

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



Economic and Social Development

55th International Scientific Conference on Economic and Social Development

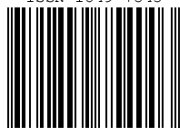
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Editors:

Altay Ismayilov, Khatai Aliyev, Manuel Benazic



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Khatai Aliyev, Azerbaijan State University of Economics, Azerbaijan
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METHODS FOR IMPROVING THE MANAGEMENT OF PUBLIC SERVANTS PROVIDING SERVICES TO ENTREPRENEURSHIP

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ABSTRACT

The article discusses civil servants management issues, as well as methods to improve the efficiency of state administration bodies in the regulation of business. The tasks are to, based on statistical data, determine the relationship between the incomes of civil servants, the effectiveness of their fulfillment of the goals and functions of the state body for regulating entrepreneurship; to determine the relationship between the quality of activities of public servants and their income, as well as evaluate the effectiveness of the style of state administration. The article uses methods of comparative analysis, logical generalization and synthesis. The author analyzed the theoretical foundations and practical methods of management of civil servants. Performed analysis of various approaches to ensuring the opportunities and freedoms of public servants and the expectations of the interests of entrepreneurs in the decision-making process on the regulation of entrepreneurial activity. Outlined are reforms in the model of state administration in Azerbaijan. Particular attention was paid to optimizing work with personnel in the public service and improving implementation mechanisms. As a result of the research, weremade recommendations to improve the effectiveness of the activities of public servants providing services to entrepreneursh.

Keywords: *Civil Service, Civil Servants, Management, Effectiveness Of The Style Of State Administration, Methods*

AZERBAIJAN'S EXPORT POTENTIAL AND ITS DEVELOPMENT PROSPECTS

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ABSTRACT

Dynamics of economic development of the country, volume of foreign trade turnover, effective trade strategy are an indicator of successful economic activity of our country. Rapid development of the Azerbaijani economy has been observed lately. The rate of economic growth provides an increase in GDP production year after year. This is based on world experience, in addition to the oil sector, which is the main income-generating sector of the economy, and the development of non-oil sectors and stimulation of exports. Azerbaijan's export potential is one of the major economic challenges posed by the Strategic Roadmap. At the heart of this problem is the development of foreign trade relations, economic integration into the world market, and stimulation of exports, which puts the development of entrepreneurship in the country and its state support. It is no coincidence that as a result of this, in 2018, SMEs produced 28.8 billion manat products in the country. In our opinion, one of the main problems of our research is another economic problem for the development of export potential of the country, the development of priority areas with the ability to produce goods and services, such as government support, subsidies, concessional loans and so on. identification. Tax and customs privileges, establishment of logistics centers in potential export markets, determination of export products, harmonization of national standards for export products with European standards, quality etc. Problems such as these should be put to the forefront. Economic integration into the world economy, establishment of decent place in the international social work division, provision

of currency flow to the country, diversification of foreign trade turnover, formation of competitive export potential, rationalization of export regulation, improvement and improvement of innovations. The above-mentioned problems show that the prospects for developing the export potential of Azerbaijan are wide and varied, which is a promising priority development of the non-oil sector of the economy, a positive growth in foreign trade turnover, and a national strategy based on export imports. The research will be completed by analyzing the stated problems and summarizing the actual results.

Keywords: *export potential, development prospects, foreign trade turnover, gift balance, foreign trade strategy, export stimulation, competitiveness, diversification, innovative development, investment promotion, logistics center, industrial parks, airports, international organizations, international market*

ON IMPROVEMENT OF MODERN SOFTWARE FOR MANAGEMENT OF OIL AND GAS INDUSTRY ENTERPRISES OF THE REPUBLIC OF AZERBAIJAN

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ABSTRACT

Today, the competitiveness of the oil and gas industry of the Republic of Azerbaijan and the increase in efficiency is depending on the correctness of management decisions. For this case, the article points out the need to improve the management of this sector of the country with modern softwares. The software is perspective in all cases and has been shown to be deficient in the corporate planning of the oil and gas industry while managing in the current economic environment. The article points out that the application of international standards in various fields, advanced management techniques and advanced information technology has enabled SOCAR to optimize its revenues and costs while improving business processes. Thus, SOCAR has been implementing SAP ERP system since 2008 and during this period, the directions for further expansion and successful operation of the system were reflected, as well as the implementation of the management of payments within the specified functionality in several stages. Implementation of management accounting in the oil and gas industry of the country began in 2009 and has been successfully completed.

In accordance with this project, cases of monitoring the current situation in the enterprises of the oil and gas industry were identified. Beginning from 2018, the methodology for the development and implementation of the KPI (Key Performance Indicators) system in the country's oil and gas industry Companies has been approved and the Regulation on the Development, Implementation and Implementation of the KPI System has been approved and started. Expected benefits from the implementation of the approved action plan were assessed by enterprises and the results that would be obtained from the up-to-date SOCAR management software.

Keywords: *Republic of Azerbaijan, country, oil and gas industry, enterprise, management, software*

ENSURING GLOBAL FOOD SAFETY

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ABSTRACT

Food safety means that the country pursues an independent policy, to claim their rights as spokesmen, a common position in solving any problem. In this regard, Azerbaijan is among the countries with the highest position. So, very important steps are being taken in our country to ensure food security, which is a key element of economic, political and environmental security. A key element of food security is the economic independence of the country's national food system. Today, important steps are being taken to increase grain production, which is an important strategic product to ensure food security. First of all, large grain farms are being established to increase productivity. Of course, all this has a serious impact on both the self-sufficiency of our

country and the reduction of financial expenditures on imports. The steps taken in this area once again confirm that the main policy of the state is aimed at reducing dependence on imports, creating favorable conditions for export potential by creating food abundance. Of course, food security does not mean a complete cessation of food imports into the country. This is impossible. Thus, no country in the world can be fully self-sufficient in food through local production. Just as it is impossible to move without imports, it is also unrealistic to supply the domestic market with all kinds of food without importing one or another type of food. It is enough to look at the markets of developed countries, as well as those that specialize in the export of most food products. Large-scale measures taken in the Republic of Azerbaijan to more fully and sustainably meet the needs of the population in quality and safe food products are yielding positive results. At the same time, conditions such as increasing the production and import-export of food and agricultural products in the country, protection of consumer health and protection of rights make it necessary to improve the system of state regulation and control in the field of food safety. Conceptual changes have recently taken place in the implementation of management and control measures in the field of food security in the world. Some developed countries focus resources on high-risk areas and specific problems to regulate food security. Consistent and purposeful reforms implemented in the direction of developing the food security system in the Republic of Azerbaijan have created ample opportunities for improving the existing normative legal acts and material and technical base, and achieving significant achievements. The strategic vision of the "State Program on Ensuring Food Security in the Republic of Azerbaijan for 2019-2025" envisages achieving full provision of the population with healthy and safe food and thus significantly reducing food-borne diseases. The article clarifies the socio-economic nature of food security and explores ways to ensure security.

Thus, attention was paid to the development of horticulture and animal husbandry, which are key factors in strengthening food security. The steps taken in this area were discussed.

Keywords: Food, Food safety, global problems

CURRENT STATE OF MECHANIZATION AND AUTOMATION OF WEAVING WORKSHOPS

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ABSTRACT

This article explores the current state of mechanization and automation of technological processes in textile workshops. Here we have been analyzing the process of carriage of wicker washers, remizzes, berdones, lamellers from weaving preparation to the weaving machines and car placement. It has been established that special carpets have been constructed to be brought from weaving machines to weaving machines. Moving these cars is done manually. Here, the current state of mechanization and automation of the weaving process should be studied. Weaving machines are equipped with auto-detectors when the hinges and the handle are broken. A number of protective mechanisms have been installed on the weaving machines to ensure that the parts are not flawed, safe work is done and the knitting work is easier. Depending on the purpose, the protective mechanisms include: welding guards, protective

helmets and protective equipment that prevents the outflow of the machine from getting out of the car or when it comes out. Implementation of protective mechanisms provides information about breakage of the handle and wrap, and removal of these breaks is manually eliminated by the handkerchief. These processes must be mechanized and automated for the creation of automatic weaving factories. The article explores the current state of the process of transporting goods. Studies show that for this purpose, various types of designer cars have been created. The process of placing the goods on the mechanism of disposal, the removal of the goods from the machine and the transport of the goods are carried out by the workers manually.

Keywords: *wrap, weft, technological process, shuttle, rapier, mechanization, automation*

FINANCIAL SUPPORT FOR INNOVATION AND ITS IMPACT ON SUSTAINABLE ECONOMIC DEVELOPMENT

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ABSTRACT

The article proves that in modern conditions and in the long term, maximizing innovative activities becomes a decisive condition for sustainable development of modern economic systems. Analysis of innovative activities of different companies showed that unacceptable credit conditions, a lack of financial resources constrain innovative activity in this direction. Financial institutions are not always investing in the real economy. Therefore, the most important source of financing of innovative activity are budgetary funds, which are used to Finance research

and development in the defense industries, and also for carrying out fundamental and applied research in academic and University organizations. The difficult financial situation of innovative enterprises is an inevitable consequence of changes in the fundamental basis of the functioning of the economy. Change existing organizational structures will facilitate the formation of an adequate economy innovation. Therefore, in the modern period, the role of the state. It should be noted that a particularly significant should be the role of the state in the creation of technoparks, technopolises, innovation centers, the main investor of which must be that of the public sector. Initial financial support from the state in the process of formation of these institutions can be replaced by other forms of support and above all, tax exemptions, given the risk of investments and their long-lasting nature and also the benefits on the capital invested in innovative businesses to stimulate technological developments and innovative. Enhancing innovation should be considered as the most important means of achieving the ultimate outcomes that improve the country out of the crisis, stabilizing the economy and its subsequent growth.

Keywords: budget funds, innovative activity, financial support

THE PROBLEMS OF FINANCIAL PROVISION OF THE REAL SECTOR OF THE ECONOMY

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ABSTRACT

The real sector of the economy is a combination or an aggregate of the different sectors producing material and non-material goods and services. The real sector of the economy, where a

significant part of the value added is being created, is the basis of the competitiveness of the national economy, and financial support is at its core. The development and functioning of the parameters of the real sector depends on the leading features of the economic security of the state. A characteristic feature of recent years is that globalization has a direct and powerful impact on the financial system, the real sector of the economy, and their interrelated systems. It is impossible to formulate and develop an effective economic policy based on the modeling of economic processes and interrelated events, ensuring economic development in modern conditions. For example, the character and effectiveness of the interaction between the real and financial sectors of the economy are one of the factors of successful innovation and technological development in the conditions of the modern economic practice. The effectiveness of real sector development programs, to a greater extent, is determined by the condition of its transmission mechanism, which is largely dependent on the success of the financial sector and the economic policies pursued by the state.

Keywords: *the real sector, financial stability, bank, taxes*

THE STATE REGULATION OF THE HEALTH CARE SYSTEM: CROSS-COUNTRY COMPARATIVE ANALYSIS

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ABSTRACT

Public health service is one of the most important factors in formation of human capital, which is the most significant indicator of economic development. Because, development of science and education, as well as increase in labor productivity largely depend on formation of physically and mentally healthy population, which, in its turn, depend on development of public health service, quality of services in this sphere and increase in economic efficiency of public spending. From this viewpoint, issues as role of the public health service in formation of healthy population, development of public health system, funding of health care system, importance of coverage of social-health insurance and etc. have been analyzed and evaluated in the article. Generally, the effectiveness of the health care system depends on the level of the state regulation. "Is it possible to measure the level of the state regulation of the health care system?" Unfortunately, our researches prove that there is no

such a methodology which gives us to measure the level of the state regulation of the health care system in the world. For the first time, the methodology has been created by us. It is called Index of Liberalism (Dirigisme) of Health care system. In the article, Index of Liberalism (Dirigisme) of Health care system has been calculated based on the methodology of Index of Leftness (Rightness) of Economy. The calculations are based on Public Health Spending, total, as % of health carespending, Value Added Taxes on drug purchase, and Health mandatory insurance rates for employers. Our calculations showed that the most liberal (rightest) health care system existed in Azerbaijan and the most dirigiste (leftist) is Norway. The study proved that the more state regulation of the health care system the best healthy population. In other words, in which countries, the state regulation is more, in those countries the level of health of population is high.

Keywords: *Healthcare, Index of Leftness (Rightness) of Economy, Liberalism (Dirigisme) Index of the Health System, Liberalization, Dirigisme, State regulation, Social-health insurance, Financing*

SOME ISSUES OF INNOVATIVE DEVELOPMENT OF INDUSTRIAL ENTERPRISES IN AZERBAIJAN

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ABSTRACT

Nowadays, new features of economic development are emerging in the world, the globalization process is deepening, and scientific and technical progress, especially information and

communication technologies, is rapidly developing, competition in the markets of goods and services is getting worse, financial institutions' influence on commodity markets is increasing, large corporations markets tend to take over the economy as a whole, and this in turn makes it necessary for businesses to take into account the impact of these factors, strengthen market positions, maintain and maintain competitiveness, and necessitate the use of innovative development categories for this purpose. One of the main conditions for ensuring the overall development of the enterprise is the presence of competition in the market and, therefore, its competitiveness. One of the most important factors influencing the formation and maintenance of competitiveness is the implementation of innovative development strategies. Innovative development of enterprises is ensured in accordance with the general development strategies, taking into account the impact of environmental factors, marketing principles. There are many alternatives to the innovation strategies they employ, and depending on the type of innovation, these strategies have a different impact on the competitiveness and innovation of the enterprise. Therefore, the selection and implementation of innovation strategies is a very difficult and complex process. Innovative development of industrial enterprises in Azerbaijan is accompanied by a number of problems and has several features. The contradictions of the transition period to a market economy in the country also showed its influence on their appearance. Research and scientific study of specific features and existing problems of innovative development of enterprises is of great importance for ensuring the innovative development of the economy and the country as a whole.

Keywords: Enterprise, Development, Innovation, Competitiveness, Strategy

INNOVATIVE ENTREPRENEURSHIP AS AN IMPORTANT FACTOR OF SUSTAINABLE ECONOMIC DEVELOPMENT

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ABSTRACT

Nowadays, the role of innovation in improving the competitiveness of countries is growing. Implementation of innovation policy plays an important role in the sustainable development of the country, in the integration of production and science. The article reveals the essence, sources of financing and tools of innovative entrepreneurship. For the development of innovative entrepreneurship, firms and companies should have free financial resources, which can be obtained by increasing the stimulating role of taxation and reducing the tax burden. Companies that carry out innovative activities based on the experience of countries with developed market economies should be allowed to deduct research and development costs from the tax base, to increase the tax on profits received from the sale of high-tech goods and services by 50 percent, and to apply a social taxation regime. The results of studies confirming the important role of demand and tax incentives in the development of innovative entrepreneurship are considered. The main principle of the modern approach to stimulating demand, which is a source of innovation, has become more widespread and successfully implemented in strategic documents and political measures. Venture capital can be described as a source of long-term investments, usually provided for five years to companies that are

in the early stages of their formation, existing enterprises for their expansion and modernization, as well as to finance individual enterprises belonging to large corporations or private firms. As a result of the study of the mechanism of venture financing of innovative entrepreneurs, organizational, economic and legal problems that hinder venture investment were identified.

Keywords: *Innovation entrepreneurship, Innovation activity, Tax system, Venture investment, Innovation management*

DETERMINATION OF OPPORTUNITIES FOR THE PROVISION OF TAX BENEFITS TO ENSURE EFFICIENT EMPLOYMENT

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ABSTRACT

Employment and unemployment are one of the major socio-economic problems of any country. Unemployment does not only bring disadvantage to the most important strata of the population, but also makes people suffer religious, spiritual and psychological stress. The level of unemployment depends on social tension, crime rates, migration processes. These problems cannot be solved without effective government regulation of employment, which requires in-depth analysis and extensive use of foreign experience in this field. The aim of the study is to

explore the practical issues of applying and supporting tax incentives by the state in ensuring effective employment based on the experience of economically developed countries and to reveal the possibilities of its application in Azerbaijan. The methodology of the study includes empirical analysis and synthesis methods. The article provides a general approach to state stimulation of employment, examines the essence and significance of measures to stimulate demand for the workforce, and examines trends in employment programs in economically developed countries. The importance of taxation in ensuring effective employment is assessed and the status of application of measures to stimulate demand and retain jobs in different countries is analyzed and evaluated. The article analyzes and evaluates the current employment situation in the country and the possibility of applying tax deductions for its provision. The originality and scientific novelty of the research is that practical research has been carried out by examining the foreign experience of using the basic instruments and mechanisms of government support for ensuring effective employment, stimulating job creation and retention. practical analysis has been The originality and scientific novelty of the research is that practical research has been carried out, by examining the foreign experience of using the basic instruments and mechanisms of government support for ensuring effective employment, stimulating job creation and as a result, relevant recommendations have been made on the application of tax incentives in this area in Azerbaijan.

