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IMPROVEMENT OF THE MANAGEMENT SYSTEM OF FACTORS HINDERING THE DEVELOPMENT OF THE NON-OIL INDUSTRY BASED ON INTERNATIONAL EXPERIENCE

The study of the problems of improving the mechanism of the management of the factors that slow down the development of the non-oil industry confirms the instability of the development rates of the Azerbaijani industry in 2005-2021, and the disparities in the development of the industry in the production and processing areas, as well as in the regions. As a result of the study, the classification of internal and external factors that hinder the development of the non-oil industry was justified. The application of ISO standards in enterprises operating to create a non-oil industry based on the innovative economy makes it possible to introduce a new concept of regulation of production activity based on the data of technical projects, technical and economic justifications and project-estimate documentation. The main direction of improvement of the management system of the factors restraining the process of development of the non-oil industry was considered.

The relevance of the subject. In recent years, factors such as the creation of an inter-sector balance and effective use of natural and material resources have played an important role in ensuring economic stability in our country, but it is necessary to solve the issues of economic and institutional regulation related to the development of the non-oil sector of the industry. After all, ensuring the development of the non-oil sector has been set as a priority direction and main task of the state's economic policy. The main goals in implementing this task are to improve the level of welfare of the population, make transition to an export-oriented economy and increase the competitiveness of the economy. From this point of view, the relevance of the research is not in doubt.

The purpose of the article. The main goal of the research is to create an effective management structure that ensures the elimination of obstacles hindering the development of this section of the industry, taking into account the role of the non-oil industrial sector in ensuring sustainable development of the country's economy and raising the standard of living of the population, through the formation and

evaluation of a qualitatively new model of sustainable economic development, growth of added value growth and structural changes in production areas and enterprises. Elucidation of practical aspects of using the concepts «technical structure of production», «organic structure of capital and turnover rate» to improve the management system of non-oil industries and enterprises, which are considered as objects of study of economic theory, is a priority direction of research.

Research methods. The article was written on the basis of scientific research methods which include theoretical analysis, systematic analysis, statistical analysis, generalization, comparative structural analysis, etc.

Scientific innovation. In the article, based on the analysis of the production structure and current situation of the non-oil industry in 2005-2021, the classification of the obstacles that slow down the development of the industry was justified for the first time, and specific proposals for their elimination were put forward.

Keywords: *industry, non-oil, economic development, structural policy, production, processing, standardization, technical structure*

JEL classification: *E39, E61, L52, O11, O20*

Дослідження проблем удосконалення механізму управління факторами, що уповільнюють розвиток нафтової промисловості, підтверджує нестабільність темпів розвитку промисловості Азербайджану у 2005-2021 рр., диспропорції у розвитку галузі у сферах виробництва та переробки як у країні в цілому, та і окремих регіонах. У результаті дослідження обґрунтовано класифікацію внутрішніх і зовнішніх факторів, що стримують розвиток нафтової галузі. Застосування стандартів ISO на підприємствах, що діють для створення нафтової промисловості на основі інноваційної економіки, дає можливість представити нову концепцію регулювання виробничої діяльності на основі даних технічних проектів, техніко-економічних обґрунтувань та проектно-кошторисної документації. Розглянуто основний напрямок удосконалення системи управління факторами, що стримують процес розвитку нафтової галузі.

Актуальність теми. Останніми роками такі чинники, як створення міжгалузевої збалансованості та ефективне використання природних і матеріальних ресурсів відіграють важливу роль у забезпеченні економічної стабільності в нашій державі, але необхідно вирішити питання економічного та інституційного регулювання, пов'язані з розвитком нафтового сектора промисловості. Адже забезпечення розвитку нафтового сектора визначено пріоритетним напрямом і основним завданням економічної політики держави. Головною метою у реалізації зазначеного завдання є підвищення рівня добробуту населення, перехід до експорторієнтованої економіки та підвищення конкурентоспроможності економіки. З цієї точки зору актуальність дослідження теми не викликає сумніву.

Мета статті. Основною метою дослідження є створення ефективної управлінської структури, яка забезпечує усунення перешкод, що гальмують розвиток даного сегменту галузі, враховуючи роль нафтового промислового сектора в забезпеченні сталого розвитку економіки країни та підвищення рівня життя населення, шляхом формування та оцінки якісно нової моделі сталого економічного розвитку, зростання доданої вартості та структурних змін виробничих сфер і підприємств. Висвітлення практичних аспектів використання понять «технічна структура виробництва», «органічна структура капіталу та швидкість обороту» для вдосконалення системи управління нафтовими галузями та підприємствами, які розглядаються як об'єкти дослідження економічної теорії, є пріоритетним напрямком дослідження.

Методи дослідження. Стаття написана на основі методів наукового дослідження, які включають теоретичний аналіз, системний аналіз, статистичний аналіз, узагальнення, порівняльно-структурний аналіз тощо.

Наукова новизна. У статті на основі аналізу виробничої структури та поточного стану нафтової галузі в 2005-2021 рр. вперше обґрунтовано класифікацію перешкод, що гальмують розвиток галузі, та надано конкретні пропозиції щодо їх усунення.

