIVES**

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### **ABSTRACT**

*The principal objective of this paper is to analysis of current SME situation in the Post-Soviet Countries, state policy, supporting programs, financial support, finding similarities and differences in post communistic legislative features, institutions, economic systems, understanding positive and negative sides of these differences and their affect on SME activity. The paper analyses a situation of one-way integration mode and information flow and outlines an existing gap in SMEs management approach. In order to succeed on international markets, it is needed to build up a network of awareness and information exchange between major actors such as SMEs, public and business support institutions, academia and other players. The article relates the key attributes of factors directly connected to SMEs and integration as well as concentrates on how SME could benefit from a closer regional economic integration through information exchange.*

**Keywords:** *internationalization, value chain, SMEs, information exchange, integration, Azerbaijan, Georgia, CESD report, non-oil sector*

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## USE OF FINANCIAL INSTRUMENTS TO SUPPORT FOREST ECOSYSTEM SERVICES

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### **ABSTRACT**

*Forests are an important part of the environment, but they are also a source of economic benefits. The society puts great demands on forests as an important environmental element. This create strong pressure from the public for comprehensive fulfilment of all, wood production and non- wood production functions. However, sufficient sources of funding need to be found to ensure their realization. There is a large-scale of policy tools to support sustainable forest management, like technical assistance, outreach education, financial incentives, and regulations. Among these policies and programs, financial incentives, particularly tax incentives, hold a significant position. The paper presents the possibilities of application tax allowances as an additional source of funding for the ecosystem services. In the example of Slovak Republic, the main advantages and disadvantages of applying the analysed forest policy tool are approached. Application of the tax exemption from forest land tax on certain types of forest stands increases the resources available for forest enterprises. Then they can be used for financing the forest ecosystem services.*

**Keywords:** *financial instruments, forest ecosystem services, forest land tax, support*

## A CONCEPTUAL MODEL FOR SMART CITY EVALUATION: ATTRIBUTES AND RULES

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### **ABSTRACT**

*The evolution of the 'smart city' concept among scholars has been remarkable over the last decades. While the diversity of related descriptive notions (digital, knowledge, intelligent, creative, livable or ubiquitous city) remains, academic papers in steadily growing numbers scrutinize 'smart cities' from various aspects (knowledge management, ICT infrastructure or urban planning). This paper aims at establishing a conceptual model to determine cities' position on the path to becoming a 'smart city.' May we expect that a city with an established high-tech digital library, however, lacking an intelligent public transportation system will reach the level beyond which academics will affix the 'smart city' tag? What happens if some contributing components improve while others remain at their previous levels or even diminish over time? We constituted a knowledge-based model comprising of smart city attributes and rules, taking into account their effect, to be prepared to answer questions like these. First, we defined all the relevant and independent attributes that build up the 'smart city' from the smallest factors, grouped by the three main deterministic dimensions: technology, institutions, and people, as conceptualized by academics (Nam & Pardo, 2011). Second, in commencing research, we shall define probability levels for these attributes, representing what extent they contribute to their governing factor. We shall use four linguistic variables to describe these fuzzy values. In the final step, we shall implement a deductive reasoning model to facilitate conclusions on the likelihood of reaching the goal: the smart city. We shall also demonstrate the results of the model by investigating actual scenarios from the world of our time. The comprehensive set of substantial and organized contributing factors previously studied*

*by numerous academics, the adequately defined rules, and the deductive reasoning underpin the trustworthiness of our conceptual model.*

**Keywords:** *Smart cities, expert system, components, attributes*

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## **THE NEW METHODS OF HUMAN RESOURCES IN AZERBAIJAN CASE**

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### **ABSTRACT**

*The first part of the study presents the contextual and conceptual novelty elements concerning human resources on which this human resource management approach relies. The conceptual novelty element is represented by the comprehensive approach of human resource management (MRU), focused on the relationships of the organization with internal and external human stakeholders, not limiting to the traditional approach, managers subordinates. The second part of the paper makes a selection of methods and techniques used in human resource management, grouped on the 14 activities specific to MRU. This ensures a coherent and effective methodological basis for human resource managers and specialists, in agreement with the challenges of the current period of transition to knowledge-based economy. The last part of the study indicates the methods and the techniques recommended to be used in particular during the eight stages of human resource reengineering.*