Keywords: *Tax, Employment, Tax discount, Government support, Jobs, Incentives*

CORPORATE GOVERNANCE PROBLEMS IN AZERBAIJANI INDUSTRY AND ITS DEVELOPMENT

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ABSTRACT

Since the beginning of the 1990s, competition for investment resources has sharply increased in the world, and the need for new sources of financing has been satisfied. At the same time, corporate scandals that occurred in companies in developed countries with a strong international reputation (Enron, Citigroup, Tyco, Worldcom, Exxon, etc.) made it necessary to develop effective corporate governance. From this point of view, corporate governance began to be discussed all over the world and in international organizations, and countries, enterprises and all organizations began to search for themselves the best and most suitable form of corporate governance. The article is devoted to the scientific study of the problems of development of corporate governance in the industry of Azerbaijan. The article discusses the economic importance of using corporate governance in the country's industry, the role of corporate governance in the development of industrial enterprises, as well as the problems of developing corporate governance in Azerbaijani industry. The aim of the study is to study the development of corporate governance in the Azerbaijani industry and develop recommendations and recommendations for their solution. Studies show that in the field of corporate governance in the country there are serious problems. The results of the study show that in order to develop corporate governance in the economy of Azerbaijan and its leading industry, a number of measures need to be taken: to create and develop areas of market infrastructure that serve this area, to create an improved legal framework for corporate governance and corporate relations.

Achieving a corporate governance code consisting of a set of regulatory standards and internal regulations, etc.

Keywords: corporate governance, joint-stock company, industry, shareholder

THE DEVELOPMENT PROCESS OF DISTANCE EDUCATION IN AZERBAIJAN

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ABSTRACT

The widespread use of distance education in accordance with the requirements of modern times allows more people to be involved in education. Thanks to distance education, people living in remote villages, people with disabilities, or those who for some reason cannot continue their education, also get a comfortable education. Distance education is widely used in many higher education institutions of the world. For the last 10 years distance education in Azerbaijan is developing. Although distance education did not receive much attention in the early years, demand for this type of education has been growing over the past five years. A number of steps have been taken in this direction. Since 2010, the Ministry of Education has launched a distance learning project called “e-Learning Systems”. The main goal of the project is to involve children with disabilities in distance education, to support their integration in society, to improve their educational opportunities, to create Internet access by improving their ability to use computer and electronic resources. Distance education programs are implemented at UNEC, ADA, West Caspian University and other universities. There are regularly organized trainings for professors-teachers of distance education with the participation of foreign experts.

In the trainings there are provided information on a specially created platform, the methods and technologies used in distance education are considered. We can positively assess the activity of the Distance Learning Center in the Training-Innovation Center of the Institute of Information Technologies of ANAS, as the most successful step in distance education. The distance education center conducts computer science classes for doctoral students and dissertators from different regions of Azerbaijan. The article discusses the steps taken in the field of distance education, the work done, as well as the experiences of leading world scientific centers and their application in educational institutions of Azerbaijan.

Keywords: Azerbaijan, distance, education, school, university

INNOVATIVE DIRECTIONS OF HRM IN THE BUSINESS ENVIRONMENT OF AZERBAIJAN

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ABSTRACT

In modern conditions, multi-purpose, mixed, complex structure, multifunctional production enterprises and business structures have been formed. Such structures require the formation and improvement of innovative management functions. As a result, all values in the market sphere change and new systems emerge. Concepts such as human resource management, personnel management are closely relate to the concept of "labor economy".

The labor economy is the basis of human resource management and the source of demographic potential as a whole. Therefore, human resource management actualizes staff training, personnel selection, personnel risks, the system of organizational behavior and similar socio-psychological problems. For this reason, issues related to the person and his character and behavior, as well as professional specialization in the field are also relevant. Human resource management requires professional innovation and innovative methods that affect the formation and specialization of personnel, which makes it necessary to conduct with organizational, economic and strategic research. It stimulates and increases the activity of personnel. As my research that the cause of the unemployment problem is not only the lack of jobs, but also the fact that the vocational education and work skills of the unemployed and job seekers do not meet the requirements of the modern labor market. Stimulation of human capital development are ensure the development of vocational education and training in the Republic of Azerbaijan and increase of labor productivity in the Strategic Roadmaps. It is aim for the prospects of the national economy, application of performance-based incentives and creation of model enterprises for small and medium enterprises and promotion of entrepreneurial thinking. The main priorities are the organization of the activities of education and training institutions. Taking into account the above, we can summarize that the study of changes in recent years and in individual enterprises, the identification of existing shortcomings and the development and implementation of an innovative human resources model is important and very relevant in terms of efficiency.

Keywords: human resources, innovative management, motivation

PROTECTION FROM THE EFFECTS OF GLOBAL FINANCIAL CRISES AND WAYS OUT OF THEM

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ABSTRACT

Today, globalization is increasing the instability of national economies and the likelihood of crises. During this period, financial crises become more persistent. Accelerated integration as a result of changes in world markets is exacerbating the impact of the crisis in one region on another. Although we note this in general, we must take into account that there is no consensus in the assessment of economic, including financial crises. Because this crisis covers social, environmental, geopolitical processes, in short, all areas of global development. The above does not preclude the study of the causes and negative effects of the global financial crisis. To this end, economic relations between countries during financial crises should be analyzed, their destructive effects should be reduced and ways out should be identified. Many scientific theories have been written and researched on appropriate regulation and solutions. It is also important to study the funding mechanisms and policies of international organizations in times of crisis. Thus, the program of structural reforms implemented with their financial support creates the basis for ensuring the balance of payments and economic stability of individual countries. Observations show that the frequency and duration of financial crises have recently increased. Although periodic financial crises are considered by many researchers to be the product of capitalism, they must be seen as real economic events. It also requires the identification of solutions rather than the search for "causes". We believe that the measures taken should be in line with the crisis and the current situation in the country where it took place. These measures

should include the development of science and technology, support for domestic production, prevention of monopolies, implementation of programs to reduce poverty and unemployment. The Republic of Azerbaijan has experienced a period of financial crises twice, in 2008 and 2015. As a result, the country has already gained some experience in mitigating the effects of financial crises and ways out. We are living in a pandemic that is dragging the economies of most countries into a deeper financial crisis. Therefore, in determining the way out of this crisis, it is necessary to monitor the dynamics of the world economy in recent months, identify key trends and make sound forecasts.

Keywords: *finance, crisis, reform, regulation, poverty, employment, development*

LABOR PRODUCTIVITY AND SALARIES IN THE AZERBAIJAN REPUBLIC

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ABSTRACT

One of the leading indicators of economic development is labor productivity. An effective combination of factors of production is the basis for increasing labor productivity. The human factor has a significant impact on the growth of production because human drives every other factor. Employees need to be motivated to work effectively. The main incentive for the effective work of staff is the salary. Thus, salary affects labor productivity and can stimulate its growth. At the same time, an increase in labor productivity affects the probability of an increase in salaries. So, there is a mutual influence between labor productivity and salary.

The purpose of this research is to determine the mutual influence between labor productivity and salary in Azerbaijan. In line with the objective, the task is to assess labor productivity and salary in Azerbaijan and their impact on each other. The article analyzes the dynamics of labor productivity and salary in Azerbaijan at the macro level and industry service. Current trends in these indicators were identified both in the economy as a whole and in individual sectors: agriculture, industry, construction, and service sector. A comparative analysis of changes in labor productivity and salary in Azerbaijan is provided. Using the regression model, the mutual influence of labor productivity and salary in the economy as a whole and its main sectors are calculated. The article uses the methods of comparative analysis, logical generalization and synthesis, regression analysis.

Keywords: salary, labor productivity

OPPORTUNITIES AND PERSPECTIVES OF BIG DATA FOR THE DEVELOPMENT OF BUSINESS

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ABSTRACT

As a result of the worldwide use of electronic devices and the ubiquitous generation and availability of digital information, the nature of the data that is now being generated constantly and in huge quantities and which we call big data has changed dramatically. These data have important distinctive properties that distinguish them from data obtained from traditional sources. The data obtained from these innovative sources have an

exceptionally wide range of distribution, an unorganized structure, a huge amount and often arrive in real time. Big data is a source of data that can be described as follows: “data of enormous size, growth rate and diversity, requiring cost-effective innovative types of processing and intended for in-depth analytical research and decision-making” [Big data and modernization of statistical systems, 2014]. The use of “big data” in an organization leads to a significant change in various areas of activity. “Big data” creates a new paradigm of data analysis, changing the fundamental principles of collecting, storing, processing and transmitting data. Such substantial, paradigmatic shifts affect many basic processes of purposeful, organized activity, including decision-making processes. The issues of the influence of “big data” on the adoption of investment, organizational decisions and corporate culture are considered. Building management models with regard to “big data” in all their versatility leads to the need to solve new problems: to determine the inclusiveness and flexibility of data. As organizational decisions are increasingly becoming more data-oriented, top managers must ensure that decision-making rights are also data-oriented. This explains why so many organizations have made managing this strategic and organizational priority. “Big data” affects not only the technological infrastructure of the company, but also changes in the field of corporate culture and the entire management system. In the article, the presentation of technology big data at the present stage of economic development, the necessity and prospects of using these technologies to create a competitive advantage of the company and improve business efficiency. The importance of technology big data in the innovative development of the digital economy has been formulated, and its features have been determined.

Keywords: *Big data, Business, Information Technologies, Business Performance, Competitive advantages, Big data analysis methods*

ECONOMIC AND ENERGY COOPERATION OF THE CASPIAN COUNTRIES

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ABSTRACT

The article considers the issues of energy and economic cooperation of the Caspian countries. The relevance of energy cooperation is determined by the instability of the world economic system and crises in the system of international relations. Today, the Caspian region is a "global trade crossroads." This opens up the possibility of goods moving along the North-South and West-East corridors. The Caspian has great political and economic potential. Intensive development of the Central Asian region is pushing countries to search for new trade routes and build global infrastructure projects. The countries of the Caspian basin are actively participating in them. All this requires new rules of communication and regulation between all interested parties. The signed convention on the legal status of the Caspian Sea, as well as the signed agreements on trade and economic activities of the Caspian littoral states, made it possible to concentrate on further joint development of the region and opened a new milestone in cooperation. Nevertheless, there are a number of problems in the Caspian region. One of these problems is logistics and transport corridors, not only regarding

freight, but also in the field of passenger transportation. This requires the intensification of humanitarian projects in the region. Also, the region is located at the indirect intersection of several security spaces, which affects the picture of its long-term socio-economic development and poses the corresponding tasks for Russia to strengthen its influence. The main key areas of cooperation between the Caspian littoral countries are: the development of transport and logistics, the modernization of railways, highways, seaports, airports, the creation of electronic trading platforms for goods and raw materials, the development of industrial and innovative zones, and the development of the electric power industry. Today, the prospects for this cooperation are being determined.

Keywords: *Energy cooperation, economic cooperation, oil and gas revenues, logistics, prospects*

FINANCIAL SECURITY AS A GUARANTEE OF NATIONAL ECONOMIC SECURITY

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ABSTRACT

Economic security is considered as a set of internal and external conditions that create favorable conditions for the effective dynamic growth of the national economy and its ability to meet the needs of society, state, individual, competitiveness in foreign markets, protection from various threats and losses. Usually, a direct threat to economic interests is created by economic threats that disrupt the normal course of social reproduction. They can be most commonly classified as both internal and external threats. External factors include geopolitical and external

economic factors, as well as global environmental processes. Analytical indicators characterizing almost all aspects of the country's socio-economic development should be used in the process of monitoring threats to the country's economic security. Thus, financial security is considered as a part of economic and national security as a whole. Financial security is the position of financial and financial institutions which makes them able to create the necessary financial conditions to ensure the socio-economic and financial stability of the country, while maintaining the integrity of the financial system, including the monetary, budgetary, credit, tax and currency systems. It helps to be able to successfully eliminate internal and external threats in the field, coordinate the overall financial relations in the country and direct all opportunities to the development of a healthy national economy.

Keywords: *National economy, state, indicators of economic security, mechanism*

PRIORITY AREAS OF SOCIO - ECONOMIC DEVELOPMENT OF THE NON – OIL SECTOR IN AZERBAIJAN

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ABSTRACT

Today, tourism is one of the fastest growing and priority areas of socio-economic development of many countries. This sector of the economy plays an important role in the economic development of the regions, the fight against poverty, urbanization, especially in remote rural areas, and the increase in tax revenues. Azerbaijan has a very high competitiveness in tourism. Natural resources, colorful climate, rich historical and cultural heritage are important factors for creating attractive tourist products. At the same time, Azerbaijan declared the development of tourism a priority for the non-oil sector of the economy. The ongoing reforms, the work done to promote tourism in the country over the past 15 years, as well as the adopted state programs, the improvement of the regulatory framework, once again prove this. The study analyzes the growth rate of international tourism, indicators of tourism development in the global economy, explores the possibilities of using tourism potential in Azerbaijan. In international practice, the tourism sector has a significant

impact on the growth of the country's productive potential, income and employment, as well as on the development of other sectors of the economy. Thus, according to statistics, the share of tourism in world GDP in 2018 amounted to 9.7%, and employment - 9.4%. According to recent statistics, tourism is one of the most dynamically developing sectors in Azerbaijan [1].

Keywords: *investment, competitiveness, tourism market, sustainable development, econometric assessment*

ECONOMETRIC MODEL FOR GROSS DOMESTIC PRODUCT IN AZERBAIJAN

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ABSTRACT

One of the indicators of the country's economic growth is the gross domestic product (GDP), and one of the factors of economic growth is capital. The main criteria and source of economic development is economic growth. Economic growth is a sustainable increasing tendency of the main indicators of the domestic product (GDP, GNI). Furthermore, absolute value and growth per capita are also considered. In economic and statistics, various indicators are used to measure the volume of national production. The most important of these is gross domestic product (GDP). GDP is expressed by monetary unit of the final products and services produced in the economy. Here should be taken into account the fact that GDP comprises final products and services produced within the particular country. In this work, was created the econometric model that demonstrates the dependence of GDP on investments in case of Azerbaijan economy. This approach provides an opportunity for strategic

planning of GDP for the country. In this work, to achieve the desired level of GDP for current year, the volume of investment for previous year is used as the independent variable in the dynamic model. But as indicated above, many other factors affect GDP. We chose one of them: the amount of investment. Further research will be created the dynamic model of GDP for current year depending on investment volume of previous year. In this case, a dynamic model will allow to plan GDP volume depending on investment volume of previous year. This approach is very important from point of GDP planning view.

Keywords: *macroeconomics, gross domestic product, investments, econometric model*

METHODS OF EVALUATING THE ECONOMIC EFFECTIVENESS OF E-LEARNING IN AZERBAIJAN

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ABSTRACT

The article deals with the application of electronic management systems in the higher education system, the increase of electronic resources, the ways to ensure employment and convenience for teachers and students, the implementation of social reading programs apart from traditional lectures in the training classes, provision of information security, and elimination of electronic

backwardness. The article also discusses the use analysis of electronic education system in Azerbaijani higher education institutions and evaluation methods of its economic effectiveness. Created a questionnaire to analyze e-learning, traditional training, and mixed learning. Cluster, regression, SWOT, and PEST analysis methods were used in the process of query processing. As a result, it was recommended to develop a strategy for the electronic education system and to develop a human resources training system for innovative Technologies.

Keywords: LMS, SWOT, PEST, cluster, electronic resources

CURRENT SITUATION AND PROSPECTS OF DEVELOPMENT IN THE SPHERE OF FINANCING OF SMALL AND MEDIUM BUSINESS ENTITIES IN THE REPUBLIC OF AZERBAIJAN

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ABSTRACT

The place and role of small and medium business (SME) in strengthening economic stability, competitiveness and economic activity in the country is significant. However, due to the high risk factors associated with SMEs in the Republic of Azerbaijan, the level of access to funding sources for this category of enterprises is low. The simplest and most reliable option for the organization of the financial base is to direct the funds of the owner of the business entity and the attracted funds in one form or another to new enterprises. The problem with the Azerbaijani economy is that start-up entrepreneurs do not have enough financial

resources. Analysis of the state's tax policy in the financing of SMEs (small and medium enterprises) also plays a supporting role in this direction. The study of these issues in the presented article reflects the urgency of the topic. The scientific-methodical base of the research consists of publications of economists of Azerbaijan and foreign countries on entrepreneurship financing, state legislative acts, normative documents and decisions. The purpose of the study is to identify and analyze the factors involved in providing financial support to SMEs. From this point of view, the results were obtained by statistical analysis of the number and value of SMEs in the market economy, the volume and share of SMEs in GDP, the comparison of funds attracted to SMEs with different financing instruments. The article uses the method of synthesis, systematic approach, correlation and regression. As a result of the analysis, the directions of improving the financing of SMEs, the internal factors determining the investment attractiveness are shown in the form of a table, and the ways to increase their trade turnover are listed. As a result of the study, it can be noted that the support of SMEs raises the need for a specific approach such as the creation of a guarantee system for the financing of these entities, the introduction of deposited financing mechanisms, risk insurance, etc.