Ключові слова: *промисловість, нафтовий, економічний розвиток, структурна політика, виробництво, переробка, стандартизація, технічна структура*

JEL classification: *E39, E61, L52, O11, O20*

Introduction

Solving problems associated with the transformation of the non-oil industry into a leading sector of the national economy in the near and medium term and its increasing role in accelerating the socio-economic development of the republic's regions remains the focus of attention of the scientific community along with state and local self-government bodies. According to the economic development strategy declared by the Strategic Road Map on National Economic Perspectives of the Republic of Azerbaijan (December 6, 2016), the growth in the global demand for oil and gas will weaken to 0.7% per year until 2050 [1]. The document also notes that high sustainable growth from oil revenues is not predicted in the near future, and it is unlikely that the oil and gas sector will have the potential to develop the economy as a whole. At the current stage, problems of development of the non-oil sector are being resolved within the framework of the State Program for the Socio-Economic Development of the Regions of the Republic of Azerbaijan for 2019-2023. The main goal of the program is to ensure sustainable and balanced development of the regions, increase employment opportunities, accelerate the development of small and medium-sized businesses, and reduce the inequality in the level of socio-economic development between the capital and the regions [4].

It is necessary to recognize the need to transition to a new development approach that ensures production modernization and competitiveness through institutional reforms in the non-oil sector in accordance with planning documents providing for structural changes in the country's industry. The new approach is determined by an assessment of the place and current position of the non-oil industrial sector in the country's economy. Based on the analysis of statistical data reflecting the level of development and structure of the republic's industry, it is possible to identify problems in the development of the non-oil sector, assessing the achievements achieved over the past 20 years and the factors hindering the development of the industry. and existing opportunities.

Determining the prospects for the development of the non-oil sector is conditioned by ensuring the compliance and competitiveness of products manufactured at enterprises with technical requirements accepted at the international level. From this point of view, there is a need to substantiate scientifically and practically important proposals in the direction of stimulating the production of products according to ISO standards in the non-oil sector of Azerbaijan and accelerating the republic's admission to the World Trade Organization (WTO). To improve the system for managing factors constraining the development of the non-oil sector in accordance with the requirements of the new strategic approach, an assessment of industrial policy and the technical structure of production is of great importance. It is impossible to ensure sustainable development of the non-oil sector without defining industrial policy goals. To effectively regulate and manage production activities in this sector of industry, it is necessary to explore issues related to the use of concepts such as "technical structure of production", "organic structure of capital" and "capital turnover rate". in business vocabulary and analytical procedures taking into account technical projects, feasibility studies and design and estimate data of the enterprise. The main direction for improving the system for managing factors that hinder the development of the non-oil industry may be the regulation of the activities of enterprises based on the technical and cost structure of non-alternative capital.

Research methods

The article was written on the basis of scientific research methods, including theoretical analysis, system analysis, statistical, comparative structural analysis, generalization, etc. Characteristic features, structure, main directions of formation of the non-oil industry, its role and significance in the national economy were shown, the current state of the non-oil industry is analyzed industry, the factors influencing its sustainable development were comprehensively studied. In order to accelerate the development of the non-oil

sector and expand its export opportunities, ways to eliminate factors hindering the development of this sector were indicated.

Discussions and conclusions

1. The non-oil industrial economy is an integral part of the national economy

The implementation of the tasks envisaged by the Strategic Road Map on National Economic Perspectives and the five-year State Program for the Socio-Economic Development of the Regions of the Republic of Azerbaijan results in the acceleration of the development of the country's industry as a whole, including the non-oil industry sector, as well as changes in its structure. To assess the development of industry in a country's economy, it is necessary to take into account the share of the industry in the production of gross domestic product (GDP). Thus, the level of this indicator in Azerbaijan increased from 49.4% in 2005 to 53.8% in 2011, decreased to 32.9% in 2015, increased to 44.5% in 2018, had a downward trend in subsequent years and increased to 58.8 in 2022 (Fig. 1).

It should be recognized that the observed changes in the dynamics of the share of industry in GDP production are associated

mainly with changes in the level of selling prices for industrial products exported from the republic (oil, gas). The curve shown in Fig. 1 confirms that instability in the development of industry in Azerbaijan is permanent. It should be borne in mind that industry is not represented by one sector, and therefore the state ensures the implementation of measures to balance the levels of development of individual industries within the framework of its structural policy.

The implementation of the state's structural policy in relation to industry is conditioned by the elimination of imbalances that hamper the development of the national economy. Monopolization of industrial production, expansion of raw materials exports, attraction of large foreign investments in the mining industry, restriction of innovative changes in processing industries, direct investment of available funds of the population of the republic in the construction of residential areas of the capital, rather than industrial facilities, leads to the creation of imbalances in the development of national industry.