**Keywords:** *career development, innovation, human resources, new methods*



## MAIN CHALLENGES OF TOURISM DEVELOPMENT MANAGEMENT IN GEORGIA

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### **ABSTRACT**

*Nowadays the role of tourism is especially important for the restoration and development of Georgian economy. Tourism in Georgia is distinguished by its unique potential and diversity all around the world. However, in spite of this potential it is necessary to renew and improve of the touristic infrastructure permanently, also to promote the development of both the hotel as well as the family guest houses. We believe that it is important to pay attention to such regions where the tourist flows are growing constantly and the supply is overturned by demand. For example: Khevi, Khevsureti, Tusheti, some districts of Kakheti and others. The problem is exacerbated in this and other areas with a nonexistence of three-star budget hotels. It is true that in recent years, the number of hotels is growing, but in most regions they do not meet the international standards. Taking into consideration all the factors, it is difficult to establish an effective management system, especially when it has become a platform of social infrastructure that significantly determines the level of socio-economic development of the country. Nowadays the significance of tourism in Georgia is especially important for the development of economy of the country.*

**Keywords:** *tourism, infrastructure, international standards, Socio-cultural factors, effective management systems*

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## **IDENTIFYING THE RELATIVE INFLUENCE OF THE PRODUCT-RELATED ATTRIBUTES ON CONSUMER'S CHOICE**

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### ***ABSTRACT***

*Under a dynamic and volatile changes that affect the marketplace, consumers face trade-offs in their buying decision on a daily basis. In such turbulent economic environment, producers are also facing a challenge by constantly developing and innovating their products, in order to satisfy much more demanding consumers who are seeking for extra benefits. In line with consumer's choice being a complex process affected by consumer's socio-demographic, economic and behavioral determinants, there is a set of several intrinsic and extrinsic product-related attributes that influence forming expectations during the purchase decision process. Since consumers' perceptions of product quality changes over time as a result of new information, increased competition or changing expectations, marketers need to have insights on consumer behavior to properly anticipate and respond market challenges. Understanding the process of forming expectations can provide guidelines to marketers and brand experts to identify the key parameters for developing a more efficient and focused product strategy. This study aims to investigate the relative importance of the selected extrinsic product attributes, since a better and more*

*comprehensive understanding of trends in consumers' buying behavior and product attributes that mostly affect their buying decisions can enhance the product placement process. The research findings will result in several contributions, with respect to future marketing communications, product positioning and further scientific research.*

**Keywords:** *branding, buying behavior, consumers' choice, product attributes, purchase decision*

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## **THE ELEMENTS OF THE MECHANISM OF BUDGETARY REGULATION AND STRATEGY OF BUDGET POLICY MANAGEMENT**

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### **ABSTRACT**

*Purpose of the study - The study of the budget mechanism and its elements, the study of methods for the formation and expenditure of financial resources at all the levels of the budget system.*

*Methodology - Comparison, synthesis and evaluation.*

*Results of the study - One of the most important tasks of reforming of the budgetary system is the creation of an effective budgetary regulation mechanism at all its levels, taking into account the nature and features of intergovernmental fiscal interactions. The peculiarity of the processes of reforming of the state bodies and the system of relations in the financial and budgetary sphere predetermines the need for rational distribution of revenue powers between the levels of the budget system, filling the revenue*

*sources of the budgets, whose main share is tax revenues, and attracting non-tax revenues to the budgets.*

**Keywords:** *budgeting, budgetary policy, budget revenues and expenditures, state control*

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## **UNIVERSITY BRANDING IN AZERBAIJAN: EMPIRICAL STUDY OF STUDENTS' CHOICES FOR EDUCATION**

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### **ABSTRACT**

*Under the intense global and national competition, Azerbaijani universities began branding initiatives to position and differentiate themselves to be the first choice of students. In recent years, both state and private universities in Azerbaijani have been implementing branding and rebranding strategies to attract more students and distinguish themselves in a crowded higher education market. University branding is a recent concept to Azerbaijan, so lacks academic and empirical studies in regard to the impact on Azerbaijani students' university selection choices. The aim of this article is to present exploratory research using survey data collected from four private and public universities in Azerbaijan. It compares criteria used by university students when selecting a particular university from among those that they made application and their views of the university they attended. The study reveals that there are a variety of criteria that Azerbaijani students consider when applying for university. However, there is both economically and statistically significance of the existence of active students clubs/unions in a university as important criteria that influence students first choice for university selection. The study also showed that mostly friends/family, and*

*to a lesser extent, university visits play important role in obtaining information about a university among Azerbaijani students. The research findings should be useful for higher education institutions to review and enhance branding strategies that promote their international positioning and help the sustainable development of Azerbaijan universities. As it is the first research conducted in this field in a dynamic country like Azerbaijan, it should also interest foreign higher education institutions that wish to recruit Azerbaijani students.*