Keywords: *Small and medium business entities, entrepreneurship, business environment, tax policy, financing, investment*

ADAPTIVE METHOD OF ECONOMETRIC MODELING AND FORECASTING OF AZERBAIJAN'S GDP

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ABSTRACT

This article deals with the adaptive methods for econometric modeling in the study of the GDP of Azerbaijan for 1997–2018. The research purpose is to obtain short-term forecasts of the dynamic development of the economy of Azerbaijan in the conditions of the period of transition to a market economy. The methodological basis of the research consists of the Holt-Winters and ARIMA (p, d, q) methods of econometric analysis of the GDP of Azerbaijan. The calculations were performed and graphs were plotted using freely distributed modern software — the statistical environment R— which is one of the most dynamically developing programs in its class. The research is deemed relevant as the economic tooling used in the article is related to one of the current directions of statistical analysis and forecasting of time series, and at the same time these issues have not been addressed to a sufficient extent in domestic and foreign publications. In this view, the article provides a method for constructing mixed autoregressive models—the moving-average method — as well as a study of the model properties, and their empirical comparison with the adaptive autoregressive model. Diverse econometric tests performed in the course of the study showed us that the constructed econometric models meet all the essential postulates of econometric analysis, i.e. meet the conditions of the specification, parametrization, and verification. The results obtained in the article are of high relevance and great importance. They can be applied in practice, as well as used both to monitor and forecast the development of the economy of Azerbaijan as a whole, and as a tool for retrospective analysis

Keywords: *Adaptive Method, Economy, Modeling, Time Series*

COGNITIVE MODELING AS A METHOD FOR IMPROVING THE EFFECTIVENESS OF INTERNATIONAL BANKING

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ABSTRACT

The current development stage of the national economy is characterized by a continuous process of financial globalization and liberalization of the international capital transfer, increased competition in the banking sector and the banking innovations development. The purpose of the article is to develop a cognitive model of increasing the efficiency of international banking activities. Cognitive models are reflected in the fact of the influence of one factor on the other, as well as the influence of factors on the studied indicator. The first stage of building a cognitive model is realized by a priori ranking. It allows to separate the factors of endogenous and exogenous origin. The second stage involves dividing the factors by the level of their internal and external origin (uncontrolled and controllable by the banking institution). The implementation of the third stage provide causality between the factors and the studied indicator,

both direct and indirect. Based on the integral estimates obtained the position of the bank in a matrix is determined. A meaningful analysis of the quadrants of the matrix identifies 4 classes of situations. The level of influence of exogenous and endogenous factors characterize the financial potential of the bank. They could be favorable, acceptable, risky or unfavorable. Testing of cognitive modelling for increase of efficiency of international banking activity on an example of banking institutions of Ukraine is carried out. The aggregate influence of endogenous and exogenous factors on financial resources and resources is determined. It is proposed to improve the tools of banking management, increase the profitability of banking activities, harmonize the economic interests of the state, banks and consumers of banking services to improve the efficiency of international banking.

Keywords: *International banking, Cognitive model, Financial potential, Exogenous factors, Endogenous factors, Harrington function, Positioning matrix*

THE ROLE OF THE TAX SYSTEM IN ENSURING ECONOMIC AND FINANCIAL SECURITY OF THE COUNTRY

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ABSTRACT

The article deals with improving in ensuring the Azerbaijan Republic economic and financial security through perfection of tax system. The problem of economic and financial security is a prerequisite for sustainable development and an attribute of national security of a country. Ensuring economic and financial security makes more certain financial resources for stable well-being and transition into a more responsive to requirements of national security level of socio-economic development. The economic system of a country may be defined as the aggregate of production, infrastructure, business environment and governance. The economic system' performance must provide reliable flow of financial resources into high productive real investment and the state budget. Economic and financial security rests on versatile economic growth and investment, productive employment, admissible level of inflation. Taxation as an effective tool of fiscal policy must stimulate the contributors of economic and financial security and ensure sufficient resources for the budget. The stimulation require tax exemptions and reduced tax rates, the state budget needs more financial resources for implementing inherent functions of it. Azerbaijan state budget revenues depends on volatile financial sources as natural resources, i.e. oil and gas. An unexpected decline in oil prices in 2014 Azerbaijan faced decrease in revenues and devalued its

currency 2 times in 2015. The government tries through diversification of economy and development of non-oil sectors to solve this urgent problem. Perfection of tax system can and must play adequate role for ensuring economic and financial security through quality development of the economy.

Keywords: *Economic and financial security, Contributors of economic security, Fiscal policy, Tax system, Perfection of tax system, Azerbaijan economy*

THE IMPROVEMENT OF THE UTILIZATION OF COMPETITIVE ADVANTAGES OF NON- OIL INDUSTRIAL ENTERPRISES IN MODERN CONDITIONS

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ABSTRACT

The dynamics of competitive environment, unpredictable behavior of competitors, in modern condition characterizing by frequent change of country's priorities, the activities of industrial enterprises require constant creation and realization of competitive advantages, which will help to achieve the goals and maintain a high level of competitiveness in the long term success. The low level of competitiveness of local enterprises necessitates the objective importance of developing the theory and practice of competitiveness management as well as scientific approaches to the formation of competitive advantages as an effective instrument of ensuring competitiveness of industrial enterprises. The fundamental and applied research of local and foreign scientists under the influence of the activities of enterprises and their competitiveness has been evolved. The great interest of

scientists in presenting theoretical and methodological knowledge in the field of competitiveness proves the relevance and perspective of the development of this direction. The purpose of the research is to establish competitive advantages of industrial enterprises as an effective instrument for ensuring competitiveness. The fundamental principles, incentives and general features of economic mechanisms for the formation of competitive advantages of enterprises have been carried out in the article. The main competitive advantages of businesses have been revealed, and the characteristics of their competitive advantages are explored. The originality and scientific novelty of the research is that there was a systematic analysis using the results of international research, and relevant suggestions and recommendations were made for the improvement of the utilisation of competitive advantages of national industrial enterprises.

Keywords: *Industrial enterprise, Competition, Competitive advantages, Competitiveness*

GOVERNMENT SUPPORT FOR AGRICULTURAL DEVELOPMENT: EXPERIENCE AND PRIORITIES

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ABSTRACT

In each country, the development of agriculture as one of the key sectors of the national economy is always in the center of attention of the state. This will contribute to the socio-economic development of the sector, ensuring food security, increasing employment and so on. derives from the role. That is why they are sometimes compared with the military-industrial complex of agriculture. Thus, the greater the role of the military-industrial complex in ensuring the national security of the country, the higher the role of agriculture in ensuring food security. It should be borne in mind that state support for the development of agriculture is caused not by its high importance, but by high production risks in this area. The mechanisms and methods of state support for agricultural production have always been the subject of discussion. As a rule, some countries try to give priority to Western and European experience. It is believed that a proven support mechanism should be highly effective. If we specifically describe the reality of Azerbaijan, then there is a diversified mechanism for supporting agriculture. The main attention is paid to subsidies, taxes and loans, the development of leasing relations and technical assistance. The analysis shows that, despite the existing support mechanism and the extensive agricultural independence of the local agricultural producer, the necessary

results were not achieved. In Europe, one agricultural producer produces 85-95 people, and 6-7 people in Azerbaijan produce food. There may be several approaches to the interpretation of the current situation. First, large-scale government support can create a sense of trust among manufacturers. Secondly, productive resources are inefficient. Thirdly, the lack of an effective pricing mechanism can seriously damage the interests of producers. We believe that the main problem in the country's agriculture today is not production, but the problems of supply, goods and sales. There is a serious need for the development and implementation of state support mechanisms in these areas.

Keywords: *Agriculture, Regulation, Price, Tax, Subsidy, Credit*

INFLUENCE OF INNOVATIVE DEVELOPMENT FACTORS TO IMPROVE HUMAN CAPITAL IN AZERBAIJAN

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ABSTRACT

The article considers the influence of innovative development factors on improving human capital in Azerbaijan. The authors, assessing the socio-economic reforms being carried out in our country, show that now in Azerbaijan, the transition to an innovative type of development is very relevant. This is due to several factors. First of all, it is necessary to increase the number

of producers of innovative products, to give preference to the behaviour of consumers of innovative products, to strengthen the interaction between manufacturers and consumers of innovative products. The authors note that for the implementation of all this, the creation of a national innovation system is important. However, the article reveals a number of factors that impede the creation of a national innovation system, without which it is impossible to further develop this system in our country.

Keywords: *Innovation, Innovative economy, Information society, Human capital, Socio-economic reforms*

OPPORTUNITIES AND PRIORITIES OF AZERBAIJAN'S TRANSITION TO THE CONCEPT OF SUSTAINABLE DEVELOPMENT

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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, 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.

Keywords: Sustainable economy, Sustainability potential, Safety conception, Competitiveness, Human capital

ECONOMETRIC EVALUATION OF THE RATIO BETWEEN DOMESTIC AND WORLD PRICES

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ABSTRACT

The interrelation of domestic and world prices is the scientific discussion subject of economist-scientists. The problem is that domestic prices often differ from world prices. In order to determine the reason of this, main elements of pricing

mechanisms in domestic and world markets should be systematically linked. The overlap of external and internal prices rarely occur. In other words, very often, different countries have different prices for the same product. As a rule, domestic prices exceed the world market prices. This is typical for all countries, although it is more typical for countries which are importing and less typical for countries which are exporting. The country's influence opportunities to the world prices for products is quite limited. Because the value bases of those prices are formed outside the country. Sometimes, in the face of the national currency's depreciation, product imports are accepted as "inflation imports" is based on this argument. In addition, the assessment of the impact of the following factors should also be taken into consideration:

- 1. Economic barriers between national and world markets (customs duties, compensation charges, subsidies, taxes, etc.). Typically, as the national market faces such barriers, the discrepancy between local and world market prices is exacerbated. The less these barriers are, the more compatible the prices. Thus, a number of countries have subsidized their exports by using open and confidential financial support, which helps them lower world market prices than domestic prices.*
- 2. More intense price competition in the world markets than in national markets. The dynamics of domestic and world market prices can be monitored by analyzing the competitiveness index of local products versus imported products, the country's dependence rate on imports, national currency exchange rate fluctuations, and other related factors. From this point of view, there is a need for creation of an appropriate econometric model and interpretation of the results by using the correlation-regression and statistical analysis methods.*

Keywords: *Currency, Competition, Export, Import, Market, Price, Regulation, Value*

SPECIFICITY OF RISKS IN THE TOURISM INDUSTRY

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ABSTRACT

Due to the development of market relations and globalization processes in the world, the problems of entrepreneurial risk have expanded and began to cover more spheres of the economy. In the modern world economy, the problem of risk management becomes actual in the face of increasing financial and economic crises, which reduce the degree of stability and increase the degree of risk in the activity of company. At the beginning of the article was considered the scientific works of some authors who studied the problem of risk management in the economy. Tourism, being an important component of the modern economic system and playing a significant role in solving social problems, is highly dependent on risks and crises, especially in the context of countries' integration into the global economic system. There are numerous types of risks that differ from each other in the causes and specific characteristics. These risks threaten the activities of any organization in the tourism industry. Therefore, the development of new methods in risk assessment has become an essential part of the management of the tourism industry. The tourism company in the strategic development plan must clearly identify all types of risks that the company may face throughout its activities. The article considers and classifies the types of risks that a company may face, as well as the methods used to prevent or predict them. The article also discusses current trends and problems in the development of tourism in Azerbaijan and the prospects for using risk management to increase the efficiency and safety activity of tourism companies.

Keywords: *Globalization, Risk management, Tourism industry, Tour operator, Tourism risks*

INCREASED EFFICIENCY TO SOLVE THE PROBLEM OF EXPANDING PRODUCTION

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ABSTRACT

The oil industry, being one of the traditional industries, was created and formed over a long historical period and constituted a new stage of economic development. However, an unsatisfactory attitude to this industrial sphere at the end of the last century led to an increase in the decline in the oil industry and a decrease in oil production. At present, Azerbaijan's integration into the world economy and socio-economic development of the country, along with other industries, are also linked to the availability of rich oil and gas resources. The most important priorities of the country's national development strategy are to make better use of these resources. With the construction of industrial relations based on the principles of a market economy, significant work was carried out on integration into the world economic system. In this regard, the collapse of the Union did not pass without "difficulties" for all post-soviet republics, including Azerbaijan. With the collapse of the Union, all economic ties were disrupted and the oil industry was unable to fully utilize its potential. All this was reflected in the annual drop in oil and gas production, a decrease in the efficiency of the operating fund of wells, and a sharp decrease in drilling operations. It should be noted that the continuous growth in demand for oil and ensuring the country's energy security imposes new and stringent requirements on the quality of oilfield equipment. The need to reduce imports of products in market conditions requires the reconstruction of machine-building plants in the country and the development of production that meets international standards.

Keywords: *competition, costs, economy, efficiency, quality, standard*

MACROECONOMIC ASPECTS OF SUSTAINABLE DEVELOPMENT OF NATIONAL ECONOMY IN THE CONTEXT OF GLOBAL PROBLEMS

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ABSTRACT

The main purpose of the research is to identify the macroeconomic aspects of the sustainable development of the national economy in the context of global challenges and optimal solutions. In this context, the research task is to analyze and summarize the main features of the sustainable development of the national economy. For this purpose, the solutions of problems related to the theoretical and methodological features of the development of the country's economy, the issues to be considered and the acceleration of the development of the country's economy were examined. The characteristics of Azerbaijan's economic development model, its potential for self-development and its ability to increase its competitiveness in the face of global economic difficulties have been revealed. Particular attention was paid to the problems of choosing an effective model and mechanism for the development of the national economy. All this encourages us to think more about the sustainable development of the national economy in a global context, to form the national economy in the context of national economic interests and to optimize the most important development goals, to diversify the structure of the national economy, technological and innovation in the country to accelerate development, strengthen production capacity, ensure efficient use of energy and raw materials, and model human capital and intelligence use in line with global economic challenges. Given the trends in the oil economy of the Azerbaijan economy in the context of the expansion of the global

economy, the conceptual approach to the sustainable development of the national economy and the problems that prevent the development of the national economy are explained objectively.

Keywords: *economic mechanisms, national economy, resource potential, global economic challenges, the basic indicators of sustainable development, the model of economic development*

THE DIRECTIONS FOR IMPROVEMENT OF COMPETITION STRATEGIES

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ABSTRACT

One of the most important principles of market economy is existence of free competition among commodity producers. Competition is a fight amount producers, consignors, firms and enterprises to obtain efficient production and sales terms in order to improve much more the results of entrepreneurial activity. The history of development of market economy shows that, competition is created in the same time with commodity production. But, it became to the important factor of market relations and also to rapid regulation of public production in the condition of development of capitalism. The competitive ability of enterprise means provision of efficient economic activity and productive sale in the condition of competitive market. The indicator of competitive ability is a mirror reflecting the works of all sections and services for each enterprise in itself. Entering to foreign market with competitive goods is the first opportunity in the field of capture of the market by enterprise and its consolidation there. Then, a great and important work on

management of competitive abilities of goods starts. The management of competitive ability is the sum of measures on constant improvement of product, search of its new sales channels, new buyer groups constantly, improvement of service and advertising. The competition is the centre of gravity of the entire market economy and economic system and also it is the type of mutual relations among producers, as well as other market subjects for determination of prices in the market and the volumes of product offers. In other words, the competition is the form of relations established in the background of formation of volume of prices and demand in the market among producers, as well as consumers (buyers), also it is the practice of civil regulation and management of the distribution and redistribution system of markets and profit among market subjects.

Keywords: *competition, producer, marketing strategies, market mechanism*

TAX BENEFITS IN ENSURING SOCIAL DEVELOPMENT AS ONE OF THE MEANS OF ECONOMIC INFLUENCE

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ABSTRACT

The study of tax policy cannot be considered without addressing the issues of fairness and efficiency, as society will always strive to implement a tax policy capable of fulfilling these two tasks simultaneously. A legally fair tax policy ensures the universal nature of taxation and equality of all taxpayers before the law, ie equality of their rights, duties and responsibilities for violations of tax laws. ensures a fair distribution [1]. An effective tax policy

is aimed at increasing public welfare and at the same time best reflects the interests of society in finding a compromise between the application of the principles of efficiency and fairness in taxation [2]. Fairness of taxation means its equality, ie equal distribution of the tax burden. The distribution of the tax burden is a starting point in assessing the fairness of the tax system. However, the person carrying the main burden is not always the payer of this tax. This is because taxes affect supply and demand, and changes in equilibrium prices do not only affect taxpayers. The article provides a comparative analysis of fair and effective tax policy, legal properties of tax benefits, purposes of granting, features of formation of tax revenues of the budget, the procedure for their transfer to the budget, grouping of tax expenses on personal income tax, inclusion of benefits in the budget The amount of non-taxable income, the distribution of per capita income, the distribution of total cash income for 5 categories of the population. The purpose of the study is to assess tax revenues and expenditures based on internationally accepted criteria for assessing the effectiveness of tax incentives (budget, economic and social efficiency). Comparative and systematic analysis, logical generalization methods were used in the research work. The practical significance of the study is that the results of the study can be used to determine the principles and directions of development of government tax policy in developing countries, including Azerbaijan in the medium term. The originality and scientific novelty of the research are based on the analysis and assessment of non-budgetary tax expenditures related to the provision of benefits to taxpayers for individuals and legal entities, the introduction of new tax benefits at the national and local levels and the gradual abolition of most existing tax benefits. consists of giving.

Keywords: tax benefits, tax policy, social development, budget, tax burden, tax revenues, tax expenditures

DIGITAL EDUCATION IN THE CONTEXT OF NEW ECONOMY

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ABSTRACT

In the era of the new economy, the educational space is growing rapidly and expanding due to the development of the digital environment: electronic models of universities are being formed, electronic textbooks are being created, educational platforms are appearing and developing, the number of mass open online courses (MOOC) is measured in the thousands, and the number of their consumers - in the millions. Digital education is primarily electronic technologies that can be used in the traditional learning process in order to improve the quality of education and involve a huge number of students, not limited to physical space. The article explores the features of the development of digital education in modern conditions, considers the main indicators of the network readiness of countries, and analyzes the network readiness index for a number of selected countries. The relevance of the digital transformation of higher education is analyzed, it is noted that such a transformation is a significant cultural and organizational change in universities. The issues of building a digital learning environment (DLE) in universities are discussed in details; the purpose of such DLE, the organization of a personalized self-sufficient learning system is noted. Based on an online survey, data on the digital competence of university teachers are analyzed, suggestions are made to improve the level of digital knowledge and skills.