It is impossible to eliminate the imbalances that exist in the economic sphere

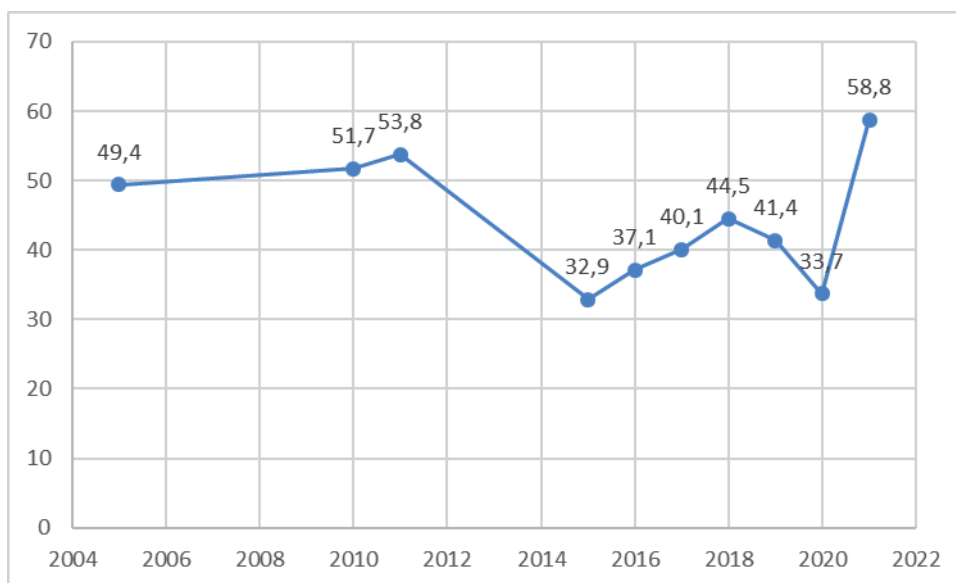


Fig. 1. Dynamics of the share of industry in annual GDP production

Source: Research paper on structural problems of Azerbaijan industry: causes and solutions. Electronic resource: www.idi-aze.org/files/pdf/2021

in general and in industry in particular using a market regulatory mechanism. The state's implementation of an effective structural policy will ensure stabilization of the pace of development of industries by balancing the economic interests of all participants in production relations..

By constructing an industrial structure used in accordance with the objectives of the research, it is possible to justify the necessary technical and economic measures in the direction of stabilizing not only the country's industry, but also the level of development of its individual sectors, fields and enterprises, especially their development rates. In this regard, clarifying the trends of industrial production indices for the non-oil sector in 2015-2021 is important for the planning of production volumes and investment demand in individual areas in the near and medium term. For a comparative analysis, let's look at the indicators of industrial production in the non-oil sector (Table 1).

Dynamic analysis of industrial production indices allows us to conclude that an increase in the growth rate of production volumes (works, services) in the non-oil and gas sector has a significant impact on the dynamics of industrial production in the republic in 2018-2021. When assessing the impact of increasing production volumes in the non-oil and gas sector on the industrial production of the republic, it is necessary

to take into account the dependence of the national economy on oil as a whole. It should be noted that the degree of influence of production growth in the non-oil sector on the growth of the country's industry increases only when the price of Azerbaijani oil on the world market remains stable throughout the year, and vice versa, a decrease or increase in the price of oil on the world market during the year causes a significant fluctuation in the influence indicators of the non-oil sector on general indicators of the industry.

In accordance with the objectives of the study, the information of the State Statistics Committee on the activity of the oil and gas sector indicated above reflects only the results of the purchase and sale transactions of profitable oil and gas at the available to the republic in the world market. Issues related to the organization of the activity of the oil and gas sector of Azerbaijan, the development of oil and gas deposits, transportation of crude oil, share distribution, transfer, management of oil revenues, generation and accounting of profit oil are regulated by the "Agreement on the joint development and production sharing of the Azeri, Chirag oil fields and a part of the Guneshli oil field located in the Azerbaijani sector of the Caspian Sea" - the contract of the century (signed on September 20, 1994 between 11 international oil companies representing Azerbaijan, the United States, Great Britain, Norway and

Table 1

Indices of industrial production (as a percentage of the previous year)

Industrial areas	2015	2017	2018	2019	2020	2021
All industry	192,1	185,3	188,4	191,0	183,0	146,2
including:						
Oil and gas sector	104,7	104,7	101,7	103,2	123,6	106,9
Non-oil and gas sector	101,6	99,6	125,1	111,9	75,2	157,7
including :						
Food and light industrial production	125,6	127,4	135,9	105,9	109,0	123,5
Metallurgy and production of metal products	102,4	109,1	102,8	101,4	96,7	143,7
Chemical industry production	90,4	122,4	113,1	110,7	104,7	198,3
Other industrial production (building materials, transport, communications, pharmaceuticals, etc.)	118,4	114,6	126,4	113,1	68,4	125,8
Electricity, gas and steam generation, distribution and supply	139,1	135,2	145,1	150,4	150,0	142,5

Source: Azerbaijan in numbers. Official publication. Statistical compilation. Baku, 2022

Saudi Arabia). At the next stage, additional agreements were concluded regulating the production, distribution and transportation of oil and gas on the territory of Azerbaijan [19]. In accordance with these agreements, the remaining oil and gas, minus the part intended for domestic demand, is transferred to the disposal of multinational companies. In accordance with Article 103 of the Tax Code of the Azerbaijan Republic, these companies pay income tax to the state budget of the Azerbaijan Republic for the sale of crude oil and gas produced in Azerbaijan at world market prices. However, non-residents pay income tax not in cash, but in crude oil or gas equivalent to the tax amount. Eliminating the existing uncertainty in the coverage of statistical indicators of the oil and gas sector of the republic in official statistics is of exceptional importance for assessing the degree of influence of the indicators of this sector on the overall indicators of the industry of the republic.