**Keywords:** *branding, name recognition, university, university selection*

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## **COMPARATIVE ANALYSIS OF THE CURRENT SITUATION AND DEVELOPMENT PROSPECTS OF THE FORMER SOVIET UNION REPUBLICS IN THE SOCIAL BUSINESS**

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### **ABSTRACT**

*Social business is a kind of new and modern business that does not damage necessary needs of humanity, dividends and a complete social goal. Social business doesn't aim to make a profit. The aim of this business is to solve social problems by using business methods as well as by organizing sale of products and services. As commercial business types, this type of business operates in many different directions, however as social impact is a major goal of it, all profits should integrate into business again or be used for organization of social work. Development of social business in the country plays a crucial role in eliminating unemployment and poverty, the development of small and medium sized entrepreneurship and solving the problems of society and improving prosperity. The development of social business is one of the main objectives because of these reasons specifically. All newly independent countries declared to move into market economy after the collapse of Soviet Union. However, a market economy made a huge step to take shape in these countries. One of the main problems facing the transition to a market economy is the creation of a favorable business environment and business*

*development. The main task of these countries is to reduce poverty and achieve prosperity. One of these strategies in the modern world is the growth and development of social business. The article will consider the types of social business not only theoretically but also systemically, including world experience. In addition, the study will examine the current state and prospects of social business in Former Soviet union republics. The role of social business in the economies of these countries will be considered and analyzed in a comparative way. Factors affecting the development of social business in the countries will be clarified. As a result, those countries will be given some recommendations based on theory and world experience, and will show prospects for development.*

**Keywords:** *Social Business, Social Business Development, Prosperity Level*

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## **BAYESIAN APPROACH TO THE REDUCTION OF INFORMATION ASYMMETRY IN ENTERPRISE**

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### **ABSTRACT**

*Nowadays the processes of making and implementing managerial decisions are complicated by the asymmetry of information or its incompleteness. The article explores in detail the problem of*

*information asymmetry in the enterprise and its consequences and gives recommendations on the practical application of information technologies for its elimination based on the Bayesian approach.*

**Keywords:** *Decision making in uncertain states, Information asymmetry, Naive Bayes algorithm*

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## **THE PROGRESS CLAUSE IN FOREIGN INVESTMENT CONTRACTS**

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### **ABSTRACT**

*This study aims to reflect on the principles to be followed in the concrete consideration of the interests of the contracting parties in foreign investment contracts. The purpose of this reflection is to achieve a fundamental reference framework that can serve as a basis for decision-makers, judges or arbitrators faced with the task of resolving disputes arising from foreign investment contracts. The most common mechanism for settling disputes in this venue is international arbitration. In this research we analyse the phenomenon of arbitration as a paradigm in the solution of the emerging foreign investment litigation, its benefits and its contribution to greater legal certainty in the economic relations between the parties and in the social progress of the host state. Considering the legal concepts and the most relevant problems in*



*the relations between the investing State and the host State, we intend to establish a logic based on equity, proportionality and the right balance between the interests of both. We try to find a meeting point between the economic interests of the investor and the social progress of the host State. International arbitration under the umbrella of ISCID, complemented by bilateral treaties (BITs) and investment contracts, requires an approximation of the two main objectives of foreign investment: efficiency in the return of investment and technological and social progress of the host State.*

**Keywords:** *foreign investment contract, social progress clause, arbitration*

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## **ECONOMETRIC ANALYSIS OF THE IMPACT OF HUMAN CAPITAL COMPONENTS ON UNEMPLOYMENT**

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### **ABSTRACT**

*The main purpose of the research work is to assess quantitatively the impact of the components of human capital vector upon the level of unemployment in the labor market. So that the econometric investigation has been conducted in order to consider the impact of those components of the human capital vector from the state budget to education and health on the level*

*of unemployment. The various methods of econometric modeling have been used during the study. Econometric testing of built-in regression models has shown that these kinds of models are far more adequate in real-time and can be used to foresee and define unemployment levels within the labor market.*

**Keywords:** *causality, education costs, healthcare costs, human capital vector, stationarity, unemployment*

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## **MARKETING RESEARCH OF GRAIN AND GRAIN PRODUCTS OF AZERBAIJAN**

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### **ABSTRACT**

*The high level of dependence on imports of grain and grain products, as well as the low quality of grains used in the country for the purpose of food use, is the marketing problem of this sector. Due to the low quality of grain produced in the country, dependence on imports of grain and grain remains high. Solution of these problems is possible due to the increase of productivity and quality of grain produced in the country. Additionally, it is important to take into account the role of key factors influencing to increase the production of grain and its offering to the market in order to increase food security on account of domestic production. While purposeful measures have been taken to increase grain production in Azerbaijan, it has not yet been*