Keywords: *digitalization, digital learning environment, digital competencies and skills, e-university*

IDENTIFICATION OF THE MAIN FACTORS OF TOURISM DEVELOPMENT IN AZERBAIJAN

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ABSTRACT

This study deals with the issues of systemic analysis of the contemporary state of the tourism sector in the Republic of Azerbaijan and quantitative assessment of its development prospects. The purpose of the research is to identify quantitative dependencies of the tourism sector based on considering it as a sophisticated, probabilistic economic system and putting forward scientifically reasoned and adequate forecasts of this sector development. In order to conduct a quantitative analysis and forecasting, we used the apparatus of econometric analysis and modeling, in particular the method of correlation and regression analysis. As a result of systemic econometric studies, the authors managed to construct complex econometric models that reflect the quantitative dependencies of the economic indicators of the tourism sector in the Republic of Azerbaijan on key impact factors. Diverse econometric tests performed in the course of the study showed us that the constructed econometric models meet all the essential postulates of econometric analysis, i.e. meet the conditions of the specification, parametrization, and verification. As a result of the econometric analysis, we identified the key factors of the development of our country's tourism sector. As the result of the study, we obtained econometric models of dependencies between the controlled and controlling factors in the tourism sector of the Republic of Azerbaijan, which are rather adequate to the real economic situation in the country. Consequently, the research conclusions can be successfully

applied to forecast the development potential of this important segment of the non-petroleum sector in the course of diversification of the economy of Azerbaijan. Besides, we revealed important dependencies both at the macro level and at the micro level, and drew relevant conclusion and proposals.

Keywords: *tourism sector, econometric analysis, modeling, factors*

LIFE (DIS)SATISFACTION AND INTENTION TO EMIGRATE IN AZERBAIJAN: MEDIATING ROLE OF INSTITUTIONAL TRUST

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ABSTRACT

Intention to emigrate has been one of the most challenging issues in the world during the last decade, for both migrant sending and receiving countries. Rising emigration intentions trigger migration attempts and brain-drain. However, migrant receiving countries are interested to accept “happy applicants” whom social integration to local conditions became relatively easy.

From both perspective, association between life satisfaction and intention to emigrate looks essential to consider for effective policy planning. This research aims to explore direct and indirect effects of life (dis)satisfaction through institutional trust over individuals' intention to emigrate in case of Azerbaijan. Using social survey data ($N = 4092$, $n_{Male} = 2106$, $n_{Female} = 1986$, $Mean_{Age} = 31.82$) and mediation analyses tools, we reveal existence of significant negative causality from life satisfaction and intention to emigrate. The impact happens directly, and indirectly through institutional trust. Azerbaijan government should pay more attention to development of well-being policies and building trust to public institutions in order to minimize emigrate intentions and control brain-drain attempts. Findings are highly useful for policy purposes and can be replicated in other cases.

Keywords: *Life satisfaction, Well-being, Intention to emigrate, Institutional trust, Brain-drain*

MACROECONOMIC ANALYSIS AND DIAGNOSTICS OF AZERBAIJAN'S TRANSITION TO THE CONCEPT OF INCLUSIVE DEVELOPMENT

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ABSTRACT

The essence of inclusive development determining the characteristic level of economic, social, demographic, ecological factors, indicators taking into consideration the interests and

benefits of present and future generations, world experience and national realities, from the theoretical, methodological and practical point of view have been revealed in the article. At the same time, it is emphasized that the opportunities for each country's transition to an inclusive development model are determined first and foremost by the country's economic, social, scientific, technical, financial potential and infrastructure development model,. Ultimately, ensuring the transition to sustainable inclusive development of the country is the characteristics of the sustainable development strategy implemented at this stage and it is followed by the successful implementation of the principles. It is evident that ensuring sustainable development in each country requires the formation and implementation of an effective regulatory and management mechanism at the global, national and regional levels. Based on the concrete statistical materials of Azerbaijan, the specific aspects, priorities, opportunities and potential of the country's transition to inclusive development are analyzed and evaluated by SWOT. It is concluded that in the modern condition, the necessary material-financial, institutional and regulatory framework has been created for the transition of our country to the concept of inclusive development. This is due to the sharp increase in GDP per capita in our country over the past 15 years, inflation, poverty, the dynamics of human capital development, the level of demographic indicators, the positive balance of donations, the ratio of public debt to GDP is becoming more and more effective in global value chain, as well as the successful implementation of targeted state programs on economic and social development in our country, etc. have been confirmed in the article. The concrete proposals and recommendations have been given at the end of the article for the improving the regulatory and legal framework to ensure our country's transition to the concept of inclusive development.

Keywords: *Inclusive development, Sustainable economy, Human capital, Concept, Transition, Infrastructure*

THE ROLE OF MARKETING FACTORS IN ENSURING SUSTAINABLE SOCIO-ECONOMIC DEVELOPMENT

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ABSTRACT

The role of marketing factors in ensuring of sustainable socio-economic development has been investigated, mutual relations between economic growth and economic development and differences between them have been analyzed, the importance for conducting of definitely planned state policy for providing of continuous economic development has been emphasized in the article. The influence of marketing elements to economic development and its impact to the life level of individuals in the society has been put forward. Moreover, being of rapid development of science and technology as an important factor for economic development has been substantiated. The great importance of these factors for transition to growth of productivity in agrarian field, also to industrialization process, the impossibility of success of economic development policy without technical progress has been emphasized. Consumers distinguish seriously each other for their needs, purchase motives, behaviors, tastes, social statuses, lifestyles and other factors. Therefore, no enterprise has almost to make a product that can fully meet the needs of all consumers. Enterprises, which take it into account, must implement the segmentation of markets and focus their activities on market segments that are more relevant to their capabilities, resources and goals and allow them to obtain more profit. In order to meet fully the needs of the selected market segments, enterprises must make special marketing programs and strategies to carry out the differentiation and identification of products.

Finally, the analysis of the principal socio-economic indicators in macroeconomic marketing analysis of processing industry has been conducted.

Keywords: *Economic growth, Economic development, Economic freedoms, Marketing elements, Socio-economic indicators*

FORMATION OF INNOVATIVE BUSINESS ACTIVITIES IN THE NON-OIL SECTOR AND THE MAIN DIRECTIONS OF ITS DEVELOPMENT

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ABSTRACT

In recent years, quite a large number of regulatory and legal acts have been signed in accordance with innovative business activities in the non-oil sector and in the frame of its subdivisions in Azerbaijan. However, the results of their realization are not quite enough and the innovation activity has not been sufficiently stimulated. Currently, it is of great importance to improve the existing incentive mechanisms and, in general, increasing the resistance of competitiveness in order to ensure sustainable development in the economy of the republic. The development and implementation of new stimulus techniques meeting the requirements and challenges of the modern period, based on the advanced knowledge and breakthrough, are becoming increasingly necessary. Therefore, the economic development is based on the most effective methods of the utilization of innovative

technologies and resources. The development of Innovative Business System in the non-oil sector is connected with the determination the goals and objectives of the country and the elimination of emerging systems. While investigating the essence of innovative business activities in the non-oil sector, first of all, it is important to reveal and make the solution of the contradictions between activity and development, sustainability and dynamics, moral development and material development. For this purpose, above all, there is a need for scientific-theoretical and practical investigations for the determination of the legal environment and innovative directions in the formation of these activities. The aim in the research work is to explore the existing scientific, theoretical and practical issues on the formation and development of innovative business activities based on the experience of developed countries. The practical significance of the research is that the results of the research can be used to develop the concept of development of innovative business activities in the non-oil sector, as well as the state's innovative development programs. The scientific novelty of the research is that the research work is based on the experience of developed market economies in emerging economies, including in the non-oil industry of Azerbaijan, the analysis have been carried out on the existing condition of business activity and as a result, appropriate recommendations have been made to improve the government's incentive policy.

Keywords: *Innovative business activities, Non-oil sector, Legal environment of business, Government incentive policy*

INNOVATIVE POTENTIAL OF A HUMAN- WORKER AS A FACTOR OF THE HUMANIZATION OF ECONOMY

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ABSTRACT

Modern economics is characterized by anthropocentrism aimed at the humanization of economic knowledge. The moral-psychological, moral-spiritual, social characteristics of a person have a direct impact on economic processes. Economic benefits can lead to both humanization and dehumanization of the economy, while the moral and personal potential of a human worker, which includes values such as morality, kindness, justice, etc., is initially the bearer of the tendency to humanize a society as a whole, and an innovative economy in particular. Improving the quality of human life is expressed not so much in maximizing the satisfaction of his material needs, but in the possibility of developing his personal qualities, maximum self-realization as a professional and personality. The article summarizes the terminological interpretations of the semantic content of the concepts of "innovation", "innovative potential of enterprise personnel". The essence of the concept of "innovation" as a product of the economy of thinking is revealed, the conditions for its formation are identified, the properties are determined taking into account social assessment. The definition of the concept of humanity of innovation is given. The important role of personnel potential as the main generator of innovative ideas and the main driving force of the innovative economy is substantiated, and the essence and content of its most important component, the innovative potential of the enterprise personnel, are determined. The content of the basic elements of the innovative potential of industrial workers is considered.

The primary value of the moral subpotential, on which the formation of its remaining subpotentials and their use in the economy is introduced and justified.

Keywords: *Humanization of the economy, Humanity of innovation, Innovative potential of enterprise personnel, Sub potentials of innovative potential of personnel*

THE STABILITY OF COMMERCIAL BANKS OF THE REPUBLIC OF AZERBAIJAN AND ITS IMPACT ON THE ECONOMIC DEVELOPMENT OF THE COUNTRY

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ABSTRACT

The state of the banking system of Azerbaijan has not yet returned to normal, and it is early to talk about their active participation in the real sector of the economy. The state of the banking system of the Azerbaijan Republic reflects the state of the economy as a whole, the financial sector and legal regulation. The main task of reforming the banking sector is to create favorable conditions for the sustainable development of the banking system. For the further development of commercial banks, it is necessary to disclose the main problems of individual credit organizations that operate in the country, and it is also necessary to develop ways to increase the sustainability of the banking system. At the present stage, it is crucial to solve the problems of commercial banks at the state level, develop the state approach to these problems and the legislative allocation of these banks. Also, further prospects for the development of the practice of Republic's commercial banks are directly related to the development of the country's

economy. The next main problem of Azerbaijani banks is the problem of lending. Currently, the most efficient allocation of resources is lending to the real sector of the economy, which create favorable conditions for increasing the stability of commercial banks. To date, commercial banks have enough free cash. But banks do not invest these funds in loans to enterprises and organizations, although this is the main source of their income. The insolvency of many enterprises in the country and high credit interest are the main reasons that negatively affects lending to the real sector of the economy. In general, the main reason for small contributions to the real sector of the country's economy is the financial condition of industry. Currently, the main drawback of the banking system is the incapacity to invest. The main reason for this is considered to be that the banking system of Azerbaijan is a universal credit organization that provides a full range of banking services. Commercial banks of the country cannot make long-term investments in large volumes for the reconstruction and development of many sectors of the economy due to the lack of clients who invest their funds for the long term. So, the revealed problems of the banking system of the Azerbaijan Republic testify to its functioning in difficult political, social and economic conditions. In the current economic environment, the main task of reforming the banking system is the formation of a modern, sustainable banking sector of the country. To do this, it is necessary to develop measures aimed at improving the sustainability of commercial banks. The sustainability problems of commercial banks are the problems associated with the socio-economic characteristics of the country and the degree of participation of banks in the economy.

Keywords: *Insolvency, Incapacity, Investment, Lending, Reform, Reconstruction, Sustainability*

EVALUATION OF NATIONAL WEALTH APPROACHES AND PROBLEMS

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ABSTRACT

The study of the national wealth of a country has many important, comprehensive and interrelated issues: the essence, analysis, evaluation, effective use, etc. of national wealth. discovery. Given that national wealth is one of the main macroeconomic indicators of the country and is the basis for sustainable development, it is easy to imagine the appropriateness and perspective of a comprehensive study of these issues. Under the concept of national wealth, it is understood that all assets of the country that allow the production of goods, provide services and save lives are

understood. At the same time, national wealth is the basis and result of the sustainable economic development of each state. Therefore, a complete and objective assessment of the structure and dynamics of national welfare should be considered as an important and urgent issue for the state of the economy and the development of economic policies. National wealth acts as an indicator of the overall assessment of development outcomes in the country's historical development process. MS is a collection of financial gains accumulated in the country over a period of time. The main problem in the assessment of national wealth is the complexity of each of its constituent elements. Until recently, the methodology used to calculate national wealth was very different and made it difficult to make international comparisons. The National Coordination Appraisal and National Wealth Calculation Method was applied on the basis of the National Accounts System - 2008 (MHS-2008) supported by the UN Statistical Commission. The World Bank's concept of national wealth has become more widespread lately. According to this concept, national wealth consists of the elements that make up the whole system: natural capital, physical capital (produced), intangible (human and institutional) capital. By investigating two different systems, we believe that the structure of the system should be examined in three ways for best results: intangible assets (human capital, intellectual, social and institutional values) and financial assets (financial instruments and instruments).

Keywords: *National wealth, Economics resources, The national wealth of the country, The structure national wealth and its evaluation, Sustainable development, Fixed assets, Natural capital, Physical capital, Human capital, Financial capital*

THE IMPROVEMENT PROBLEM OF THE STATE FINANCIAL - BANKING SYSTEM ROLE IN PROVISION OF SUSTAINABLE DEVELOPMENT

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ABSTRACT

Budget-tax and monetary systems play an exceptional role in the sustainable development and diversification of the economy, improving the welfare of the population and reducing poverty in general. For this reason, developing and implementing the progressive measures in the financial and banking sector in the formation of a system of sustainable economic development of the country have a great importance. In this article, we assess the current state of the financial and banking system of Azerbaijan and try to reveal the peculiarities of the formation of financial and banking priorities of our national economy in the context of modern globalization. In this article, we assess the current position of the financial and banking system of Azerbaijan and try to reveal the peculiarities of the formation of financial and banking priorities of our national economy in the context of modern globalization. The goals and objectives of ensuring macro-financial stability in countries with transition economies, sustainable trends in the global economy, recent oil price fluctuations, economics, and public finances have been grounded in the research. The need for economic growth, full employment, low inflation, small budget deficits, low public debt, and a stable current account balance are highlighted in terms of increasing the role of the financial and banking system in macroeconomic stability. Central Bank's interest rate corridor continues to decrease inflation as it decided on discount rates. The factors such as the growth rate of the nominal income of the population over the rate of growth of the overall price level, the improvement

of the balance of payments, and the positive dynamics in economic activity were also taken into account. The carried out research has shown that in recent years, an acceptable level of inflation, the stability of the national currency, and the relevant foreign exchange reserves have been maintained in the country. At the same time, the governments' monetary and exchange rate policies are aimed at further strengthening the banking system and improving the monetary security of the economy. Ensuring the sustainable economic development of the national economy depends to a large extent on the success of the state's implemented fiscal policy. First of all, the provision of sustainable economic development is a priority of the government, and the fiscal policy plays an important role in the overall economic policy of the state. The incorrect fiscal policy can lead to many undesirable consequences.

Keywords: *sustainable economic development, budget-tax system, monetary system, national economy, macro-financial stability*

CURRENT PROBLEMS OF THE BANKING SYSTEM OF AZERBAIJAN IN THE CONDITIONS OF THE GLOBAL FINANCIAL CRISIS AND THE DIRECTION OF IMPROVING THE MECHANISMS OF SOLUTION

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ABSTRACT

The global financial crisis that began in the spring of 2007 undoubtedly affected the banking system of Azerbaijan. This article analyzes the consequences of the crisis for the banking

system, noting the steps taken by the government and the central bank, and presents new approaches towards a way out of the situation. The study also reflects the state of the banking system in the period after the devaluation, concludes that problems persist, and makes suggestions for improving their comprehensive solutions. The author is trying to argue that not all factors cited as the causes of the global financial crisis are typical of the banking system of Azerbaijan. He is trying to defend this opinion with the help of an analysis based on the reports of the Central Bank of the Republic of Azerbaijan and the State Statistics Committee of the Republic of Azerbaijan, as well as on the recommendations of the IMF mission in Azerbaijan on the banking system in 2008. In general, the author emphasizes that the problems of the banking system of Azerbaijan are still ongoing, grouping them according to the periods of creation. Then, after a detailed analysis, he combines the problems of the banking system into two important blocks because of their urgency. After that, proposals are made to improve the problem-solving mechanisms for each block. The author noted that solving problems united in the first block will help to solve problems in the second block. Thus, it can be said that the article considers issues of current problems of the banking system in Azerbaijan, their causes and improvement of mechanisms for solving from a slightly different context. The author's many years of experience in various positions in the banking system of Azerbaijan further contributes to the comprehensive level of elaboration of the problem and the practicality of the package of proposals.