Based on the above, we consider it appropriate to highlight in statistical collections the data “total volume of oil and gas production”, “total volume of oil and gas exports”, “total volume of profitable oil and gas”.

According to the State Statistics Committee, industry accounts for 58.7% of the GDP produced in the Republic of Azerbaijan in 2021. When considering the structure of industrial production in the

republic, it is necessary to find out the reasons and consequences of changes in the dynamics of the ratio of the production of products intended for production and the production of consumer goods in its composition by sectors and areas. From this point of view, it can be noted that various areas of industry in Azerbaijan are covered by statistical groupings of the oil and gas industry and non-oil and gas industries. According to the State Statistics Committee, in 2021, taking into account the fact that the share of oil and gas production is 13.9%, and the non-oil and gas sector - 86.1% in the total value of industrial products (work, services) produced by the industry of the republic, the production structure of the industry Azerbaijan can be described as follows (Fig. 2).

The information presented in Fig. 2 on the structure of industrial production in Azerbaijan in 2021 is of great importance for assessing the specific weight of industries included in the non-oil sector in the total industrial production based on statistical groupings. In this regard, it is appropriate to conduct a comparative structural analysis in the following directions:

- firstly, the formation of a position on improving the structure of the non-oil industry, taking into account the adequacy of industrial production in the non-oil sector to the resource (raw material, material, human) base of the republic;

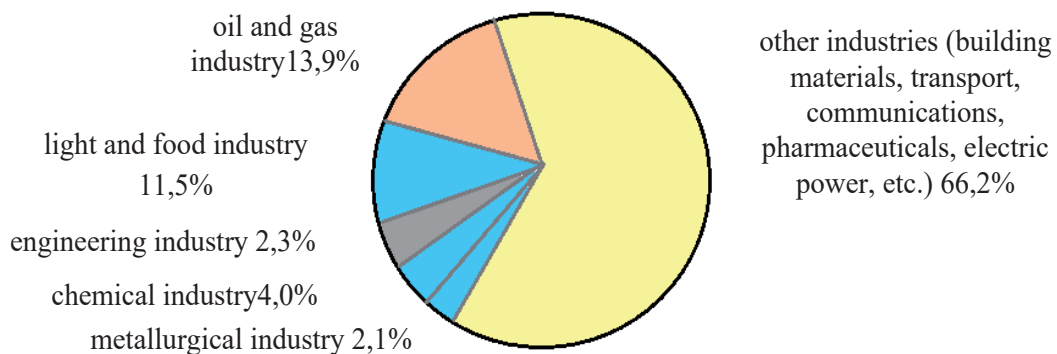


Fig. 2. The production structure of the Azerbaijani industry by the beginning of 2022

Source: *Azerbaijan in numbers. Official publication. Statistical compilation. Baku, 2022*

- secondly, evaluation of the regional structure of non-oil industrial production and justification of the concept of elimination of existing disproportions;

- thirdly, determining directions for improving the technical structure of production in non-oil industries.

To justify the position in the first direction, it is enough to refer to the superior position of the buyer compared to the seller in the production of benefits from the trade of raw materials (materials). According to information provided by the State Customs Committee on the main goods exported from Azerbaijan in the first 4 months of 2023, in January-April, 20,973.8 tons of cotton fiber and 4,569.6 tons of cotton yarn were exported from the republic. As a result of commercial deals, it cannot be denied that the income of the buyer of cotton material from the sale of the product made from that material is at least 5 times higher than the income of the seller of raw cotton [18]. Using the same rule, it can be confirmed that the export of cocoon seeds, silk threads, tobacco, salt, fish roe, and forest nuts is less profitable than the sale of processed products. Therefore, it is necessary to recognize the expediency of creating new industrial enterprises for the processing of cotton, salt, tobacco, nuts, fish products, and cocoon seeds in the republic, subject to high profitability of processing activities in the non-oil sector. the sector is taken into account in comparison with production activities.

An analysis of the regional structure of non-oil industrial production confirms that 90% of the country's industry is concentrated in the territory of the city of Baku [6]. Although the Baku-Absheron region occupies 4.7% of the country's territory, the number of people living in this region accounts for 18% of the country's population. The flow of people from other regions of the republic and abroad to the capital's shopping centers continues to this day. As part of the state urbanization policy, measures must be taken to relocate a number of production, transport and social infrastructure facilities from the territory of the capital to the regions of the republic.

The main problems of directing capital investments to the development of the non-oil sector are related to differences in the technical structure of production. Theoretical and practical problems related to the "technical structure of production", the "organic structure of capital" and the "velocity of circulation" constitute a "dark page" of economic science.

2. Problems affecting the sustainable development of the non-oil industry

An assessment of the level of development of the non-oil industrial sector and its individual areas based on structural analysis confirms that instability in the development of the country's industry is permanent. The discrepancy between the republic's resource base and the potential of the manufacturing industry, the high share of raw materials in exports, imbalances associated with attracting large foreign investments mainly in the mining industry and the creation of the majority of huge industrial enterprises in Baku-Absheron hinder the development of non-oil industries.