*achieved to significantly reduce the country's import dependence on this product. In some cases, the measures to regulate the grain and grain market have not been systematic, so the effect of the implementation of those measures was less than expected. In order to increase the effectiveness of the measures implemented in this area, first of all marketing research of the grain and grain products market should be undertaken and this should be a complex and systematic approach to solving problems in the market. Based on the information obtained from these studies, it is possible to provide desirable development of the market and to develop scientifically substantiated proposals for the country's food security.*

**Keywords:** *dependency on the import, food security, grain and grain products market, marketing research of the market, self-supply*

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## **GREEN PROJECT MANAGEMENT: BALANCING OF SUSTAINABLE DEVELOPMENT PRINCIPLES**

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### **ABSTRACT**

*The concepts of sustainability management and green project management are relatively new management concepts, especially for Russian companies. Implementation of this concept brings sustainable development principles - including economic, ecological, social, and institutional dimensions - in business*

*strategy and project management processes that leads to long-term sustainability of the organization and increases its ability to cope with complexity. Russian companies face the need to spread the principles of sustainable development among their owners, managers and other employees. Despite the spread of the sustainable development concept over the last two decades, some challenges still remain - including the measurement of the project sustainability; the application of sustainable development principles and their adaptation to the needs of the project and company; the balancing of the economic, social, ecological, and institutional principles of sustainable development. Our study is focused on factors related to the implementation and balancing of sustainable development principles in the business strategy and project management of an organization. The research questions are as follows: What factors lead to the successful implementation of the sustainable development principles in the business strategy and project management of an organization? How to reach a balance between the economic, ecological, social, and institutional principles of sustainable development in project management? To conduct our study we used the method of an in-depth face-to-face interview with top managers of the companies. Our data-frame includes three cases from the Omsk region of Russia.*

**Keywords:** *Green Project Management, Sustainable Development Principles, Sustainability Management.*

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## **INTEGRATION OF CIS COUNTRIES' NATIONAL STANDARDIZATION SYSTEM INTO ISO STANDARDS**

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### **ABSTRACT**

*The national standardization system of the Republic of Azerbaijan has been undergoing the significant reforms to meet the requirements of accession to the World Trade Organization and the process of integration into the European Union. In accordance with these reforms, existing national regulations are being replaced by strict international standards. In this process, it is necessary to bring the private sector in line with the new principles of standardization system, which is not easy and requires large investments. One of the most important elements of the adaptation of the national standardization system with international standards should be especially the development of the private sector to new system requirements. Thus, that will require billions investment from the private sector for the transition to the new system to be able to apply the new national standards based on international standards. To do this, it needs to think in advance about the necessary investments and preferential loan programs. In addition to this, the new system requires from the private sector the establishment of closer cooperation and development of standards, based especially on the needs of the private sector itself. This in turn makes inevitable by private sector to take a more active role in this process, so in order to take that role by the private sector it should be properly informed and the mechanism for participation should be formed.*

*In the paper the authors analyses the changes applied to the existing national system of standardization, as well as aspects related to such a reform.*

**Keywords:** *European Union, international requirements, national standardization system, private sector, World Trade Organization*

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## **FEATURES AND TRENDS IN THE DEVELOPMENT OF THE PRIVATE HEALTH FINANCING**

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### **ABSTRACT**

*Nowadays, private sources in some degree complement public financing all over the world. Developed countries not only interfere with the growth of private capital in health finance, but also contribute to this. However, the specificity of medical services as a good and market of medical services requires a compulsory regulation of private sector activity by government. The paper considers factors that determine private sector growth, formation of private payment structures in the different country categories. Besides, there are analysis of private funds attraction and the goals and mechanisms of their regulation by government.*

**Keywords:** *co-payments health expenditure, private health expenditure, private health insurance*

## **INNOVATIVE APPROACH TO HUMAN CAPITAL MANAGEMENT UNDER CONDITIONS OF STRONG TURBULENCE OF FOURTH INDUSTRIAL REVOLUTION**