Keywords: *bad loans, capital investment, deposits, discount rate, legal and regulatory instruments, loan agreement, open currency position*

ROLE OF MANAGEMENT ACCOUNTING IN THE ORGANIZATION

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ABSTRACT

Management accounting serves as the organization's management tool, which allows not only improving the quality and efficiency of information received and management decisions, but also maximizing the results of operations, controlling risks, and making development forecasts for the short and long term. In the course of studying the interpretations of the concept of "managerial accounting", three approaches were identified in the interpretation of this definition, which differ in the breadth of the structural elements included in it. Existing definitions of management accounting reflect its functions, list actions and disclose differences from financial accounting. In the article, the authors disclosed the concept of "management accounting" of the enterprise, which is a system for collecting certain information and its use within the enterprise. The essence and role of management accounting can be defined as an integrated system of cost and income accounting, rationing, planning, control and analysis, which systematizes information for operational management decisions and coordination of problems of the future development of the enterprise. Also, the essence of management accounting is determined by its principles, functions and tasks. The main principles of management accounting are responsibility, manageability, reliability, interdependence and relevance. The article describes

the essence of management accounting in enterprises, and also considers the goals and objectives of management accounting. The authors studied the relationship between managerial and financial accounting. Particular attention is paid to the importance of management accounting in the development of tactics and strategies of the organization in modern conditions.
Keywords: *management accounting, financial accounting, accounting functions, accounting system*

ASSESSMENT OF INSTITUTIONAL MECHANISMS OF COMPETITION POLICY (THE CASE OF AZERBAIJAN)

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ABSTRACT

The aim of the research is to prepare scientifically and practically substantiated proposals and recommendations towards analytical generalization and harmonization of the country's competition legislation and institutional mechanism of competition policy in comparison with the world experience. The Research was fulfilled under the research methods as a scientific abstraction and systemic analysis and logic generalization. As a result of the research, the theoretical foundations of formation of the competitive environment were studied and its impact factors were identified, the modern approaches to competition policy were studied, the theoretical and methodological issues of assessing the level of

monopoly were considered, the competition legislation and institutional mechanism of the competition policy in Azerbaijan were analyzed and assessed in comparison with the world experience. Limits of the Research: requires more extensive practical information in the world level. Practical importance of the research: The key provisions of the research, the obtained results and suggested proposals may play a positive role in researches made in this field and in enriching of scientific and practical knowledge of young doctoral candidates and students, as well as the specialists working in this field. Scientific innovation and originality of the research: it was found that the development level of the institutional structure of the competition policy is also unsatisfactory. Thus, participation of several agencies in the country in implementation of the competition policy causes various problems: duplication of functions and coordination of activity. At the same time, it should be taken into consideration that when sectoral competition bodies are engaged in the economic activities, they hinder creation of a competitive environment. As these institutions are often monopolistic and take advantage of this position, they are not interested in entry of new competitors in the market.

Keywords: *Competition policy, Competitive environment, Competition legislation, Institutional structure of competition policy, Protection of competition*

SUSTAINABLE SOCIO-ECONOMIC DEVELOPMENT OF REGIONS IS THE BASIS OF NATIONAL ECONOMY SECURITY

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ABSTRACT

Sustainable socio-economic development of regions in the modern conditions of socio-economic transformation in our country is the task of ensuring the independence and security of the national economy, its stabilization and stability, constant renewal and improvement. The article reviewed the problems of sustainability of regional socio-economic development, justified the conditions necessary for the sustainability of its development. The definition of the concept of sustainability of regional socio-economic development is given. Problems hindering the sustainability of regional development have been revealed. Based on the results obtained, the main priority directions of the regional economic policy on ensuring the sustainability of the regional socio-economic development were determined and the management instrument was proposed. Ensuring the sustainability of the socio-economic development of the regions requires new approaches in the determination of regional economic policy, working forms and methods of management. During the development of the regional economic policy to ensure the sustainability of socio-economic development, it is necessary to take into account the specific features of the region, determined by the share of the region's basic industries in the total volume of the country's output, the availability of the export sector in the economy of the regions, the provision of resource potential, the level of income and the mentality of the population.

Keywords: *Regional policy, Socio-economic development, Sustainable development*

LEASING IN AZERBAIJAN: THE REGULATORY PROBLEMS AND PROPOSED SOLUTIONS

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ABSTRACT

A lease is a contract outlining the terms under which one party agrees to rent property owned by another party. It guarantees the lessee, also known as the tenant, use of an asset and guarantees the lessor, the property owner or landlord, regular payments for a specified period in exchange. In the terms of Azerbaijan leasing might become almost the most profitable instrument for fitting out small and middle entities (SME) with technical equipment. Despite an external attractiveness of leasing it is still not fully applied within country and till now was not able to find adequate application in the practice of existing and newly created entities, because of some reasons. The reason of such situation should not be explained as an economical inefficiency or an absence of favourable climate for the implementation of leasing operations, but most likely, it is a matter of subjective factors which the article is dedicated to submit for consideration. The article researches the problems in legal, tax and accounting regulation of leasing in Azerbaijan and offers appropriate steps for resolving such problems. It reveals and substantiates the existence of complex moments in the practice of leasing operations in Azerbaijan, which include the accounting problems for a lessee and a lessor, determination the useful life of leased asset under the redemption and non-purchased leasing, problems of deduction of value-added until the transfer of ownership to the leased asset to the lessee and as a part of advance payment.

Keywords: *accounting of leasing, customs declaration, financial leasing, import and export of leasing equipment, Value-Added Tax*

OPTIMIZATION OF THE STRUCTURE OF TAXATION IN THE STATE

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ABSTRACT

The tax system as an instrument of state management of the economy should provide a solution to conflicting and simultaneously related problems. This is the filling of the state budget and ensuring the balance of its revenue and expenditure parts. An equally significant task facing the tax system is to increase the efficiency of production and economic activities of economic entities, improve the quality of life of the population, create conditions for the innovative development of enterprises and increase the investment attractiveness of the regions of the state. In reforming and optimizing the tax system, the state must follow the principles of building the tax system. Thus, the establishment of taxes should be fair and contribute to their uniform distribution between taxpayers. The methods for calculating and paying taxes should be convenient and understandable, and the deadline for paying all taxes should be reflected in the Tax Code.

A well-constructed tax system allows not only to solve the issues of adequacy of financing of the state budget, but also makes it possible to develop social, social and economic processes within the state.

Keywords: *Tax Code, tax system, taxes, economy, state, budget*

SOCIO-ECONOMIC ASPECTS OF VOLUNTARY HEALTH INSURANCE

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ABSTRACT

Voluntary health insurance is a form of commercial insurance, that is carried out on a paid basis and belongs to the class of personal insurance, which allows to obtain additional medical services. According to the definition of the World Health Organization, voluntary health insurance is a cost paid out of personal income, along with out-of-pocket payments. The concept of voluntary health insurance began to be applied in the countries of the Commonwealth of Independent States (CIS) in the early 1990s with the beginning of establishing various insurance companies and non-state funding of medical institutions. The essence of this type of insurance is that the insured voluntarily (on his/her own initiative) enters into a contract with the insurer (a company licensed to carry out insurance activities) for himself or for the benefit of a third party.

However, the fact that health insurance is based on the principle of voluntariness does not mean that insurance is always provided by private companies. This article notes the different ways of combination of two forms of health insurance by various organizations, including government. The article notes the main tendency of implementing voluntary type of health insurance in the majority of European countries. Furthermore, the purpose of the paper is to expand the idea of health insurance and to compare the voluntary form of insurance with its compulsory one. The role of voluntary health insurance in the scheme of universal health system is also briefly touched. The final part of the article is noted the importance of conducting widespread results-based analyses regarding the transparent data in the relevant countries, currently implementing voluntary health insurance as an additional tool to provide health services to the population.

Keywords: *European countries, healthcare funding, out-of-pocket payments, policymaker, population*

EFFICIENT INNOVATION POLICY POTENTIAL IN GROWTH OF AZERBAIJAN NON-OIL SECTOR

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ABSTRACT

After Azerbaijan's independence oil revenues have boosted its economic growth considerably. And the state budget started to make major changes in this region, at the cost of revenue. The country has great potential for non-oil sector growth and regional socio-economic and infrastructure development despite the rapid growth of the oil industry. The key directions of Azerbaijan's future development strategy are the establishment of a strong economic structure, the development of the country's non-oil sector, the development of different economic sectors, the attainment of sustainable economic growth and the diversification economy. To this end, the creation and growth of strong incentive mechanisms to minimize the natural resource factor and ensure non-oil predominance in the country's GDP, as well as the formulation of the state budget, and the promotion of economic innovation. To ensure the sustainable growth of the non-oil sector within the context of state regional development programs, create favorable conditions for the development of the country's creative and high-tech industries, build industrial facilities based on modern technology, increase employment of industrial parks and industrial areas in the regions. Creation, increased innovation investment, accelerated the country's sustainable long-term economic growth, producing new creative

and profitable goods. It is evident from the research that the sub-index on “Innovation Capital”, which represents the degree of accessibility to innovation, is no less relevant than the sub-index on “Innovation Ability”. This study aims to define the non-oil policy goals and growth prospects for the state, taking into account the current economic situation in the Republic of Azerbaijan's socio-economic development programs. The research work is focused on statistical evidence, methodology quantitative and empirical. The list of literature includes references from several authors, various stylish works on the issue, official documents and relevant government agencies ' records. The study findings are expressed in the author's recommendations.

Keywords: *innovation, non-oil sector growth, sustainable growth*

DIGITAL PLATFORMS IN THE CONTEXT OF PRIORITY USE OF INTELLECTUAL CAPITAL

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ABSTRACT

The article explores the place and role of digital platforms in the formation of intellectual capital and the priority of their use. One of the factors that determine the priorities for using intellectual capital is the need to ensure the competitiveness of innovation, including innovation. Thus, digital innovation in the present tense is an important area of innovation development. The active use of intellectual capital and the management of this process do not justify themselves in the traditional framework. Invisible resistance to innovation in organizational systems, attempts to solve problems in other areas (economic law, information asymmetry, etc.) Using technological knowledge and technological support, they slow down the formation of a priority environment for using intellectual capital. Digital platforms

practically exclude the influence of the territorial factor in the supply and demand relations, concentrating the economic activity of business entities in a single information environment. In practice, the factor of economic and mathematical modeling in the formation of the digital economic environment is often underestimated. The reasons for this are the high labor intensity of the creation and implementation of these models and the long difficulty with the initial provision of information about modeling. Digital platforms have recommended themselves at all levels of management. The relationship between national economies is intensifying, with some authors believing that digital platforms acquire new qualities as a modern technical base. Our research provides sufficient foundations to suggest that the choice of technology, which determines the cost of conversion to digital platforms, determines the structure of transactional traceability. In turn, transactional editions limit the choice of alternative production technologies. Being a high-tech business model, the digital platform expands the possibilities for the realization of intellectual capital, facilitating exchanges between interdependent market participants. The technological support capabilities of digital platforms for economic regulation are becoming more and more evident in the areas of science-based activities. Digital platforms, which algorithmize mutually beneficial relationships between market participants, create a favorable starting point for the next stages of innovative development.

Keywords: *intellectual capital, digital platform, digital environment, intellectual resources, intangible assets, innovation, economic and mathematical modeling, information, management*

PAYMENT SERVICE PROVIDERS AS PLAYERS OF PAYMENTS INDUSTRY: THE CASE OF AZERBAIJAN

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ABSTRACT

Payments industry impacts the economy in various ways acting as a transmission mechanism of it. In this paper firstly, the brief overview of the payments industry in Azerbaijan will be discussed. Then the factors affecting payment service providers (aka self-service payments kiosks companies) – one of the main players of retail payments industry, alongside with banks, their role in payments industry will be examined by analysing scholarly articles, journals, reports by national and international organizations. The data used for this research is comprised of primary (survey) and secondary data. In the paper mainly the use of cash for utility, mobile, ISP and other relevant payments, its determinans, the questions like why the payment service providers became one of the main players in payments industry? How self-service payment kiosks is helping people in rural areas? and other questions are discussed. This paper is explanatory for understanding the payments industry landscape, companies acting as payment service providers and gives a good insight into the payment behaviour of local people and use of both cashless and cash payments through the self-service payment kiosks in Azerbaijan.

Keywords: *Payments industry, Payment service providers, Payment systems, Self-service payment kiosks*

SOME ISSUES OF THE FORMATION OF THE THEORETICAL AND METHODOLOGICAL BASIS FOR ASSET ACCOUNTING

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ABSTRACT

The article emphasizes that in economic theory, accounting, statistics and other functional economic sciences, there are no unified approaches to determining the essence and content of such concepts as "economic resources", "capital", "assets", "economic benefit", "income" and others. Formalization of the same objects or elements that have the same economic essence and function under the different terms makes it difficult to understand their semantics. Moreover, the methodologies used and developed on the basis of such theoretical approaches do not allow forming and applying a single system of indicators for objective assessment and analysis of the economic and social performance of enterprises and companies at the micro and macro levels. The paper attempts to prove that in all economic sciences, the concept of "assets" should be understood as material, intangible, financial and labor resources controlled by enterprises and companies, and the economic benefit from the use of these resources should be determined by indicators of gross value added and net value added. The statement that exists in the system of theory and methodology of accounting claims that capital and liabilities (borrowed funds) are sources of assets and it is criticized. It is proved that capital and liabilities are not sources of assets, but reflect only ownership of assets. The

interrelation and interdependence of the theory and methodology of asset accounting are revealed, their functions are formulated and clarified.

Keywords: *theory, methodology, resources, efficiency, economic benefits, assets, capital, liabilities, income*

MAIN DIRECTIONS OF THE TAX SYSTEM IN IMPROVING THE ECONOMY OF THE AZERBAIJAN REPUBLIC

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ABSTRACT

One of the most important conditions of maintaining the high rates of economic development in Azerbaijan, strengthening of financial stability is the tax system. Taxes, as well as all of the tax system, are powerful instrument of managing the economy in the conditions of the market. Today in the tax system of the Azerbaijan Republic rather effective mechanism of collection of tax debts is created. Lately, there have been serious advances in reducing tax debts, as well as reducing the number of tax debtors. One of the important factors influencing the formation of safe climate in the economy of Azerbaijan is the system of taxation. The state receives the majority of means through a tax system. The more means the state receives, the steadier and more capable of its development it will be. However, it does not mean that the higher taxes, the more means the state will have and the more developed it will be. The tax system must reflect both the interests

of the state, and the interests of its population, and here it is necessary to find the balance that would allow to satisfy the interests of one and others. Among the many economic levers by which the state influences market economy a tax system takes the important place. Taxes act as a source of State budget revenue therefore they are inseparably linked with functioning of the state and directly depend on the level of development of the state. By means of taxes the state withdraws and appropriates a part of the generated national income and therefore the tax system directly depends on the level of development of state mechanism.

Keywords: state, tax code, tax system, taxes, economy, budget

TEACHING METHODS IN THE EPIDEMIC PERIOD IN AZERBAIJAN

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ABSTRACT

The coronavirus, which spread rapidly around the world, did not pass Azerbaijan. At the state level, all necessary measures were taken and preventive measures were taken at the highest level to prevent the spread of coronavirus in Azerbaijan and protect public health. One of the first measures was the closure of secondary and higher schools. Teachers, administration and the Ministry of Education began to look for suitable ways, so that pupils and students do not lag behind classes. In these circumstances, distance education has become relevant. However, the fact that all classes suddenly began to be held online created certain problems. The lack of high speed internet in some parts of the country is one of the main problems. Therefore, experts have developed a number of methods for this, both based on the experience of developed countries, and the

requirements of the current situation. In secondary schools, assignments are given weekly or daily, and are checked by teachers at the end of the day or week. In this process that requires responsibility, pupils also learn to report. One of these methods is TV tutorial project launched by The Ministry of Education. If all students in a class have high-speed Internet access, they can join online classes, both listen to a new lesson, and address their questions to teachers. First, lectures were given to students in universities, and videos on the subject were posted on the YouTube channel. Later, this process was continued by Microsoft Teams, Zoom and other programs. However, secondary and higher schools are still not open due to the epidemic. Exam methods are also considered. During the epidemic in Azerbaijan, there are studied teaching methods and their results, are made comparisons with educational institutions of developed countries, and proposed new methods.

Keywords: *Azerbaijan, coronavirus, education, epidemic, internet*

AZERBAIJAN'S WTO MEMBERSHIP: TO BE OR NOT TO BE

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ABSTRACT

In the 1940s of the twentieth century, serious contradictions in the field of trade policy arose in the world. Due to mistakes in trade policy in the 20-30s, in 1945, the United States invited 15 States (Great Britain, China, France, Australia, India, Canada, New Zealand, South Africa, Belgium, Luxembourg, the Netherlands, Czechoslovakia, Brazil, Cuba, and the USSR) to participate in negotiations to determine the factors of foreign

trade liberalization. The Soviet Union declined this invitation fearing that the great influence of the United States in these negotiations would not allow its interests to be taken into account properly. The United States understood the need to establish a new international institution responsible for trade development. as a specialized Agency of the United Nations. Initially, it was supposed to be the ITO – an International Trade Organization whose main task was to adopt trade policy rules.

However, the ITO Charter was rejected by the US Congress and in 1947 the General Agreement on Tariffs and Trade (GATT) was signed in Geneva, the main purpose of which was to gradually reduce tariff restrictions. The World Trade Organization (WTO) was formed 48 years later on the basis of the GATT in 1995. After the collapse of the USSR in 1990, all 15 member republics began to look for ways to join the WTO. Azerbaijan has been an observer in the WTO for more than 23 years since 1997. The purpose of this article is to analyze the reasons for this status quo for the developing economy of Azerbaijan, to show gains of some developing countries from their WTO membership and to conduct an analysis of the trade turnover of the member and non-member developing countries of the WTO.

