

**Theoretical,
methodological and
practical foundations
of human resources
management**

**Collective monograph edited by
M. Bezpartochnyi**

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The authors in the book have come to the conclusion that it is necessary to effectively use the potential of human resources, social innovation, opportunities national and regional of labour market, motivational mechanisms and scenario approach. Basic research focuses on evaluation of the effectiveness of human resources, the need for staff development, the global human resource management, corporate social responsibility and the development of motivational mechanisms and the formation of social policy. The research results have been implemented in various models and human resource management strategies, the development of mediation in the labour market, the use of social advertising, volunteering and partnerships. The results of the study can be used in decision-making at the business level and at the level of local authorities in the formulation of development programs and strategies personnel of economic entities in terms of the labour market changes.

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Chapter 4

FORMING EFFECTIVE SOCIAL POLICY, SOCIAL PROTECTION AND SOCIAL SECURITY

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ECONOMIC EASTERN COOPERATION OF UKRAINE: ASPECTS OF STATE MANAGEMENT

Actuality. Ukraine, as a state which is dependent on fuel and energy resources should be oriented on the economic cooperation with the countries of the East. The most attractive nowadays is Azerbaijan. Azerbaijan, as a country with deep traditions and high level of economic development, is strategic partner of Ukraine in many aspects of social-economic development. It is especially close in modern circumstances as it, as Ukraine, overcame difficult arms conflict in the Nagirny Karabakh. As economically developed country, Azerbaijan rapidly started to develop in the last two decades. The experience of Azerbaijan in its stable economic development can be useful for Ukraine. That is why the topic of the investigation is rather actual.

The problem of economic cooperation has been concerned by

number of economists, political scientists, politicians and officials. These have been such specialists, as: I. Antonenko, T. Vakhnenko, O. Vekhlych, N. Bidnyk, R. Korsak, M. Lubas, N. Savina, L. Pobochenko and many others. But mostly they concern cooperation with international financial organizations of The European Union. At the same time the question of western partnership remains outside the investigators' attention.

The purpose of the article is analyzing and investigating of the results of modern politics of Azerbaijan in economics. In particular, functioning of the system of economic governmental management, protection and rational use of fuel and energy resources of this country, its work and task discharge, discovering of the main forms and directions of state regulation of economics which need to be powered and improved and possess the development of the mechanisms of their realization and creation of the new mechanisms which shall correspond the modern level of the economic development of the country and the whole world.

In this work the analysis of the modern system of governmental management of Azerbaijan has been conducted, the factors which influence its forming have been investigated and the most important of them have been discovered aiming to coordinate state economic politics for the further perspective.

Object of the investigation is the system of state management of economic development in general, which consists of the managing subjects – institutions of state executive power and institutions of local governing; and managing objects – the main components of economic development and the main branches of economics of Azerbaijan.

The subject of the investigation is the process of stimulating of Azerbaijan economic development on the basis of the improving the system of state management in this country. Actuality of the topic determined its purpose, the subject and the object. The investigation has been conducted on the basis of the system-defined approach.

Due to its constitution, Azerbaijan is a unitary state which is divided into 61 administrative-territorial regions. It consists: Nakhichevan autonomous republic. The constitution proclaims Azerbaijan the democratic, jural state. Form of government – presidential republic of eastern type, political regime is moderate-authoritarian.

In the process of investigation, the analysis of the economic development of Azerbaijan has been conducted. The legislative authority in Azerbaijan is executed by the secular single-chamber

parliament – Milli Mejlis which consists 125 deputies. The deputies of Milli Mejlis are selected on the basics of majority and proportion election systems and by general, equal and straight elections. The term of their authorities is 5 years. At the same time the laws of presidential and parliament elections and also of referendums are taken by the majority of 83 votes, and which concern other questions – by 63 votes.

The main sector of Azerbaijan economics is oil and gas complex, the part of which is 58% of IVP. Oil and gas take the main place in the structure of the fuel industry. Oil products are imported in the huge quantity. The explored reserves of gas in Azerbaijan compose about 1,5 trillions of cubometers of gas. The most popular repository is ‘Shakh-Deniz’ with its reserves more than 1,2 trillions of cubical meters. At the same time until 2007 the country extracted only 28 milliards of cubical meters.

The second important sector of Azerbaijan economics is agriculture. Agricultural land take 46% of the general state area (about 50% of them are pastures). They raise cereals, technical (cotton, tobacco), subtropical cultures (garnet, tea, citrus, persimmon), grapes. The natural silk is also manufactured here.

Azerbaijan has a developed transport infrastructure. Mainly developed is railway, automobile, pipeline transport. In general, Baku is the main dock city and a transfer point for oil, oil products, and wood. The main cities of Azerbaijan are connected with Baku and with each other. The international airport functions in Baku.