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### **ABSTRACT**

*Traditional approaches to human capital management do not work practically at all nowadays, since they are based mainly on the hypothesis that employees are conscientious. An enterprise would act as a provider of a social and scientific stereotype of an employee's labor behavior. At that, the focus of individual self-conscience, which grew up during the third industrial revolution, has shifted considerably towards closeness, social deprivation, and economic alienation of a personality from an enterprise, society, and family. Even though present-day CEOs are well aware of the logics of the motivation process, their awareness does not provide comparative advantages in human capital management, since motives are not obvious. Traditional need-based and process-based theories (by F. Taylor, A. Maslow, D. McClelland, F. Herzberg, V. Vroom, J. S. Adams, etc.) make it possible only to guess which particular motives prevail, but it is difficult to "identify" them. Even application of the Total Performance Scorecard (TPS) by H. Rampersad is limited considerably. The main drawback of all those theories is the axiom of progressive development of a company, which does not consider with mentalities of working generations.*

*Owing to strong turbulence of the world economy, one should change approaches of human motivation by emphasizing conscious development of individual human capital; the paradigm of management of those processes at an enterprise has to be altered actively. This paper analyzes employees' motivation to labor and conscious development of their personal human capital by applying J. Collins's developments related to continuous self-improvement of companies; our analysis is based on reasons for bankruptcy of the world's largest companies. Special attention is paid to changes in mentality of employees related to Generation X, Generation Y (the Millennials), and Generation Z. This article presents a complex sociological survey that has concerned Russian and Azerbaijani employees and their employers; this survey has confirmed efficiency of the suggested approach to productive management of human capital.*

**Keywords:** *human capital management, innovative approach, mentality of generations, motivation, turbulence of economy*

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## **FACTORS AFFECTING DEVELOPMENT OF MUSSEL FARMING IN THE BALTIC SEA REGION**

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### **ABSTRACT**

*In the Baltic Sea region, several industries have affected different elements that have shifted mussel farming industry's importance. Such changes have influenced fishery industry, too.*



*After analysing different factors it was highlighted that fishery has lost its importance in the Baltic Sea Region.*

*Aim of the research: to investigate factors affecting the development of mussel farming in the Baltic Sea Region by analysing views of public administrators, entrepreneurs and researchers in selected Baltic Sea Region countries obtained in the survey.*

*Research methods used: Scientific publication studies on mussel farming development supporting and braking factors, survey of different stakeholders in mussel farming – public administrators, entrepreneurs and researchers; expert interviews. For evaluation of different aspects affecting development of mussel farming evaluation scale 1 – 10 was used, where 1 – do not affect; 10 – affect in great extent. Data obtained in survey were analysed with indicators of descriptive statistics, cross-tabulations, correlation analysis, and factor analysis.*

*Mussel farming industry is not among the most important industries in the national economy, but it has considerable importance for cleaning seawater and providing new products for consumption, the development of mussel farming industry might encourage marketing events. Among the most important factors affecting mussel farming in the Baltic Sea region were indicated education (including informal education), human resources as well as marketing events. To promote mussel farming industry, it was revealed that end-use market and government support are important factors that affect development of mussel farming industry in the Baltic Sea Region.*

**Keywords:** *Marketing tools, Mussel farming, Survey*

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## KNOWLEDGE-BASED ECONOMIC ACTIVITY AND SOCIO-ECONOMIC DEVELOPMENT

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### **ABSTRACT**

*The article examines conceptual approaches to providing this activity by defining the importance of knowledge-based activity in innovative development of the economy, evaluates the current situation in this field in Azerbaijan and in the world and defines directions of development based on world experience. The way to public welfare depends on the good use and continuous development of scientific and technological means. In the article it is shown that advanced technology and human capital create a higher added value and assesses how it affects the development of both already formed and new emerging economic fields. Innovation-oriented, efficient and competitive development of the economy first of all necessitates the formation of higher education, science and economy unity. In the article, state expenditures allocated on education in providing knowledge-based economic activity is specially highlighted. Along with this it is also shown that new long-term challenges to the development of human capital in Azerbaijan necessitate the implementation of important measures at financing education. In the world the position of Azerbaijan is determined analyzing the dynamics of costs to R & D expenditures allocated from the General National Product. In the article suggestions for increasing the competitiveness of the "processing industry" and the knowledge economy in Azerbaijan is proposed, in order to achieve new quality of human capital, activities related to qualitative renewal all forms of education system in the country is highlighted.*

**Keywords:** *innovation, knowledge, labor costs, socio-economic development*

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## AN ANALYSIS OF THE SELECTED FACTORS OF THE INFORMATION SOCIETY IN THE UNITED STATES