Keywords: *GATT, import, liberalization, subsidization, tariffs, trade policy, trade negotiations, WTO*

FORMATION AND DEVELOPMENT PROSPECTS OF THE NATIONAL INNOVATION FUND IN AZERBAIJAN

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ABSTRACT

The development of the innovation sphere is one of the priority directions of the state policy of Azerbaijan, because it is the level of scientific and technological development that determines the country's long-term competitive advantages. Along with the development of innovative entrepreneurship and the creation of an enabling environment for the development of new activities and products, it is envisaged to strengthen measures for the transfer and development of advanced technologies, the creation of technology parks and innovative zones for the development and application of high technology products and those nology One of the main directions in this case is the formation of innovative infrastructure. Innovative systems and their structures in different countries differ in a number of parameters, because there is no single universally accepted model; a single view on the concept, structure, and functions of national innovation systems has not yet been developed. But there are certain problems: an analysis of the innovation activity of enterprises shows poor results, an analysis of the sources of financing technological innovations reveals a low role in this of the state and extra budgetary organizations. Also, factors that impede the innovation process should be taken into account: the high cost of innovative technologies; low innovative potential of enterprises, etc. Particular importance is attached to state support for innovative development and can play different roles. But, even in developed countries, state financing of innovation is secondary in volume, and private sources come to the fore. When allocating funding between the private and public sectors, risk is also shared. The formation of an innovation fund in Azerbaijan will increase

innovation activity in the country, create an innovation base and attract additional funds for the most promising innovative projects, and will also contribute to the development of international cooperation to increase the country's competitiveness.

Keywords: *Innovation fund, Innovative infrastructure, National innovation system*

TOOLS AND METHODS OF MANAGING ENTREPRENEURIAL RISKS

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ABSTRACT

Since modern companies are in a rapidly evolving climate, the risk is a key element of entrepreneurship. As a result of these changes in their battle to increase the company's profitability, management must pay particular attention to the uncertainties. During financial-flow processes, there are typically different types of risks. In general, of the many forms of risk typical of a commercial organization's operations, two — development and financial — are inherent in any company and can be assessed. Organizations may select one or another combination of assets and sources within their capacities. Consequently, successful financial management is focused on manufacturing usage and financial leverage. Notice that there is no fair estimation of all forms of risk; there are no predefined instruments for managing financial risks. Risk management approaches are selected for handling risks after agreeing on the viability of a transaction. These strategies may be grouped into the following areas: avoidance of risks, self-protection, protection, risk transfer, diversification of risk, risk hedging. The efficacy of insurance

cover will be improved if a closer relationship of the company's risk managers with the insurer's representatives is coordinated at all levels of risk management. Examples of risk pooling include a guarantee agreement and some other agreements-a bank guarantee and a factoring agreement. The secret to a sustainable company is properly applied diversification of the risks. A portfolio is a mix of financial assets, which in the aggregate do not have the lowest return and at the same time not the highest risk, as the investor wants to do. Hedging risks means restricting financial instruments to the number of losses but also benefit as a result. Risks cannot be avoided but potential risks can be minimized by using effective risk reduction techniques and resources professionally.

Keywords: *Entrepreneurial risks, Leverage, Insurance, Risk diversification, Risk hedging*

THEORETICAL FRAMEWORK OF TRANSFORMATION TO THE INCLUSIVE INNOVATION MODEL

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ABSTRACT

This research paper focuses on the theoretical explanation of Inclusive Innovation Model (IIM), which was emerged last decades in order to use technological and social innovation for more inclusive welfare. Currently, taking into consideration the technological transformation of the global economic system, it is significant theoretically to analyse the scale of innovations and their use. Another issue that appears in parallel with the development of technological innovations is the matter of their

inclusiveness. In the present economic model, innovations are produced by large corporations and it is directly associated with their financial opportunities. The use of innovations also was formed unequally. Opportunities of low-income groups to produce and use innovations are less. The main reason of that is the rise of income inequalities last decades worldwide, even in developed and emerging countries as well as in developing and poor economies. There is a need for theoretical framework for inclusive innovations that can be used for development policies. This paper examines the inclusive innovations theoretically from different perspectives.

Keywords: *Inclusive innovation, Economic development, Innovation economy*

THE INVESTMENT IN THE NON-OIL SECTOR AND ITS STATE REGULATION

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ABSTRACT

The main directions of the economic policy implemented by the Government of Azerbaijan against the background of the increasing uncertainty in the global economic landscape - the

share of specific weight of forecasted revenues from the non-oil sector in GDP, - maintenance of sustainability in economic growth due to growth in the oil sector, regulation of investments in the non-oil sector, etc. have been researched in the article. It is shown that although investments in the non-oil sector have a larger share in the structure of investments in fixed assets, the growth of these investments have not been enough for the neutralization of the decline in investment in the oil sector. Analyzing the contribution of the oil and non-oil sector to economic growth, it was noted that the highest growth rate among the sub-sectors of the non-oil sector, the non-oil industry has had a significant impact on GDP growth. High growth rates in other non-oil sectors were observed in the information and communication, agriculture, forestry and fisheries sectors. The increase in the share of foreign direct investment in non-oil GDP in the non-oil sector is defined in the "Strategic Roadmap for the National Economic Prospects of the Republic of Azerbaijan" have been analyzed as one of the special targets, it was concluded that the share of investments in the non-oil sector in non-oil GDP for 2019-2023 will be expected to vary between 19.5-22.8%. In 2020, the growth of revenues from the non-oil sector to the state budget is forecasted to be accelerated further than the corresponding indicator of the oil sector, and the increase in the ratio of these revenues to the corresponding indicator of GDP for the non-oil sector indicates the wider use of existing potential. Acceleration of the growth rate of the oil sector in the coming years is forecasted to accelerate the real growth rate of GDP, while the non-oil sector is expected to maintain its dominant position. An analysis of the implementation targets under the framework of Strategic Roadmap shows that the share of foreign direct investment in the non-oil sector in non-oil GDP will be increased from the current 2.6 percent to 4 percent by 2025.

Keywords: Human capital, Investment projects, Main investment, Non-oil budget revenue, Non-oil sector

THE RELATIONSHIP BETWEEN FINANCIAL DEVELOPMENT AND ECONOMIC GROWTH IN AZERBAIJAN

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ABSTRACT

This study investigates the causal relationship between financial development as proxied by the bank credits to private sector and economic growth in case of Azerbaijan using annual data covering the period from 1992 to 2018. For this purpose, the Toda-Yamamoto causality test framework of vector autoregressive (VAR) model is employed to test causal relationship between the variables. The estimation results of reveal that there is bidirectional causal relationship between financial development and economic growth. The findings of the study suggest to researchers and policy makers to understand the role of financial development in economic growth for macroeconomic stability and sustainable development purposes in Azerbaijan and other developing oil-rich countries.

Keywords: *Azerbaijan, The Toda-Yamamoto causality test, Financial development, Economic growth*

SIGNIFICANCE OF CULTURAL VALUES FOR MANAGEMENT

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ABSTRACT

One of the most significant factors in the phenomenon of culture is values that one person has. Cultural values are main factors defining behavioral pattern of the society and perspective of individuals on events. From this point of view, cultural values has an important impact on longevity, optimism, self-efficacy of individuals and hope capitals. Cultural Values guides one's objectives and actions on a personal level. In personal values, it affects managers' perceptions of personal and organizational success, relationship with people, decisions, approach to problems and problem-solving. In my article, I have initially talked about what cultural value concept means, relationship between cultural values and management as well as consequences and suggestions based on these assumptions.

Keywords: *Cultural Values, Organization, Management, Administration*

SELF-PERCEIVED SOCIAL STRATIFICATION AND LIFE SATISFACTION IN AZERBAIJAN

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ABSTRACT

The relationship between income and life satisfaction as well as income inequality and well-being of individuals have been examined extensively in the current literature. Empirical studies do not result in unambiguous association between income and life satisfaction considering absolute, relative and ranking income hypotheses. Current study aims to examine this association in a different context, considering self-perceived social class stratification by individuals. Employing a survey dataset ($N = 2123, n_{\text{Male}} = 1092, n_{\text{Female}} = 1031, \text{Mean}_{\text{Age}} = 34.37$) and multi-categorical dummy variable approach within polynomial regression analyses, we estimate the return of higher self-perceived social class stratification to individuals' life satisfaction. Estimations present evidence of positive return up to upper income category, higher at lower social classes and slightly decreases towards higher social class stratifications. However, findings reveal that individuals belonging themselves to upper income category are significantly less satisfied with life compared to higher middle income category participants. The results are robust and do not significantly vary when individual specific factors are controlled. Findings reminds potential role of using progressive taxation in Azerbaijan to enhance overall well-being of the society. Research results may have certain policy implications for public policy-makers in Azerbaijan.

Keywords: *Life satisfaction, Well-being, Happiness inequality, Social class, Income groups, Progressive taxation*

ENGLISH AS A GLOBAL LANGUAGE

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ABSTRACT

The article highlights the importance and main features of the global process in the modern world. Globalization is an objective process and basic trend of the global community of the 21st century's development. The article considers linguistic aspects of this phenomenon. “Linguistic globalization” is commonly understood as dynamic dissemination of the English language, growth of its relevance in the world. The article also deals with the English language and describes it as the language of intercultural communication in XXI century. To date, English is studied in 90 countries around the world. The number of people speaking English makes more than 1 billion 100 million people. English is widely used in the fields of economy, business, education. Wide expansion of English leads to the emergence of its new varieties. Prehistory of English global is connected with the power of Britain empire, which spread the influence to the whole world in XVII-XVIII century made English one of the main international languages. The heritage of British imperialism – about hundred countries in the modern world use English either a state or an official language. However, as a matter of fact English became global in consequence of American economy and political, then cultural domination in XX century. In the sphere of popular music, movie, TV, business, finance, sport, IT the domination of the USA is reflecting. At the beginning of XXI century the influence of the USA in the world makes English not the most important language but practically a unique possible instrument for interaction of different countries not only in different spheres of market economy, especially in the sphere of tourism and advertisement as well as in the sphere of science and technology (access to the modern science and technical based

data without using English is impossible). It is required operated language of international science event. But it will be a great mistake to suppose that globalization of English is the effect of economics and politics advantage. It is necessary to pay attention to features of English which determine its victory in distinctive competition for global linguistic domination. The article describes the process of global society and the same time globalization of English as the common worldwide. It shows the history of the language and its role in communication of people. The pros and cons of the language globalization are presented in different spheres of human life activity.

Keywords: language, international, communication, state language, globalization, sphere, official language

STRATEGIC GOVERNANCE OF TOURISM DEVELOPMENT IN AZERBAIJAN: PRACTICAL ASPECTS AND A MECHANISM FOR IMPROVEMENT

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ABSTRACT

The paper is devoted to the analysis of strategic governance of tourism development in Azerbaijan. The relevance of the research topic is determined by the active state policy of tourism development, as one of the priority sectors of diversification of the national economy and boosting the socio-economic level of development of the country as a whole. Therefore, the formation of tourism development strategy and its effective implementation is one of the most effective organizational and economic mechanisms to increase the share of tourism income in the country's economy. In this regard, the purpose of our research is to investigate the practical aspects of the development and governance of tourism and to carry out the quantitative assessment of the results of implemented actions in this sphere. The concepts in the field of effective organization and governance of tourism were served as the methodological basis of the

research, in which the dialectical method and the principle of systematic approach were also used. It is obvious that the improvement of strategic governance of tourism development is an efficient method that allows to solve the systemic problems of tourism industry as a whole, identify the most perspective directions of its development and intercalation of tools to the process of governance of tourism that allow the rational usage of the existing tourism potential. In concern with aforementioned in our paper we have proposed an institutional and organisational mechanism for improving the strategic governance and development of tourism in Azerbaijan.

Keywords: *infrastructure, strategic governance, tourism, tourist potencial*

INVESTIGATION OF FACTORS AFFECTING CONSUMPTION IN THE DOMESTIC FOOD MARKET OF AZERBAIJAN

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ABSTRACT

The agrarian sector, unlike other sectors, is more closely linked with trade and market mechanism. This is due to the fact that the agrarian sector is the primary backbone of the economy. The direct impact of agrarian production on the domestic food market has made it the main research subject. The study investigated the factors influencing the domestic food market in Azerbaijan. Socio-economic aspects of the formation of the food market in the country were considered for the purpose of the research. The generalization, grouping and systematic approach constitute the

methodological basis of the article. The methodology used is based on econometric analysis of time series. The first step involves the formation of an order of integration of variables included in the model and utilizing several unit root tests such as the Augmented Dickey-Fuller (ADF), Phillips-Perron (PP) and Kwiatkowski-Phillips-Schmidt-Shin (KPSS) tests. The cointegration approach is based on the ARDL model and the boundary test. As Azerbaijan is mainly an oil exporting country, the fluctuations in oil prices on the world market affect some economic indicators, including some factors which have significant influence on the food market. The factors influencing the consumption of products in the domestic food market (the analysis of the population's income and food price index, the determination of the market's dependence on state remuneration and income policies and, in particular, social protection measures) organize the originality and scientific novelty of the study. As a result of the research, the impact of the population's income and the food price index on the consumption of individual products in the food market was assessed. The practical significance of the results is the improvement of the domestic food market and food supply of the population, its use in enhancing the social welfare of the population.

Keywords: Domestic Food Market, Population Income, Price Index, Social Welfare, ARDL

AN ANALYSIS OF THE ROLE OF INFORMATION TECHNOLOGIES IN EDUCATION IN THE GLOBALIZATION PROCESS

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ABSTRACT

In the modern world, the competitiveness of countries has already become a serious factor. In today's world of globalization, the sustainable development of any country requires a flexible mastery of the principles of international competition in all spheres of society. Today, the creation of an information society and a competitive high-tech national economy has become a key direction of public policy in a number of countries. In these countries, the field of information and communication technologies (ICT) is the most important factor in development. Thus, by actively influencing economic and social activities, it ensures the globalization of the economy and public relations. How to build an education system in the information society, what technologies to use and how to use them to modernize education is one of the most pressing issues today. Today, as the world economy is more knowledge-oriented, the education systems of countries are required to build a system that meets these requirements. This factor has led to systematic reforms in several stages to informatize education in developed countries. The main purpose of informatization of the education system is to prepare individuals with a modern information culture, to form a unified educational and information environment in the country. The development trend of the application of information technologies in education should be analyzed and the world experience should be experienced. Research in this area should provide an

opportunity to study the trends in the formation of the information society and the rules of socio-economic processes and to address the theoretical and methodological aspects of the more effective use of modern ICT. Today, the path to the information society can be considered as the path to the future of mankind. According to scientists, at the stage of full formation of the information society, the main subject of human labor will be information and the tools of labor will be ICT. Therefore, today the application and use of ICT at all levels of education in our country, as well as the teaching of ICT itself, the formation of students' ability to independently collect, analyze and transmit information is a requirement of modern world.

Keywords: Technology, Azerbaijan, Communications, Globalization, Computer, Information Society

FOREIGN ECONOMIC ASPECTS OF THE PROVISION OF SUSTAINABLE ECONOMIC DEVELOPMENT IN AZERBAIJAN

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ABSTRACT

Being one of the results of successful policy, Azerbaijan, located among the dynamically developing countries of the world, has become a powerful and developing country day by day, laying down the foundation for a unique model of socio-economic progress. The foreign economic aspects of the transition to sustainable economic development in Azerbaijan have been researched in the article. The group of factors influencing on Azerbaijan foreign economic relations is related to the export of highly competitive products by the state to the world market, the

formation of a positive balance in the balance of payment, the increase in budget revenues, and the need for capital and investment resources to meet domestic needs. A deeper understanding of the degree of integration and globalization into the world economy was justified. An analysis of foreign direct investments, international trade turnover, balance of payments, and the role of world oil prices in this area was substantiated. The dynamics of the FDI for the non-oil sector over the years and its ratio to the non-oil GDP, and the share of oil and non-oil products in import and export, have been analyzed. In this regard, rising oil revenues in the country should not be considered as the ultimate goal of the economic strategy so far and this factor should be considered as a means for achieving more important strategic objectives. It is important to further expand the scale of the achievements in terms of ensuring sustainable economic development and it is the main direction of the development way that Azerbaijan has achieved great success and is confidently moving forward. This means that after the successful completion of the transition to a market economy, Azerbaijan will continue to develop and confidently move towards becoming a stronger economy in terms of sustainable economic growth.

Keywords: *sustainable economic development, foreign economic relations, foreign direct investment, foreign trade turnover, share of oil and non-oil products in import and export*

THE PLACE OF THE AGRICULTURAL SECTOR IN THE NATIONAL ECONOMY OF AZERBAIJAN AND THE ROLE OF THE STATE IN ITS DEVELOPMENT IN MODERN TIMES

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ABSTRACT

This article discusses the place of the agricultural sector in the national economy of Azerbaijan, as well as the role of the state in its development. The necessity of state participation in the regulation of the agricultural sector, taking into account the features of its functioning, is substantiated. Data are given on the specific place of agriculture, forestry and fisheries in the total gross product, as well as the share of the population employed here. Based on the data of the State Statistical Committee of the Republic of Azerbaijan, an analysis is made of the dynamics of changes in the total gross agricultural product, as well as certain types of crop and livestock production. In addition, the article considers the main directions of the state policy pursued in Azerbaijan in the field of agricultural sector development.