The design measures that need to be implemented in the direction of stabilizing the development rate of production areas in the non-oil sector should cover the expansion of the production of light and food industry products based on the use of local raw materials in all regions of the republic, including the liberated territories. Industrial products and consumer goods that support the livelihoods of the population and enterprises are produced at enterprises in production areas covered by the non-oil sector. The fate of these products is decided in the sales markets. The main requirement of the market is that the quality indicators of the goods offered by sellers must meet the requirements of buyers. For comparison, we note that the quality indicators of oil industry products are natural, and their fate is decided by a pre-concluded agreement between sellers and buyers. Information about the quality indicators of oil produced in individual countries is covered in the media, and with the help of this information, in agreement with the seller, the question is decided in which country the buyer should

buy oil. On the contrary, the quality of light industry products depends on the level of professionalism of manufacturers. The data in Table 1 confirms that the main reason for the instability, caused by the fact that the growth index of food and light industry production fell from 135.9% in 2018 to 105.9% in 2019 and tended to grow in subsequent years, was the low product quality. Assessing the quality characteristics of food and light industry products is of great importance for identifying existing problems in this area and finding solutions.

Facts of production and sale by enterprises of the non-oil sector of Azerbaijan of products that do not meet technical requirements accepted at the international level are assessed by state control authorities and measures are taken to prevent such violations. Sales to the population and organizations of food products, clothing, building materials and medicines produced by local enterprises that do not meet quality standards, especially the facts of the use of non-refractory wall covering tiles in the construction of residential buildings in 2014-2016, which resulted in incidents dangerous to the life and health of the population, caused a resonance in the Azerbaijani press and was discussed at international scientific conferences [10, p. 156].

A new approach to the problem of organizing production, supported by the scientific community of the Republic, was expressed in the materials of the scientific conference held on December 28, 2017 in Baku by the Ministry of Economy of the Republic of Azerbaijan in accordance with the Strategic Roadmap for the development of heavy industry and machine building as part of the implementation of the measures "supporting the creation of a model enterprise (plant) based on private investment". It is appropriate to turn to the experience of developed Western countries to evaluate proposals put forward at scientific conferences for creating a cost-effective model enterprise. It is common knowledge that companies that try to reduce production costs to make maximum profits in a short period of time fail. Therefore, the problem that needs to be

solved for enterprises in the non-oil sector is related to the production and sale of products that meet technical requirements accepted at the international level.

Most of the problems slowing down the sustainable development of the non-oil industry are related to international economic sanctions imposed on neighboring countries (Russia and Iran), with which Azerbaijan has mutual trade relations. The application of restrictive measures under these sanctions leads to the creation of legal obstacles to the execution of sales contracts concluded between enterprises in the non-oil sector and economic entities of countries in which sanctions are applied. Restrictive measures introduced in connection with the pandemic are causing great problems in the export of non-oil sector products. Thus, it is necessary to recognize the need to adapt the development strategy and management system for areas and enterprises of the non-oil sector to internationally accepted standards.

3. Creation of non-oil industry based on innovative development

Development of non-oil industries in the Republic of Azerbaijan, based on the principles of priority of innovative activity and improvement of the competitive environment, the developing non-oil industry should be characterized by the emergence of modern-type industries based on the production of new products along with traditional industries. The qualitative changes that have occurred in the structure of this sphere in recent years have already become part of the systemic economic policy pursued in the country [8]. For the successful implementation of this policy, it is necessary to continue the process of creating a new technological base, maximally but economically using available resources, directing them to meet the needs of the non-oil industry, gradually removing old production assets and technologies from production, as well as attracting domestic and foreign investment. On the other hand, the transition from a resource-based economy, strengthening the connection between production and processing industries, and the production of a wide range of export-

oriented and import-substituting processed products should become one of the main tasks in the non-oil sector of the economy. Industry in the near future [7, p. 115]. To do this, it is necessary to ensure the creation of an innovative base for the development of industrial production, the process of forming an industry structure that responds to increasing its efficiency.

A prerequisite for the formation of a competitive non-oil industry in Azerbaijan, based on innovative development, is to ensure that existing enterprises are recognized as competitive entities not only in the domestic market, but also in world markets. In accordance with the concept of development of the non-oil industrial sector of Azerbaijan and, in particular, the light and food industry, the main task is to apply ISO series management methods at enterprises, developed by the International Organization for Standardization (ISO), which has confirmed its effectiveness in the experience of developed countries of the world, and has a high regulatory capacity in achieving certification of released products. At the same time, the relevance of the requirements for the production of high-quality products and the provision of services in accordance with technical requirements accepted at the international level should also be focused on the preparation of engineering, chemical, building materials, pharmaceutical and other field products.

The problem of standardization in the non-oil sector should be solved by applying ISO standards at enterprises on the basis of an agreement between Azerbaijani industrialists and the International Organization for Standardization. Thus, the application of ISO standards in the non-oil sector of Azerbaijan should be recognized as an important condition for ensuring the quality and safety of products and services.