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### **ABSTRACT**

*The emergence of the Internet and the ongoing development of technologies exert a powerful impact on the world, national economies, society, culture, as well as human relations and everyday life. The widening of the access to the Internet and modern technologies is referred to as informatization (computerization) and a direct effect of this process is the emergence of the information society. The paper presents an analysis of a particular set of diagnostic features. The variables, whose relevance and statistical accuracy were first verified, formed a basis for the classification of the the US states in terms of the computer and Internet use by physical persons aged 16-74. The data comes from the statistical yearbooks published by the Central Statistical Office and from the Eurostat websites; it covers the years 2012 and 2002. The aim of the analysis is to investigate the level of Internet and computer use in the US states in the years 2012 and 2002 by means of the rank method, which belongs to the group of taxonomic methods.*

**Keywords:** *Econometric Methods, Information Society, Taxonomic analysis*

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## COMPETITIVENESS PROBLEMS IN THE FIELD OF CONSTRUCTION MATERIALS INDUSTRY

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### **ABSTRACT**

*The main purpose of the research is to investigate the nature of construction materials and to make suggestions and recommendations to improve the mechanisms for the development and implementation of these marketing strategies based on the analysis of key factors that affect their competitiveness. The research was carried out on the basis of scientific abstraction and research methods such as systematic analysis, induction-deduction, analysis-synthesis, complex-systematic and situational approach, SWOT analysis. As a result of the research, the research restrictions: it requires a wider range of practical information. The practical significance of the research: The results of the research can play a positive role in enriching the scientific and practical knowledge in the field of efficient development of enterprises producing construction products in modern conditions, enhancing the main indicators of defining their competitiveness and strengthening their competitive positions, and effectively implementing marketing strategies. Scientific innovation and originality of the research: There were given suggestions and recommendations for the implementation of marketing strategies and providing competitiveness of construction materials product companies and was presented a generalized model of the identifying competitive positions of these companies in the market.*

**Keywords:** *Competitiveness, competition strategy, balanced indicators, strategic chart, marketing strategy implementation mechanisms*

## **THE EURASIAN ECONOMIC UNION: AT A CROSSROADS?**

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### **ABSTRACT**

*Nowadays the integration process within the EAEU members is being influenced of contradictory factors. The number of political agreements is growing, while the process of economic integration is getting weaker since the creation of the organization. The aim of this study is to identify the degree of discrepancy between the declared opportunities for further cooperation and the real development of the countries. By analyzing macroeconomic data, collected from the various sources, we have revealed the signs of crisis within the framework of the integration organisation. Taking into account inconsistency with established convergence criteria, existing imbalances might be an irrevocable barrier for the further incorporation. Primarily, such factors as inadequate development of the financial markets and the instability of exchange rates along with the inequality in investment attractiveness and balance of payments structures may increase*

*vulnerability of all the EAEU members to macroeconomic shocks in the near future. The combination of these factors leads to a situation where, though considering certain rates of economic growth, a significant part of the negative consequences affects, firstly, the incomes of the population, which invariably fall from the moment of the conclusion of the agreement. At the same time, the EAEU members face the rapid ageing of the population that calls for almost synchronous pension reforms in order to reduce the burden on the state budget. Since the gap between the countries tends to increase over time, the existing imbalances do not allow solving the whole complex of socio-economic contradictions at the supranational level in the short term.*

**Keywords:** *EAEU, convergence criteria, economic integration*

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## **MODERN MARKET TRENDS**

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### **ABSTRACT**

*In the XX century especially in the second half, the market conditions radically changed. Its essence can be understood if we identify new trends that are characteristic of the development of monopolies and competition. The first trend is to increase the monopolization of the market. The scientific and technological revolution brought about a transition to a much higher level of economic integration. The second trend is towards increased competition. A definite guide in this regard is the definition of rating in global competition. The third global trend is too much production of goods. Since the second half of the twentieth century, there has been a trend of oversupply of goods and industrial production. Increased productivity and urbanization of the industry dramatically changed the pricing policy of many*

*companies. Cooperation and corporate communications have become an important factor in the development of the market of Azerbaijan. Thanks to the oil strategy, Azerbaijan became the first state to master the huge energy potential of the Caspian Sea and to form a qualitatively new economic model for the development of the region. One of the main directions of the oil strategy is the transportation of Azerbaijani oil to the world market. H. Aliyev managed to turn the agreement signed on September 20, 1994 in Baku, into the number one event of the whole world, in which both economic and political factors were united. Within a few years, it became clear to the public that this contract is not only economic in nature and that by its implementation we have achieved the use of the promising opportunities of Azerbaijan as a country throughout the world.*