The quantity of population of Azerbaijan constantly grows. As the investigation demonstrates, the population is multi-national. General number of population is 9 million 164 thousand 600 people. Azerbaijan people are 95% of all. Due to statistics, in 2015 children and teenagers in age till 15 formed 32% of population, the group of economical active people (men aging 16-62, women aging 16-57) – 59%, people of pensionary age – 9%. 51% of the population lives in towns, and more than a half are concentrated in Big Baku and Sumgaiti.

In this work the comparative analysis of the main economic, demographic indexes of Ukraine, Azerbaijan has been done and showed that Azerbaijan has a positive annual increase of population, at the same time as in Ukraine this index is negative. So while the quantity of population of Ukraine is 4 times more, the state debt is 10 times more than of Azerbaijan.

Table 4.1

The comparative analysis of the main economic, demographic indexes of Ukraine and Azerbaijan

№	Index	Azerbaijan	Ukraine
1.	General area, ths. Sq. km	86,6	603,7
2.	Population, mln people	9,164	45,1
3.	Annual natality, %	0,846	-0,622%
4.	IVP by parity of purchasing power, milliard dol.	90,8	305,2
5.	IVP per capita, thousand dollars	10,9	6,7
6.	Urbanization ,%	52	69
7.	Part in IVP:		
	- Agroindustrial complex	5,2	9,4
	- industry	60	33,6
	- services	34,8	57
8.	Unemployment, %	0,9	8,1
9.	State debt, % IVP	4,6	40,1
10.	Index of consumer prices, %	5,7	9,4

In the structure of Azerbaijan IVP the biggest part takes agricultural complex (60%), and in Ukrainian – services (57%). By index of IVP per capita prevails Azerbaijan (near 11 thousand American dollars), at the same time in Ukraine it is 6,7 thousand dollars per 1 resident per year.

In Azerbaijan the questions of economic development, financing of actions concerning strategic problems and actions conducts the Ministry of finances of Azerbaijan. This body is central in the system of state management and has a lot of authorities in the economic sphere. A big quantity of state agencies which concern the questions of economic development functions in the structure of the Ministry of finances. Particularly, it is the State service of control under the precious metals, Agency of the external debt management, Service of state insurance supervision, State treasury agency, Service of financial control and others. All the regions of Azerbaijan have separated departments of The Ministry of finances.

The trading-economic cooperation between Ukraine and Azerbaijan was established. Particularly, in 2015 Azerbaijan republic took the 5-th place between the countries of CIS by trading extent (after Russian Federation, Belarus, Kazakhstan and Moldova). The export extent of Azerbaijan also has a tendency to grow. In 2015 general outer-trading

circulation between Ukraine and Azerbaijan (goods and services) was 390,2 mln dollars of America or 42,2% more in comparison with 2014.

Table 4.2

**The dynamics of outer trading of goods and services in Azerbaijan
(by data of State Statistics of Ukraine, mln dol. USA)**

Index	2012	%	2013	%	2014	%	2015	%
Trade	903,8	-35,3	979,0	8,3	675,3	-31,1	390,2	-42,2
Export	806,4	9,3	892,4	10,7	623,35	-30,3	349,8	-43,9
Import	97,4	-85,2	86,6	-11,1	52,0	-40,7	40,4	-22,3
Debit balance	709,0	–	805,8	–	571,3	–	309,4	–

Table 4.3

**The dynamics of incoming Azerbaijan investments into Ukrainian
economics (by data of State Statistics of Ukraine,
mln dol.)**

Year	2010	2011	2012	2013	2014	2015
Accumulated extent	31,7	45,6	56,9	308,1	167,8	211,9
Annual increase	11,4	13,9	11,3	251,2	- 140,3	+ 45,1

Export of goods and services in 2015 was 349,8 mil dollars of USA and decreased in comparison with 2014 for 273,5 mil dollars of USA or 43,9%. In this period import was 40,4 mil dollars of USA which was 11,6 mil dollars USA or 22,3% less, in comparison with the same period in 2014. Positive debit balance for Ukraine remained at the level of 309,4 mil dollars of USA. In 2015 the main export assets to Azerbaijan were the next: ferrous metals (shortened for 73,9%) and products of ferrous metals (shortened for 34,2%) – together 25,8%; tobacco and industrial tobacco substitutes 14,4 % (delivery extents shortened for 29,3 %); paper and cardboard – 4,9 % (shortened for 34,8%); sugar and confectionery sugar products – 4,5% (shortened for 23,9%); products of grain – 4,5% (shortened for 37,1%); wood and wood products – 4,4 % (shortened for 50,2%).