In the modern world, no state can exist in isolation. The importance of the role of the World Trade Organization (WTO) in resolving issues such as regulating trade relations between countries, eliminating contradictions inherent in national legal systems, and carrying out trade transactions

with foreign elements is recognized by all countries. It should be noted that the application reflecting the intention of the Republic of Azerbaijan to become a member of the WTO was submitted to the Secretariat of the organization on June 23, 1997. The issue of the republic's accession to the WTO has not been resolved and negotiations continue [16]. The main reason why the problem exists and is not eliminated is the failure to take preventive measures against the release of low-quality food, clothing, medicines, building materials, drinks, and salt into civilian circulation. At the present stage, ensuring the competitiveness of products produced in the domestic and foreign markets through the application of ISO series management systems at enterprises in the non-oil sector of Azerbaijan should be set as a strategic goal.

Regional aspects of the problem of creating a non-oil industry based on innovative development are in the focus of attention of state institutions, banks, insurance companies and investors. Eliminating the existing disproportions between the capital and the regions in the field of organizing industrial production requires the implementation of concrete measures. In particular, it is necessary to implement innovation and investment projects on the creation of cotton ginning, spinning, weaving, cocoon seed factories and silk factories in the liberated regions of Azerbaijan, and the creation of production and processing industry enterprises in the territory of the East Zangezur economic region. based on the quota principle. In the regions of the republic, there is a great demand for the preparation and implementation of projects for the creation and organization of activities of processing industry enterprises for the production of livestock products within the agro-industrial complex.

The interests of foreign and local investors should be reconciled with the interests of the state in solving the problem of financing costs related to the construction of new industrial enterprises in the regions. Feedback should be provided in investor-local population (municipality) relations

in order to be accepted by the regulatory body of investment projects that involve the creation of new industrial enterprises in the regions of the republic.

In order to accelerate the development of the non-oil sector in the Republic of Azerbaijan, institutional measures were implemented in 2013-2023 in the direction of the organization of industrial parks, neighborhoods and technoparks. In accordance with the "Model Regulation on Industrial Park" approved by the Decree of the President of the Republic of Azerbaijan dated April 24, 2013, industrial parks are created in order to ensure favorable conditions for the creation of competitive industrial production based on innovative and high technologies and the sustainable development of the non-oil sector.

In 2023, information on the establishment of 5 industrial parks and 4 industrial districts with 25 registered residents was highlighted in the mass media. Thus, the Regulation governing the activity of new institutions is applied, and the existence of industrial parks in the real economy sector is not in doubt [17].

In the non-oil sector, the emergence of some controversial issues in the field of establishment and regulation of activities of industrial technoparks, industrial neighborhoods and technoparks cannot be ignored. The currently valid "Model Statute on Industrial Park" does not determine the legal status of the industrial park - organizational legal form. There is no provision to recognize the industrial park as a participant in production relations. In such a case, it is unclear whether the industrial park is recognized as a plaintiff or defendant in relation to residents and non-residents. In our opinion, it is necessary to determine the norms defining the status of industrial parks, industrial districts, agroparks, technoparks by civil legislation.

4. Industrial policy and evaluation of the technical structures of the non-oil sector

At a certain historical stage in any country, industrial policy is inevitable, it requires the help and intervention of

the state to modernize the economy and rebuild its industry. This policy is also being implemented in Azerbaijan. Industrial policy means a set of legal, economic and organizational measures implemented by the state to regulate the structure of the industry, stabilize the development rates of its individual areas, ensure the competitiveness of products (works, services) in the domestic and foreign markets. The industrial policy of the state should help to solve the following problems by covering the main directions of the development of the country's industry, including the non-oil sector:

- accelerating the development of processing industry;
- modernization of production infrastructure;
- ensuring the participation of the local population in investments;
- increasing the competitiveness of processing industry production;
- stimulation of foreign economic relations of non-oil sector enterprises.

Before the industrial policy is developed, the current state of the country's economy and its leading sectors is investigated, its development potential is assessed, and the competitive advantages of individual sectors in the local, regional and global international markets are determined. The justification of directions for improving the technical structure of production in non-oil industrial areas becomes the main element of the area regulation system. The industrial structural policy implemented at the enterprise level provides for efficient use of material, labor and financial resources based on digital technologies. The main tools of the enterprise's structural policy include the technical structure of production and the organic structure of capital.

The operation, investment and financial activities carried out in accordance with the technical structure of the production enterprise are regulated by its Charter, which is considered the main founding document. It is necessary to distinguish the following stages of the organization of production activities carried out on the basis of the charter:

- the first stage, the problems related to the mobilization of the initial monetary capital, preparation of project-estimate documents of the enterprise, settlement of the building issue, organization of technical equipment, machines and mechanisms, vehicles, communication and information, raw materials, semi-finished products, fuel, electricity according to the profile of the planned enterprise, energy, water supply, labor force involvement are solved;

- the second stage, organization of the production process: the process of preparation of raw materials is completed with the help of technical means set in motion by the work team;

- the third stage, selling the finished product, directing the money received from the sale to finance the extensive reproduction, the remaining part of the income is divided between the enterprise and the employees, the state, the bank, the insurer and the owners (shareholders).