**Keywords:** Azerbaijan, competition, new economic model, new trends, oil strategy

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## **STUDY OF QUALITY INDICATORS OF THE PUMPKIN GROWN ON THE TERRITORY OF AZERBAIJAN**

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### **ABSTRACT**

*The article provides data on the organoleptic and physico-chemical assessment of the quality of pumpkin grown in Azerbaijan. In 2018, we have collected two varieties of pumpkins on the territory of Azerbaijan: Palav-kadu 268 and Perekhvatka. When assessing the organoleptic characteristics of the pumpkin, appearance, maturity, size, and damage were determined. The fruits of these varieties were ripe, whole, healthy, unpolluted, disease-free, with the color and shape of the fruits characteristic*

*of botanical varieties, with a stem, i.e. fully comply with the requirements of the standard GOST 7975 – 68. Organoleptic studies have shown that the pumpkin varieties studied: Palav-kadu 268 and Interception conform to the requirements and standards of GOST 7975-68, deviations from the standard were not observed and these varieties of pumpkin are reasonable to be sold to the public. From the physico-chemical parameters in the studied varieties of pumpkins, the content of water and carotene were determined. A study of the chemical composition of pumpkin varieties in 2018 showed that the pumpkin variety Palav-kadu 268 contains moisture 90%, carotene 1.6 mg; a grade Perekhvatka 88% moisture, 1.9 mg carotene.*

**Keywords:** *expertise, organoleptic method, pumpkin, physico-chemical method, variety*

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## THE IMPACT OF THE EXTERNAL DEBT TO THE ECONOMIC GROWTH

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### ABSTRACT

*External debt is one of the key indicators on the economic growth  
of a country. However, the underestimation of the risks and*

*unefficient use of received funds resulted on the default of some countries. Lately, Greece, Spain and Portugal faced default due to challenges on paying back the external debt. The purpose of the study is to determine the structure of external debt in Azerbaijan and calculate it by interest rates to assess main economic indicators, such as, the volume of GDP, the income and expenses of the state budget, social inequality, employment and poverty indicators. As an oil rich country, there is a difference on the impact of external debt to the oil and non-oil sector. Thus, the growth of oil sector through external debt is conducted by the international contracts. The research was conducted by conducting statistical, competitive analysis and running econometrical models. According to the research results, external debt does not impact the economic growth all the time. For this, the goals of the external debt, its allocation and control have to respond to international standards. The oil prices of the world market, in addition, the ratio of national currency against the foreign currency, including U.S. dollar has an impact on the borrowed or paid external debt. The competitive economic environment in the country should be maintained and improved for the growth of the national economy. The innovativeness of the research is that the structure of the external debt has been calculated by the interest rates and economic indicators were assessed by diversification.*

**Keywords:** *External Debt, Economic Growth, Economic Indicators, International Standards, Diversification*

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## **ANALYSIS OF THE IMPACT OF THE HUMAN CAPITAL ON TOURISM DEVELOPMENT IN AZERBAIJAN**

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### **ABSTRACT**

*Formation of a new model of economic development in Azerbaijan means transition from the raw material economy to the diversified economy, reduction of dependence on the oil sector and dynamic development of the service sector, including tourism. Tourism is one of the most promising and fast-growing sectors of the world economy plays an important role in providing human resources' employment, opening new jobs, thus solving social problems of the society. The goal of this article to investigate the impact of human capital on development of tourism industry. For achieving this goal, following issues are solved: statistical analysis of the current situation of tourism development in Azerbaijan is conducted; internal and external factors affecting the tourism sector are investigated; the role of human capital in the development of tourism is substantiated. The article deals with the preparation and use of tourism suggestions as a complex of knowledge and skills of individuals in human capital. The specificity of tourism is related to the fact that there is a constant mutual relationship between producers and consumers, while this demands to improve the quality of provided tourism services, to raise qualifications of the staff and to realize trainings for them. Because of exploring the lawfulness and factors affecting tourism, correlation-regression analysis is carried out, regression equations are formed and the most important factors characterizing the tourism development in*

*Azerbaijan are determined in the article. The density of the relationship between human capital and tourism development is measured, as well as the forecast of tourism indicators is mentioned. The quality of tourism services depends on personal and professional qualities of the staff. Consequently, we can point out that, it is necessary to make sustainable investments in the development of human capital for achieving strategic goals of tourism institutions and preparing competitive tourism suggestions.*

**Keywords:** *human capital, statistical analysis, service sector, tourism development*

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## **MODERN ECONOMIC THEORY IN THE FRAMEWORK OF THE CHALLENGES OF THE XXI CENTURY**