Keywords: *Aggregate product, Agricultural sector, Government regulation, National economy, Strategic planning*

THE IMPLEMENTATION OF AGRARIAN POLICY AND ITS EMPLOYMENT ASPECTS

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ABSTRACT

The notion of "labor market" in agriculture involves a system of consciously implemented measures by the state on development of different forms of ownership and types of enterprises, establishment of small, medium and joint enterprises, development of agribusiness, training, and improvement of highly qualified personnel who know deeply the secrets of market economy, creation of efficient workplaces. The main functions of improving the state support system for agricultural production are to ensure the efficient activities of state bodies on the creation of appropriate economic and legal conditions for the sustainable development of the agricultural industry and the development and regulation of the agricultural sector and agricultural products, raw materials and food markets by using taxes, privileges, interest rates, subsidies and other means. It should be noted that state regulation of the agro-industrial complex encompasses its implementation mainly by economic methods and this includes to protect the domestic food market from imports, and the agricultural sector from the high monopoly industries that produce agricultural products and sell their products; to protect and improve the state's activities as customers and investors; to protect the public sector of the agricultural sector; to provide training for development of social sphere of the village and agricultural science development and agriculture. At this stage, the regulatory role of the state in economic regulation is particularly important. It is important to attract investment and provide employment for the rural population according to the country's climate and territorial diversity. Ensuring employment in the agrarian sector is generally related to agrarian policy.

Keywords: *agrarian, agriculture, employment, enterprise, form, production*

NEW APPROACH TO THE NATURE AND ACCOUNTING OF AMORTIZATION OF ASSETS

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ABSTRACT

The studies show that the amortization of assets is studied and researched from a more practical perspective within the economics, its natures, methodological problems of its accounting and reporting are unpaid enough attention, as a result, it is impossible to form a rational accounting system. To clarify the problems, the following questions are put in the research: What does the concept of “amortization” mean or should mean, in relation to assets? What is the function of amortization? What is the relationship and dependance between the amortization of assets and their depreciation, and how are these relationship and dependence understood in the economic literature? How is the information on depreciation and amortization of assets formed in the accounting system from a conceptual and pragmatic viewpoint, how is this information interpreted in economics? The article studies the approaches established at the macro and micro levels in relation to the nature and function of the concepts of “depreciation and amortization,” they are interpreted and assessed from a semiotic point using the

method of rational criticism. It is shown that misinterpretation of the nature and function of amortization and acceptance of them by the economists and practitioners as an amortization of assets of accumulated depreciation on assets and setting of the methodology for calculating and analyzing many economic indicators under this concept does not reflect reality. It is substantiated that the provision “depreciation appears as a result of amortization” is methodologically and practically unsound, and inclusion of this provision in the regulatory documents (standards) governing the accounting of assets leads to a loss of control over the depreciation allocations that one of the main sources of investments in the long-term tangible and intangible assets.

Keywords: *Amortization, Assets, Depreciation, Expenses, Investments*

THE EFFICIENCY OF AZERBAIJANI BANKS: AN EMPIRIC ANALYSIS

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ABSTRACT

This study investigates the efficiency of ten commercial banks, which had the highest number of total assets in 2016 in Azerbaijan employing the Data Envelopment Analysis method

throughout the period 2011-2016. By using the CCR (Charnes, Cooper, Rhodes) model three input variables (Total Assets, Total Equity and Interest Expenses) were put against two output variables (Interest Incomes and Net Profit). These inputs and outputs were taken from the annual financial reports of each bank. The result disclosed that during the pre-devaluation period only Turan Bank was the efficient bank. In post-devaluation period the overall efficiency of banks increased, and Pasha Bank achieved the highest efficiency.

Keywords: *Data Envelopment Analysis, Efficiency, Banks*

ISSUES OF INCREASING THE KEY ROLE OF HUMAN CAPITAL IN ECONOMIC DEVELOPMENT IN MODERN CONDITIONS

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ABSTRACT

It is important to understand the key role of human capital in modern economic development. The necessity of this role is that the exploitation of all resources is not infinite. The only resource that is almost limitless in the possibilities of intelligent, conscious use is the productive abilities of people realized in the form of human capital in modern conditions. Most of them are "worn out". They also do not have the necessary resources and resources to replace and assemble. In this case, human capital is valued as a more valuable productive resource than material capital. In recent years, there has been a general consensus that the effectiveness of the development of economically modern states depends more on how much it invests in the formation of

human capital. Without it, it is impossible to ensure its progressive development. Although no specific research has been conducted on this issue, it can be assumed that one of the most important indicators of the level of investment in human capital in the world is positively related to the highest indicators of economic development. Experience urges to re-evaluate and correct previous approaches to the formation of human potential, to respond in a timely manner to new challenges arising from socio-economic changes. The solution of practical problems is impossible without the development and maintenance of a scientifically based concept of human capital development. Within the framework of this concept, it is important, first of all, to explore the deep foundation, the basis for its restoration and protection. In the most developed countries of the West, a post-industrial economy has been formed based on knowledge, wide application of intellectual technologies, expansion of professional mobility and actualization of the role of human capital. The transition to such a model of development, the prevention of irreversible setbacks from advanced economies is possible only as a result of increased attention to this problem, active and efficient accumulation of human capital and development policy. Today, human investment provides more than half of the added value in Western economies. All this suggests that the problems of studying human capital as a management factor and development potential of the modern economy are very relevant in the current situation. The purpose of writing this work is to study human capital and its role in the development of the modern economy.

Keywords: *human capital, economic development, innovation, intellectual technologies, post-industrial economy*

CONSTITUTIONAL-LEGAL REGULATION OF LABOR RELATIONS OF CIVIL SERVANTS: THE COMPARATIVE ANALYSIS

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ABSTRACT

Civil service is one of the means to ensure the implementation of state power and public administration. Civil service norms are defined in various and similar content in the legislations of different countries. The specific experience of the countries has caused the formation of various models of civil service. For this reason, there is no single model of civil service in international practice. Civil service consists of the combination of constitutional purposes and functions of the state. That's why civil service relations are regulated by the norms of various legal fields. Labor legal relations of civil servants are dominated in this system of relations. Civil service is provided as a result of professional activity of civil servants. Civil service as a special type of professional activity has complex elements. The constitutional labor law subjectivity of civil servants has a number of field features. The citizen gets the status of civil servant, including the constitutional labor law subjectivity by acquiring the civil service. The constitutional labor law subjectivity of civil servants distinguishes with their field features. Normative and scientific provisions regulating the issue of the labor law subjectivity of civil servants are controversial. From this point of view, in the modern period the comparative analysis of constitutional norms regulating the activity of civil servants is selected with its actuality. Comparative analysis of the issue of constitutional-legal regulation of labor relations of civil servants in the embodiment of various countries, is of theoretical and practical significance. As a result of the research, the gaps are noted in the legal regulation of labor relations of civil servants in

modern Azerbaijan; proposals are submitted about the improvement of national legislation; the characteristic features of Azerbaijani model of civil service are defined; a modern scientific concept is being formed.

Keywords: *Civil servant, Constitution, Labor relations*

ASSESSMENT OF THE MINIMUM WAGE IMPACT ON POVERTY IN OIL-RICH COUNTRIES

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ABSTRACT

The provision of social protection for employees and a favorable business environment are not contradictory, as well as intertwined. One of the policies of social protection of employees is related to the minimum wage. However, researches on most countries show that the cause-and-effect relationship between the minimum wage and some socio-economic indicators, such as poverty, is not universal. In some countries, raising the minimum wage reduces poverty, but in some countries, such an increase has a negative impact by creating additional unemployment. The study conducted a panel analysis of the impact of the minimum wage on poverty in oil-rich countries. The results of the study show that in oil-rich countries, the relationship between the minimum wage and poverty is not strong.

Keywords: *Minimum wage, Poverty, Oil-rich countries, Panel analyze*

MODELLING THE IMPACT OF EXCHANGE RATE VOLATILITY ON FINANCIAL SECTOR: IN CASE OF AZERBAIJAN

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ABSTRACT

The considerable effects of exchange rate volatility on major macroeconomic factors, their transmission channels are well researched in the current literature. In general, it is assumed – for some countries statistically significant impact has been proven – that the more volatile the exchange rate is, the more negative impact it has on the major determinants of the economy due to uncertainty and risk. Regarding the characteristics of the economy the exchange rate volatility distinctly reflects itself. The stability of the exchange rate is today has been an immense guide of the country economy. It has especially expressed itself as a significant danger and major component of so called “Dutch disease” in oil-exporting developing economies. The exchange rate volatility risk have not passed the financial sector by in those countries. Financial sector, especially the banking sphere of these countries have seem to be affected in most of the studies conducted on this matter. The short and long-run, direct and indirect channels of the transmission have been researched in the literature review of the paper. Considering all these, the study will extend the existing literature by researching and analyzing the situation in Azerbaijan. The econometric method of a cointegrated VAR model, VECM model has been used for Azerbaijan in order to study the response of the exchange rate volatility on financial sector in the country. Both the short-term and long-term relationship between the key variables have been

analyzed and some significant concluding remarks have been reached. Empirical findings indeed show that the volatility in exchange rate has statistically significant relationship with the financial sector indicator of the Azerbaijan economy.

Keywords: *Exchange rate volatilities, VAR model, VECM model, Financial sector, Econometrics*

TESTING OF FDI AND NON-OIL FDI INFLOWS IN AZERBAIJAN USING DUNNING'S ECLECTIC MODEL

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ABSTRACT

The study investigates whether and to what extent FDI and non-oil FDI to non-oil sector are determined by some economic indicators in Azerbaijan applying Dunning's Eclectic model of the FDI theory. The study uses yearly time series data to examine the case of Azerbaijan with bivariate empirical regression models. Our empirical models are estimated in which FDI and non-oil FDI is dependent variables and trade openness, human development index (HDI), per capita GDP, and corporation tax are explanatory variables. The result show that both FDI and non-oil FDI flows are positively dependent on mainly on trade openness, HDI index and per capita GDP. Moreover, the sign of coefficients is also in line with our expectations, in which our empirical study confirms study results in this field.

Further, the study provides economic interpretations of empirical findings. Finally, the paper also adds brief remarks to increase non-oil FDI inflows to the economy of Azerbaijan.

Keywords: *FDI, Non-oil sector FDI, HDI, Trade Openness, Per capita GDP*

CONCEPTUAL ASPECTS OF THE ANALYZE OF AGRO INSTITUTIONS MANAGEMENT ACTIVITY

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ABSTRACT

Factors which influences on agricultural enterprises activity, mutual relations between managed system and management system, the necessity of changes in agrar sphere management model, management mechanisms and their influence on managed object, finding out more suitable ways of mutual activity of managing subjects at various levels are described in the article. The aims of agrar enterprises activity, their auxiliary aims, their relations with other systems, duties during their management by public are analyzed. The necessity of changes in the regulation of agrar activity, participation degree of various level of managers in decision-making process, the complexity of current relations and approaches at different structure of agrar management system, shortages appeared during management are determined in this article. The combination of aims and priorities in agrar sphere of Azerbaijan are given at this research. The main directions of research are optimization of agrar management mechanisms, which will serve to national development,

determination of development priorities of enterprises and satisfaction of duties to changing requirements. Compared analyze, logical generalization and grouping methods are used in this Article. Recommendations for increase of management efficiency in agrar sector are described as a result of research. Very important recommendations are given for increase of efficiency, application of mechanisms by considering factors, their execution and control for execution, perfection of information provision.

Keywords: *Agricultural Sphere, Factors, Reforms, Management, Aims, Function, Mechanism*

BANKING MARKETING: TRENDS AND PROSPECTS

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ABSTRACT

The relevance of the topic of the study is due to the need to develop the theory and practice of banking marketing. The development trends of Azerbaijani commercial banks, their ability to quickly and efficiently solve the new challenges posed by the market, are possible on the basis of modern management methods, advantages and potential of banking marketing. Complexity, complexity and lack of development of problems of banking marketing, the existence of unresolved and debating issues related to the organization of an integrated marketing system in the bank, objective necessity of scientific analysis and determined the choice of topic, purpose, tasks, structure and content of scientific research. The aim of the work is to identify a

special area of scientific interest within the boundaries of marketing theory - the banking services market - in which the task was to highlight the peculiarities of existence of the banking product, specific peculiarities of its use, to identify the peculiarities, patterns, trends of promotion of the complex of banking services and directions of development of the banking product infrastructure.

Keywords: *Market of banking services, Bank marketing, Marketing policy, Marketing strategy*

ECOLOGICAL-CLEAN INNOVATION PROBLEMS IN THE IMPROVEMENT OF PRODUCT INNOVATIONS IN THE NEW MANAGEMENT SYSTEM

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ABSTRACT

The article summarized the scientific and theoretical views of a number of local and foreign scientists on the formation of innovative development in Azerbaijan under the new management system and made conceptual generalizations. Taking into account the urgency of innovation processes and environmentally friendly innovations, the analysis of factors hindering the application of innovations based on data from the State Statistical Committee of the Republic of Azerbaijan. As a result of the analysis, the factors hindering innovation were assessed as economic, production, and other factors. The cost of innovation in Azerbaijani industry also pays attention to the types of activities and sources of financing. For this purpose, the financial costs of technological innovations

in Azerbaijan and the dynamics of state, individual enterprises and foreign investments in these costs have been carefully studied. Based on the obtained data, the influence of product innovations, technological innovations on economic activity was studied in order to assess the current state of environmentally friendly innovations in the industry of Azerbaijan and to the formation of innovative development the author's ideas were put forward.

Keywords: *innovation, management, product innovation, process innovation, technological innovation, ecologically pure innovation*

NOBEL LAUREATES AT THE GUARD OF THE WORLD ECONOMY

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ABSTRACT

While exploring Nobel laureates' researches as if the world economy appears in a large window. Nobel laureates are an exclusive collection of studies in terms of analyzing, directing the global economy, responding to global challenges. Firstly, it is necessary to applaud The Riksbank for showing initiative in front of the Nobel Committee to be established out of Alfred Nobel's testament and spending about 1 million euros per year for this purpose. The central bank of Sweden causes the creation of works responding new challenges of the world economy. In the 50 years since its inception (1969-2019), I have come to this generalization when examining the activities of 91 Nobel laureates, the goal of all of them is economic growth, economic development, standard of life. In my opinion, the previous winners received this high name for their research at the macro

level and the subsequent ones on the micro level. So if earlier global challenges were at the international and country level, after global challenges fell to the company level. According to “Strong companies mean a strong state” principle The USA, which hosts 57 Nobel laureates, is the champion of the world economy, with the number of companies with capitalization exceeding \$ 1 trillion. In our modern world only 48 of the 100 largest economies are national, 52 places are owned by transnational companies. No matter how good the micro-level is, there are many problems waiting for the world economy to be resolved at the global and national levels. I wish that let researches which will come to Nobel platform guard in the more sensitive parts of the world economy climbing to the specified level.

Keywords: *global challenges, Nobel laureates*

THE ROLE OF COTTON IN THE DEVELOPMENT OF REGIONS

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ABSTRACT

Azerbaijan continues to realize its huge socio-economic potential. In the concept of a national economy, founded by a great leader, a key role is given to an innovative economy. State programs of socio-economic development of Azerbaijan for the period until 2017 stimulated the socio-economic development of our country. The strategic roadmap, prepared for various sectors of the economy and approved by the Presidential Decree of December 6, 2016, is intended to solve the main tasks of building industrial giants using the latest technologies. The strategic roadmap for the production and processing of agricultural

products in the Republic of Azerbaijan primarily reflects complex systemic, organizational, economic and other activities. At the same time, intensification of production processes in the “State Program for the Development of Cotton in the Republic of Azerbaijan for 2017–2022” will allow solving a number of tasks on improving agricultural systems and creating new technical tools to increase soil fertility and cotton productivity with minimal energy and labor costs. The textile industry is actively developing on the basis of local processing, and a lot of money is being invested. The main tasks in this area are: increasing the proportion of fiber in the consumption of textiles; development of new technologies and cheapening of cotton production; stimulate cotton consumption worldwide; improving the quality and technical characteristics of the fiber. In general and from a regional point of view, the socio-economic importance of light industry is significant. On the one hand, its objects are very laborious, and on the other, they provide not only physiological, but also material and moral needs of people. All this is reflected in the scientific justification of our research and development.

Keywords: *region, economy, social sphere, development, cotton, production, farmer, product, income, employment*

ECONOMIC EFFICIENT AND ECOLOGICALLY CLEAN THERMOELECTRIC ENERGY CONVERTERS

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ABSTRACT

Thermoelectric energy converters are used in various industries, including photovoltaics, medicine, military industry, space facilities, maritime navigation systems, information technology and so on. Due to the fact that the areas are environmentally friendly, easy-to-use, with no moving parts, the ability to use small potential energy, as cost-effective alternative energy sources, interest in these areas has increased and research in this area has expanded. Cooling of electronic devices by thermoelectric coolers increases the stability of their parameters, improves the signal to noise ratio, increases the sensitivity and accuracy of amplifiers and measuring devices used in technological processes, thus will lead to an increase in the quality of the products, decrease in labor input and prime cost. The main parameters of thermoelectric transducers - generator efficiency, the cooling, the temperature, cooling efficiency, etc. are determined by the thermoelectric efficiency of semiconductor materials. Therefore, the study of semiconductor materials used in the manufacture of thermoelectric converters used in various industries, and the creation of highly efficient environmentally friendly alternative energy converters based on these materials is relevant. For this purpose extruded mechanical strong samples of $\text{Bi}_2\text{Te}_3\text{-Sb}_2\text{Te}_3$ (p-type) and $\text{Bi}_2\text{Te}_3\text{-Bi}_2\text{Se}_3$ (n-type) solid

solutions are obtained for thermoelectric energy converters by extrusion, which are not inferior in thermoelectric parameters to single-crystal samples of the same samples and are more suitable for use, and based on these materials, thermoelectric modules have been developed. The developed modules can be used in various industries in the temperature range $\sim 195-375$ K as environmentally friendly and cost-effective (profitable) alternative energy converters, as well as a devices for a physical experiment in determining the temperature dependence of various objects.