The most complex issue to be solved by the engineer preparing the technical and economic justification and estimate of the project of the enterprise according to the above scheme is related to the determination of the technical structure of production. The main task of the engineer is to determine the quantitative and qualitative indicators of the technical means and labor force used in the production process, taking into account the production capacity of the designed enterprise. The appropriateness of the production activity of the enterprise should be confirmed in the project-estimate documents due to the interaction of technical and labor factors. The relationship and ratio between technical and labor factors constitutes the technical structure of the designed enterprise. This ratio is calculated in monetary terms in the project estimate through technical and economic justification. The technical structure of production, measured in money, is called the organic structure of capital in the economic literature.

It is known that the existence of initial capital is a necessary condition for financing costs related to the creation of any production enterprise. Based on the data of the project,

the ratio of which part of the initial capital is directed to the organization of equipment and technology and which part to human capital is justified. It should be noted that the problems related to the organization and regulation of activities, taking into account the technical structure of production in enterprises, have found their unequivocal solution in economic science.

The basis of the studies conducted on the differentiation of the constituent elements of capital in economic science is based on the propositions put forward by K. Marx about the determination of the organic structure of capital by its technical structure [11, p. 166]. In the studies of foreign economists, the interpretation of the problems of evaluating the technical structure of production is in the spotlight, taking into account the role of global market positions of firms, the structure of capital, and its individual elements in ensuring the wide reproduction and development of human capital [12,13,14,15]. The research conducted by Ding S., Guariglia A., Edvinson L., Malone M., Nguyen H., Rumyantsev A. is of great importance for linking the structure of the firm's capital with the efficiency of its activity, evaluating the impact of the increase in production costs on the adoption of new production technologies on the organic structure of capital, determining the dependence between profitability and organic structure of fixed and working capital and, in particular, for clarifying the theoretical aspects of problems related to the creation of a methodology for calculating the organic structure of capital.

The disadvantage of the above-mentioned studies of capital structure conducted by foreign economists is that they do not determine the purpose of the economic regulation tool called "organic capital structure". These studies do not reveal the identities and goals of the tool's users. In the article "Problems of differentiating the tax burden of the enterprise based on the organic structure of the capital and the rate of turnover" published in the magazine "Kreativnaya ekonomika", the purpose and users of the indicators of the organic structure of capital and rate of turnover

were determined, and the concept of the distribution of profits of enterprises based on the structure of the capital was put forward [9].

The study of the theoretical aspects of this problem includes the assessment of the causes of changes occurring in the industry, including the non-oil sector, the elimination of disproportions arising in connection with distribution of resources and income between technical development and social development funds in accordance with the technical structure of capital. The establishment of a legal entity, creates a basis for making effective management decisions in the field of reconciliation of the economic interests of employees and owners.

Thus, the evaluation of the technical structure of an industrial enterprise based on the technical project, feasibility study and estimate data should be considered as a scientific concept that ensures the effective management and development of the movement of material, human and financial resources at its disposal.

The results

The expediency of the study of the problem of improving the management system of the factors hindering the development of the non-oil industry was found in two directions:

1. Justification of the position based on the analysis of statistical indicators reflecting the level of development of the Azerbaijani industry, including the non-oil industry.

2. Evaluation of the results of structural changes in the non-oil industry.

The research conducted in the first direction confirms that the instability in the development of the Azerbaijani industry in 2005-2021 is continuous and related to disproportions in the development of the production and processing areas of the industry and in the development of the regions of the republic.

The dynamic analysis of the growth rates of industrial production in the second direction makes it possible to assess the impact of the growth of production in the non-oil sector on the industrial production of the republic, taking into account the

dependence of the national economy on oil as a whole.

With the help of the "Structure of industrial production" construction used in the course of the research, the mechanism of assessing the country's industrial potential in the oil and non-oil sectors was specified, and the proposal was made to differentiate oil production, oil export and profit oil indicators in official statistics.

A comparative structural analysis of official statistical data on the structure of industrial production in the Republic in 2021 was carried out in three directions:

- firstly, assessing the adequacy of industrial production in the non-oil sector to the country's resource base, the necessity of creating new industrial enterprises for the processing of cotton, salt, tobacco, nuts, fish products, cocoon seeds and melon products is revealed;

- secondly, the new idea of conducting regional industrial policy is substantiated, the need to transfer a number of industrial and social service facilities from the capital to the regions, and to establish processing industrial enterprises in the regions is recognized;

- thirdly, the expediency of solving the issues of organization, financing and management of non-oil industrial production is justified taking into account the technical structure of production, the organic structure of capital and the speed of turnover.

The conducted research allows to reveal the following factors hindering the development of the non-oil industry and to take them into account for making management decisions:

- incompatibility of processing industry potential with the resource base of the republic;

- high specific weight of raw materials in the export of industrial products;

- attraction of large-scale capital investments to the production sector;

- failure to ensure the population's participation in industrial investments;

- concentration of the majority of industrial enterprises in the territory of the capital of the republic;

- release and sale of products that do not meet the technical requirements accepted at the international level;

- execution of international purchase and sale agreements of non-oil industrial enterprises with economic subjects of countries where international economic sanctions are applied;

- implementation of restrictive measures related to the pandemic.