Azerbaijan is divided into 10 economic zones (regions), which determine their economic development:

- Apsheron;
- Giandja-Kazakh;
- Sheki-Zakatala;
- Lenkoran;
- Kuba-Khachmaz;

- Peredgirna;
- Verhnii Karabakh;
- Kelbadjar-Lachin;
- Mountain Shyrvani;
- Nachichevan.

During the whole 2015 the main import assets from Azerbaijan were the next: mineral fuel; oil and products – 28% (delivery extents shortened for 29,6 %); plastic, polymeric goods – 25,6 % (shortened for 48,5%); goods, purchased in ports – 15,5 % (increased for 20%); edible fruits and nuts – 7,4 % (shortened for 21%); organic chemical links – 7,2 % (increased for 51,2%).

During 2015 the trading extent was 41,15 mil dollars USA and increased for 4,1%, at the same time export of services from Ukraine to Azerbaijan was 31,0 mil dollars USA and shortened for 3,2%, import of Azerbaijan services to Ukraine was 10,15 mil dollars USA and increased for 46,8%. Positive debit balance for Ukraine during this period was 20,85 mil dollars USA.

By data of State Statistics Service of Ukraine, in 2014 general outer trading turnover between Ukraine and Azerbaijan (goods and services) was 675,3 mil dollars USA and decreased in comparison with 2013 for 305 mil dollars USA or 31,1. At the same time export was 623,3 mil dollars USA (decrease to 270,4 mil dollars USA or 30,3%). Import was 52 mil dollars USA (decrease to 34,6 mil dollars USA or 40%). Positive debit balance for Ukraine was 571,3 million dollars USA.

The asset of foreign investments to Azerbaijan stable growths in the last years.

The conducted investigation of estimation of Azerbaijan economics competitive ability by the main indexes in this paper allowed to form the priority directions (strong sides) of economic development. The results testify that Azerbaijan positively differences by its macro-economic stability, the health protection system and the effectiveness of labor-market. That is why Azerbaijan is so particularly interesting for Ukraine in the aspect of economic partnership.

The important tool of financial stream state management of Azerbaijan is budget system which consists of the budgets on different levels and the budget of autonomous republic Nachichevan.

Gas complex may become powerful lever of economical and political influence of Azerbaijan in Ukraine and in the world. This needs the questions of oil fund money use (for oil and gas repository) to be solved.

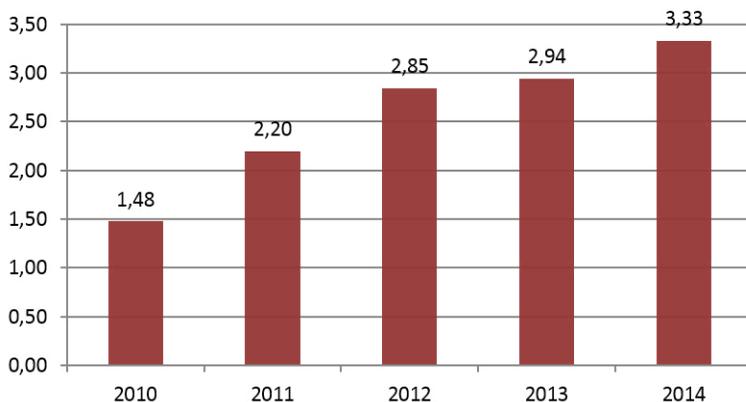


Figure 4.1. General outer trading between Ukraine and Azerbaijan

In this work the complex of actions to regulate the economy by state authority was substantiated. This complex includes tax regulation, the improvement of the banking system work, orientation of the production on goods and services. In spite of this, in this work the economic effects of these actions were calculated. Especially as Azerbaijan government took the direction on the removal of the dependence of economics from oil and gas complex, the adequate choice is to change economic model of production to the direction of goods and services. Modernization of the banking system, changes in the priorities of credits will help to change the structure of IVP. The awaited affect of these actions shall be such: in 2017 the IVP will increase to 1,4 %, till 2018 – at 2,3%, 2019 – at 2,9 %, 2020 – 2,5 %. Realization of these actions proposes the creation of the Financial Stability Board, the authorities of which will embrace the control at financial-exchange system and Azerbaijan credit politics.

Introduction of rental tax and leaving the practice of the contract establishment of special payments in the contracts shall increase the arrival of money to the budget. And, using an example of the developed countries, such as USA, we propose to introduce tax discount on the wasting of entrails which will look like exemption from taxing of some percentage of the fixed enterprise income.

We consider that implantation of the worked out complex of actions of the economic state regulation will allow to improve the conditions and stimulate Azerbaijan economic development. To sum up the results

of Ukrainian-Azerbaijan relations of the modern times, we emphasize that two-side cooperation really became closer to the possible at these historic conditions level of good neighborhood, friendship and mutually beneficial interaction.

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