Keywords: *cooling efficiency, generator efficiency, thermoelectric energy converters, thermoelectric refrigerators, temperature*

CURRENT TRENDS IN THE ASSESSMENT OF THE TOURISM MARKET

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ABSTRACT

Today, tourism offers multiple services, in particular has become the starting point in solving the economic problems facing the country's economy since the half of the 20th century. Common problems in this area are the lack of promotion, transport, modern means and state support of investors in this area is not enough. Development of tourism is a complex activity that ensures the economic development of the region, as well as has socio-cultural and environmental consequences. The article examines the tourist regions of Azerbaijan, which for many years have been a tourist destination and attracted the attention of the

government and investors to its tourism potential. This study was conducted to study the local community's perception of the impact of tourism in the regions of Azerbaijan and its support for tourism development. In this regard, a survey was conducted among 500 people living in the regions. The article used a questionnaire to assess the current state of tourism business regulation in the tourism market in the country, and the survey results were analyzed in SPSS for Windows 17. The process of formation and development of the tourism sector in Azerbaijan is studied, the main points of growth of tourism efficiency in a market economy are analyzed, the article attempts to determine the necessary directions for the development of the tourism market in the republic. The article also explores the history and current state of public tourism policy, as well as the geographic and geological features of Azerbaijan.

Keywords: *tourism market, tourism business, tour operator, tourism product, tourism potential*

ANALYSIS OF REVIVAL AND DEVELOPMENT OF BUSINESS LAW OF AZERBAIJAN

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ABSTRACT

Today, the specifics of business law and the level of its development in many secular states is important and of primary importance. Indeed, the concept of entrepreneurship allows the state to constantly develop certain industries, introduce new industries in the economy, subsidize and develop certain market

niches, since small and medium-sized businesses are the driving force of the economy and development of the state. Today, Azerbaijan is developing in many areas and the level of legal consciousness, the degree of recognition in the world community, compliance with recognized legal norms and the necessary introduction of laws and by-laws regulating and stabilizing entrepreneurial activity depend on the level of development of law, the interaction of society and the state. This article reflects the historical processes of the formation of business law and the need to revive the legal framework of entrepreneurship and business. In addition, a specific problem is reflected in the involvement of small and medium-sized businesses in financial projects, the need to change the process of involving young specialists in international education projects, to increase financial literacy and legal protection, depends on many factors influencing the legal basis of entrepreneurship. Legal barriers to business constantly hamper the development of the Azerbaijani economy, which needs to be reviewed and adopted a new concept and program for the development of business law.

Keywords: *legal basis, entrepreneurship, law, the need for introduction, Azerbaijan, business processes, protection of entrepreneurship*

SEA SHIPPING : PORT OF AZERBAIJAN

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ABSTRACT

Maritime transportation is conceptually a form of transportation made with ships, ferries and other watercrafts. It is mostly used in international trade and logistics. The history of Maritime

transport dates back to ancient times. In 3200, B.C. the first examples of maritime transportation were coastal boats used by Egyptians. On the other hand, Vikings were the ones who open up to oceans and increased the commercial maritime transportation to the closest level of current situation. In the development of maritime transport, the discovery of new regions with geographical discoveries and industrialization, as well as the introduction of steam technology on ships have had an important effect, making it possible to build ships that can travel on long routes and have more cargo transportation than in the past. The development of sea transportation in Azerbaijan is related to the Caspian sea. From the past to the present, Caspian has always attracted the attention of border states as a great fortune. The purpose of this research is to examine the international maritime transport situation in general, and to analyze the structure and development of Azerbaijani maritime transport in particular. As a result of the findings, suggestions were made in the direction of the economic perspectives of maritime transport in the country.

Keywords: *Sea trade, Logistics, Port of Azerbaijan, International sea shipping*

DEVELOPMENT OF MEDICAL BUSINESS IN AZERBAIJAN

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ABSTRACT

The medical business is one of the most profitable types of business activities. In Azerbaijan, its development became possible after the country's independence and the transition to a market economy. On the other hand, the economic crisis in the country created the conditions for attracting private capital to

healthcare. The article provides information on the main types of medical business developing in the country, which include medical and diagnostic business, pharmacy and pharmacological business, voluntary medical insurance, which is a financial mechanism for managing risks associated with impaired human health, etc. The state encourages the development of private medicine, which in most cases does not play a complementary, but a substitute role for public medicine. Azerbaijan is characterized by a wide network of private medical and diagnostic institutions with a concentration in the capital. An important problem is the redirection of the flow of patients from state medical institutions to private ones, where doctors can earn more and patients have access to better equipment, as well as the quality of medical services. Corporate voluntary health insurance is growing rapidly. The development of individual voluntary medical insurance is hindered by high package prices, lack of culture, insurance promotion, and compulsory medical insurance. The main feature of the modern pharmaceutical market of Azerbaijan is a weak pharmaceutical industry, however, positive dynamics is observed in the development of the industry. The country's market has great potential for the development of the medical business, and this, along with its favorable geographical position, makes it interesting for foreign investors. At the same time, the devaluation of 2015 made it possible to more deeply feel the need to support local producers, both in the economic and social context.

Keywords: *insurance companies, licensing, medical business, pharmaceutical business, private medical institutions, privatization of medical institutions, voluntary medical insurance*

PRECIOUS STONES - WEALTH HIDDEN BEHIND GLITTER

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ABSTRACT

Diamonds are forever as heroes. The precious stones market is one of the important components of the financial market. Before we talk about the importance of precious stones in the world market, which are an indispensable piece of jewelry for women and have historically been a source of conflict in some countries, let's define what they are. Precious stones are ore minerals that come from the earth's crust and have a beautiful appearance given to people by nature. The main types are alexandrite, ruby, turquoise, emerald, diamonds and others. It is most common in geographically older areas. For example, Russia, Botswana, South Africa Republic etc. These stones are used not only in jewelry, but also in other fields: optics, electronics, radio engineering. At the same time, these stones have healing properties. The most traded precious stone in the world is the diamond, which is characterized as a symbol of endurance and courage. In 2018, the size of the global diamond market was \$ 87.81 billion. The largest share here belongs to the international company DeBeers. The growing demand for diamonds is causing this market to grow even more. Because diamonds are produced, processed and sold in different countries, it is considered that a diamond travels to more countries than the average person. Precious stones are also considered a safe investment tool. For example, the prices of diamonds, rubies and emeralds do not change as much as gold, and the size of investments in them increases because they are a rare find. As the Chinese proverb says: A diamond with a flaw is worth more than a pebble without imperfections.

Keywords: *precious stones, market, diamonds*

THE PRINCIPLES FOR ESTABLISHMENT OF THE EFFECTIVE QUALITY MANAGEMENT SYSTEM OF THE ENTERPRISE

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ABSTRACT

It is possible to establish an enterprise activity management system that can achieve its goal on the basis of ISO international standards, TQM concepts and business excellence models. At the same time, the quality of the enterprise acts as a management object, the principles of quality management acts as the principles of management, and the quality management system (QMS) acts as a management system. It is necessary that the QMS including the following elements: processes; staff; documented information; resources. The QMS must cover logistics, production, strategic management of the enterprise, control of the stuff. The requirements for modern QMS are explained in the international standards ISO 9000. The establishment of the QMS in accordance with the requirements of ISO standards, requires the following tasks: development of the criteria for the description of processes and their assessment; development of the documents for the QMS; the organization and the conduct of the internal audits of the QMS; independent assessment of the QMS. Currently, integrated quality management systems are more effective for improving of the competitiveness of enterprise. The methodology for the development of an integrated management system is based on functional systems. The main idea of the quality management is an effective organization that can be implemented through systemic and process approaches. The basis of the concept of the process approach in management are: the principles of the establishment of QMS according to ISO 9000; PDCA Deming cycle; BSC construction principles;

principles of project management; the best world experience in the field of the establishment of QMS. Due to documentation, control, analysis of the processes in accordance with the requirements of international standards, transparency, better manageability and continuous improvement of the enterprise activities are ensured.

Keywords: *competitiveness, consumer, control, process approach, quality management*

ENTERPRISE RISK MANAGEMENT STRATEGY

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ABSTRACT

Modern enterprises operate in conditions of uncertainty and increased risk. A risk management problem is the most critical part of any organization's activities. The risk management plan encompasses all facets of the company's long-term operation and defines the risk management program features. The main objective of risk management is to get the most benefit with a reasonable benefit-and-risk ratio. Risk management is, of course, correlated with some of the company's costs but its implementation is important and justified. The company is sacrificing less by minimizing risk to retain more. The key goal of the risk reduction plan at the company is to ensure that the organization can work effectively in the future. The Company's growth plan determines risk control characteristics. The relationship between the company's development strategy and the risk management system is evident not only in the fact that the former dictates the latter but also in the presence of input,

namely: selecting a particular risk management choice may require some adjustment of this strategy or preliminary consideration of certain risks before it is developed. In the face of uncertainty, each organization must select a risk management approach geared towards ensuring its long-term strategic advantage. To all organizations there is no single risk management solution, as much depends on the details of each organization. The implementation of strategic planning involves an anti-risk strategy aimed at mitigating negative phenomena. The strategic strategy is translated into risk planning taking into account the impact of risks on the achievement of the organization's goal. Changes in the organization's external environment are associated with strategic risk planning. The choice of a consistent sequence of activities, taking into account the organization's internal and external environmental variables, has a positive impact on the results expected during the implementation of a risk management strategy. Strategic risks are the most "expensive" for companies, as they impact shareholder interests. Therefore, when setting targets, management of the organization should consider the degree of risk it typically finds appropriate in the value-creating cycle to itself. This will give the company a greater degree of confidence in achieving strategic objectives in the face of uncertainty and risk.

Keywords: *business strategy, entrepreneurial risk, risk management, strategic risk planning, uncertainty*

ESTIMATION OF SECTORAL ELASTICITIES OF SUBSTITUTION: CASE OF AZERBAIJAN

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ABSTRACT

In this paper, the share of capital (fixed assets) and labour (employed population) in the volume of production (GDP) for the different sectors of the Azerbaijan economy has been estimated. For this purpose, the elasticity of substitution and other parameters of the CES production function have been assessed using the Marquardt method in the Mathcad software based on time series for the years of 2006-2017. For various sectors, the values of elasticity of substitution have been determined and comparative analysis has been conducted. Furthermore, we compared obtained results and examined which features of the economy of the country have affected the forming of these values, and recommendations have been given in this direction to improve the situation.

Keywords: *capital, CES production function, the elasticity of substitution, factor income share, labour*

SUSTAINABLE DEVELOPMENT OF REAL ESTATE MARKETS IN THE REPUBLIC OF AZERBAIJAN

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ABSTRACT

By the gradual shrinking of the world market, even small fluctuations can change the course of markets, the real estate market is also developing under the influence of economic developments and internal dynamics. Sustainable development is not possible without growth in real estate. In the implementation of sustainable development of real estate, it is important to enhancing transparency in the management of property and land management, strengthen governance in the real estate sector, and creating a supporting regulatory system by integrating regional and international norms and standards into the national legislation. The principle of sustainability play extremely important role in development of real estate markets. Real estate market development can only be based on solid foundations through an efficient urban planning discipline and an advanced financing system that can reach different segments of the society. Considering that the real estate sector accounts for half of global wealth, it is playing a key role towards achieving the United Nations Sustainable Development Goals. The article contains construction boom, mass appraisal, innovation in real estate registration and the principles of accessibility and transparency in the provision of services to citizens, open government, establishing of National Spatial Data Infrastructure and statistical data on state registration of real estate rights and social housing in Azerbaijan. This study investigates solving of critical issues facing the real estate sector and strategies to obviate those issues in the case of Azerbaijan.

This paper was based on "Policy Framework for Sustainable Real Estate Markets" by UNECE and six principles have been analyzed in the study.

Keywords: *Azerbaijan, Sustainable development, Real estate market, Cadastre, Land registration*

MANAGEMENT ACCOUNTING SYSTEM IN HIGHER EDUCATION AND ITS DISTINCTIVE FEATURES FROM FINANCIAL ACCOUNTING

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ABSTRACT

The development of a market economy in the country has led to major changes in the system of higher education, including the financing of State higher education institutions. Whereas, until recently, higher education institutions were considered to be purely budgetary organizations, they now have a high degree of autonomy in their internal management and extra-budgetary funds are an important source of income. For the use of extra-budgetary funds, the university reports to the respective customers and investors. All this leads to the need to collect, register, process and analyze data describing the activity of the university not only as a budget organization, but also as a «business enterprise». Management accounting is a new approach to accounting. In a literal English translation, management accounting means management and accounting, that is, accounting for management. Management accounting is a management tool. Management accounting interprets, that is to

say, recycles the accounting data to provide management with a view to making effective decisions without any doubt or delay. Thus, the role of management accounting is to assist the management decision-making process. Reporting information is re-engineered so that top management can effectively manage business processes. It follows that management accounting collects data from both internal and external sources, analyses, processes, interprets and transmits information to management for better planning, decision-making and management of operations within the organization.

Keywords: *management accounting, financial accounting, management efficiency, controlling, planning, organization, decision making, strategy, improvement of university management*

THE ANALYSIS OF CONSUMER-ORIENTED BEHAVIORS IN AZERBAIJAN'S FOOD SECTOR

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ABSTRACT

In the chosen research paper, following the study of consumer behavior in Azerbaijan's Food Sector, the behavior patterns on food products were determined by investigating them in line with

the preferences of consumers living in Azerbaijan. During the study, the survey was conducted with the involvement of 284 people in total, based on their responses to a pre-prepared questionnaire, who are influential in the food consumption decisions in the country. The selected study was carried out in Azerbaijan within a month in April 2020. The survey was conducted on people who do shopping mainly for food products based on research findings and consumer behaviors. Based on the questionnaire, the preferable behaviors of the costumers were identified in terms of the features, priorities, and topics. In this regard, the different variable groups were found in the research, which is divided into demographic variables including age, gender, income, and education level as well as variables determining the purchasing behavior of consumers. The research was conducted among consumers over the age of 16 and Azerbaijan was considered as the example country amid the study. The questionnaire as one of the fundamental research methods was shared on social media platforms and got answered by 284 people. Besides, in the study, the important data regarding the consumer behaviors on food products obtained based on the SPSS 24.0 program and “Factor”, “Validity”, “Reliability” and “One-way Anova” analyses.

Keywords: *Food Sector, Consumer behavior, Azerbaijan, Purchasing, ANOVA*

ROLE OF FOREIGN LOANS IN DEVELOPMENT OF THE REAL SECTOR OF ECONOMY (THE CASE OF AZERBAIJAN)

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ABSTRACT

The aim of the research is to study the processes that occur in connection with the attraction of foreign loans to the real sector of the Azerbaijan economy under the new globally formed macroeconomic and geopolitical challenges, to analyze the current situation and to make scientific and practical proposals and recommendations towards improvement of their management mechanisms. To this end, the important issues such as improving the structure of the public debt portfolio and diversifying the sources of borrowing to the optimal extent in order to prevent the risks that may arise in attracting foreign debts were studied. The research was fulfilled under the research methods as a scientific abstraction and systemic analysis and logic generalization. As a result of the research, the analysis of the situation with the public debt in the real sector of the economy, the state-guaranteed loans and the loans attracted by state-owned legal entities without state guarantees, direct foreign public debt, expected risks and

measures to be taken were studied. Limits of the research: requires more extensive practical information in the world level. Practical importance of the research: may play a positive role in enriching of scientific and practical knowledge of the specialists conducting researches in natural monopolies and working in this field. The scientific innovation and originality of the research: further strengthening of the country's financial stability against the processes that occur in the global economy and financial markets, increasing of the efficiency of public borrowing, effective risk management and improvement of control mechanisms in this field, considering new challenges and opportunities set, optimal ensuring the financial needs of the state with minimum costs, especially the necessity of the role of foreign loans in development of the real sector were scientifically and practically substantiated.
Keywords: Bank loans, Effective conditions, Foreign loans, Public debt, Real sector

ASSESSMENT OF THE IMPACT OF STATE ADMINISTRATION ON ENTREPRENEURSHIP DEVELOPMENT

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ABSTRACT

The article discusses: the need to make changes to the model of government administration; issues of determining the relationship between the state and entrepreneurs; as well as the effectiveness of decisions of government bodies on the development of entrepreneurship. The tasks are to determine on the basis of statistical data the correlation between government spending and business regulation; find out what is the relationship between the goals, costs, quality of government administration and the development of entrepreneurship; and evaluate the effectiveness of state administration. The article uses methods of comparative analysis, logical generalization and synthesis, as well as a universal methodology for assessing the quality of state administration. The authors analyzed the theoretical foundations and practical consequences of public service decisions for state-business relations. Performed analysis of various approaches to ensuring the opportunities and freedoms

of public servants and the expectations of the interests of entrepreneurs in the decision-making process on the regulation of entrepreneurial activity. The study examined the experience of various developed countries, revealed the relationship between gross national income, human development index and state administration efficiency. Outlined are reforms in the model of state administration in Azerbaijan. Particular attention was paid to optimizing the structure of state bodies, which will contribute to the development of entrepreneurship, identifying priorities in their activities and improving implementation mechanisms. As a result of the research, were made recommendations to improve the efficiency of state administration, which in turn contribute to the development of entrepreneurship.

Keywords: *Civil Service, Public Administration, Government Intervention In The Economy, Government Relations, Partnership Between State And Private Sector*



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