The study allows to justify the following preconditions of the non-oil industry based on innovative development in Azerbaijan:

- application of the ISO series management methods developed by the International Organization for Standardization (ISO), which has confirmed its effectiveness in international practice, in enterprises of the non-oil sector, ensuring the competitiveness of the released products in the domestic and foreign markets, and admission of the Republic of Azerbaijan to the World Trade Organization (WTO);

- implementation of innovation and investment projects on the establishment of cotton ginning, spinning, weaving, cocoon seed plants, silk combine based on the principle of quotas in the liberated regions of Azerbaijan, production and processing industrial enterprises in mountainous areas;

- creation of industrial parks with legal status, industrial districts and technoparks specializing in competitive industrial production based on innovative and high technologies and regulation of their activities.

The study concludes with an assessment of industrial policy and the technical structure of the non-oil sector. The improvement of the technical structure of production becomes the main element of the system of regulating the activities of non-oil industries and enterprises while the technical structure of production and the organic structure of capital are recognized as the main tools of structural policy at the enterprise level.

Taking into account the indicators of the technical structure of production calculated by the engineer on the basis of the project-estimate documents of the enterprises and the organic structure of capital calculated in the form of value allows to adjust the ratios

of the optimal distribution of resources and income between the technical development and social development funds of the enterprise on the basis of objective criteria, which is the main direction of improving the management system of the factors that hinder the development of the non-oil industry sector.

The volume and structure of investments have a direct impact on ensuring competitive sustainable development of processing industry enterprises in the Republic. Therefore, the prioritization of capital investments by ensuring the participation of the local population will be important in terms of determining the future directions for the development of enterprises of processing industry. Both micro and macro factors should be taken into account when selecting investment priorities in the processing industry, and prioritization should take place at both levels.

Conclusion

The study of the problems related to the improvement of the management system of the factors hindering the development of the non-oil industry allows for the justification of scientifically and practically important results and proposals.

It is proposed to create new processing enterprises to eliminate the discrepancy between the potential of the processing industry and the resource base in the Republic, the limitation of the export of processing products, and the disparity in the levels of industrial development of the regions.

Accelerating the development of the non-oil industrial sector is conditioned by the application of ISO series management methods in enterprises, the release of products that meet the technical requirements accepted at the international level, the establishment of production and processing industrial enterprises, based on the principle of quotas, creation of innovative and high-tech industrial parks, industrial districts and technological parks in the territories liberated from occupation.

A new approach to solving the problem of the structure of capital, which

has remained open in economics since the middle of the 19th century, is based on practice. The application of the method of regulating the use of available resources and income in enterprises based on the technical

structure of production and capital turnover indicators is shown as the main direction of improvement of the management system of the factors hindering the development of the non-oil sector.

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IMPROVEMENT OF THE MANAGEMENT SYSTEM OF FACTORS THAT HINDER THE DEVELOPMENT OF THE NON-OIL INDUSTRY BASED ON INTERNATIONAL EXPERIENCE

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The study of the problems of improving the mechanism of the management of the factors that slow down the development of the non-oil industry confirms the instability of the development rates of the Azerbaijani industry in 2005-2021, the disparities in the development of the industry in the production and processing areas, as well as in the regions. As a result of the study, the classification of internal and external factors that hinder the development of the non-oil industry is justified. Application of ISO standards in enterprises operating for the creation of a non-oil industry based on innovative economy, a new concept of regulation of production activities based on the data of technical projects, technical and economic justifications and project estimates were presented as the main direction of improving the management system of factors that hinder the development process of the non-oil industry.

The relevance of the subject. In recent years, factors such as creating an inter-sector balance and effective use of natural and material resources have played an important role in ensuring economic stability in our country, but it is necessary to solve the economic and institutional regulation issues related to the development of the non-oil sector of the industry. Because ensuring the development of the non-oil sector has been set as a priority direction and main task of the state's economic policy. The main goal in the implementation of the specified task is to increase the level of welfare of the population, transition to an export-oriented economy and improve the competitiveness of the economy. From this point of view, the relevance of the research of the subject is not in doubt.

The purpose of the article. The main goal of the research is to create an effective management structure, which ensures the elimination of obstacles that slow down the development of this section of the industry, taking into account the role of the non-oil industrial sector in ensuring the sustainable development of the country's economy and raising the standard of living of the population, through the formation and evaluation of a qualitatively new model of sustainable economic development of added value growth and structural changes in production areas and enterprises. Elucidation of practical aspects of using the concepts «technical structure of production», «organic structure of capital and turnover rate» to improve the management system of non-oil industries and enterprises, which are considered as objects of study of economic theory, is a priority direction of research.

Research methods. The article was written on the basis of scientific research methods which includes theoretical analysis, systematic analysis, statistical analysis, generalization, comparative structural analysis, etc.

Scientific innovation. In the article, based on the analysis of the production structure and current situation of the non-oil industry in 2005-2021, the classification of the obstacles that slow down the development of the industry was justified for the first time, and specific proposals for their elimination were put forward. Acknowledging the dependence of solving issues such as the application of ISO standards in the non-oil industry sector and the admission of the Republic of Azerbaijan to the World Trade Organization on the condition of ensuring the quality and safety of goods and services, determination of the technical structure of production on the basis of project-estimate documents and proposals for regulating the distribution of income (profit) according to the capital structure and turnover rate should be evaluated as innovative development directions of management in the industry.

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