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### **ABSTRACT**

*Socio-economic theory (political economy) on the basis of main structures of modern economic theory, rational utilization theory (economics) of limited resources and the existence of institutional economic theory have been based on. The major differences of the main parts of the economic theory are worked out in the investigation. Political economy is regarded as a fundamental socioeconomic basics, according to its methodological aspects and the subject matter, differing from the other component of modern economic theory; neoclassic and institutionalism. The increasing of service sector in economy and the declining of share of material production is noted.*

*It has been noted that the modern society can be called as "service community" and it is pointless to claim for the nomination as "postindustrial society".*

**Keywords:** *economic theory, economics, institutional economy, political economy*

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## **BENCHMARKING OF IMPLEMENTATION OF ADVANCED MANAGEMENT TECHNOLOGIES OF RUSSIAN ORGANIZATIONS & DIFFUSION OF THIS EXPERIENCE TO COUNTRIES OF CASPIAN REGION**

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*This paper considers specific features and tendencies of innovation economy, which set the issue of business competitiveness under such conditions at a different angle. Research of tendencies of present-day management development*

*acknowledges the breakthrough that the world companies are now making and confirms the necessity for modern businesses to master such tools of management. The article emphasizes that revolutionary reforms will not succeed unless they consider with correlations between economy and culture, national and regional mentality. It also states that it is necessary to consider with the obtained findings of the GLOBE project executed by the Wharton School of the University of Pennsylvania (USA) in over 60 countries to identify social and cultural factors that favor or (on the contrary) hamper the development of innovation economy in Russia. It analyzes the factors that hinder the development of innovation economy in Russia in general and Astrakhan Region in particular – a high power distance and a high degree of uncertainty avoidance. Based on analyzing the national culture specifics, the paper provides recommendations for national and regional businesses to set their top priorities – develop unique innovative products, rely on manufacturing small series, experimental production, and creativity instead of mass production. Applying benchmarking, the paper concerns theoretical and practical approaches to determining possible forms of cooperation with the Caspian countries in the field of introduction of digital technologies into activities that CEOs of those countries perform, considering with the adopted Convention of the Legal Status of the Caspian Sea. In this aspect, the article concerns issues related to implementation of flexible methods of management in the field of development of human resources and digital technologies into management practices of the Caspian countries.*

**Keywords:** *innovation economy, benchmarking, management technologies, national mentality, corporate management*

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## **PROSPECTS OF ENSURING THE SUSTAINABLE DEVELOPMENT IN AZERBAIJAN**

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### **ABSTRACT**

*It was possible to overcome the crisis period and achieve economic development by favoring natural resource utilization (hydrocarbon reserves) in transition to the new economic system stage in Azerbaijan. The rapid consumption of certain resources for its recovery creates certain difficulties in the process of economic growth. Therefore, it is necessary to analyze the balance between the consumption of resources and its recovery. Economic development, social development, and economic development, which are the pillars of sustainable economic development, are impossible without adequate financial support. After independence, the most important part of the 250 billion US dollar's investment has been invested in physical capital. The dominance of physical capital investment is characteristic of the Factor-Driven Economies, which is the first stage of economic development of the countries. According to the 2014-2015 report of the World Economic Forum, Azerbaijan is included in a group of countries which passed from the first stage based on factor-based economies to the second stage with an efficiency-driven economy. According to the World Economic Forum's classification of stages of economic development, Azerbaijan's economy is characterized by a transition from the first stage of development to the 2nd stage of development (factor effectiveness), which is more promising for human capital than physical capital.*

*In the transition from the first stage of economic development to the second stage of the economy, which is characterized as an efficient economy, it is possible to create favorable conditions for the transition to innovative development (Phase 3) by creating favorable conditions for human capital development. It is expedient to give priority following to ensuring sustainable development in Azerbaijan: 1. Gradual preference of oil revenues to financing non-oil sector; 2. Creating favorable conditions for the formation of human capital as a result of the development of all forms of education; 3. Achieving an increase in the share of non-oil products in GDP by stimulating regional development; 4. Promoting the use of recurrent (renewable) resources; 5. To achieve an increase in import-substituting products in the national economy; 6. Stimulation of export of non-oil products; 7. To achieve an effective rate of national economy sectors by improving the structure of the economy; 8. Development of the mechanism of returning of this investment to the state budget gradually from the revenues of the economic sectors invested in the state budget;*

**Keywords:** *efficiency-driven economy, factor-driven economy, human capital, non-oil sector, sustainable development*

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