REPUBLIC OF AZERBAIJAN

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ABSTRACT

of the dissertation for the degree of Doctor of Philosophy

DETERMINING PRIORITY DIRECTIONS IN THE DEVELOPMENT OF AREAS OF ECONOMIC ACTIVITY IN AZERBAIJAN

Specialty: 5312.01 – Field economy

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GENERAL CHARACTERISTICS OF THE WORK

Relevance and degree of its study. The transition of the Azerbaijani economy to an innovative socially-oriented development model and the need for the successful implementation of State Programs for the socio-economic development of the republic, many investment projects both on a national scale and at the level of enterprises and organizations, in various sectors of the economy, places increasingly serious demands on ensuring a reduction dependence on the oil sector predetermines significant diversification of the structure of the national economy.

The "National Priorities of Socio-Economic Development: Azerbaijan – 2030", approved by the Decree of the President of the Republic of Azerbaijan I. Aliyev, provides for systemic and comprehensive measures to modernize the national economy.

IN"Strategic road map for the development of the national economy and its individual sectors of the Republic of Azerbaijan"it was noted that in order to expand the production capacity of a network of competitive enterprises and grow the export potential of the republic, it is necessary to accelerate the creation and development of modern enterprises and production complexes in various fields of economic activity based on high technologies.

During the period of independence, our country has made great progress in the field of reliable and sustainable socio-economic development. As a result of the 44-day Patriotic War of 2020 under the leadership of Supreme Commander-in-Chief I. Aliyev, which ended with the convincing Victory of the Azerbaijani Army, great prospects have opened up for the development and modernization of all spheres of the republic's economy.

Currently, the latest technologies and production lines are being purchased from Azerbaijan, and new innovative industries are being created in various sectors of the economy.

Increasing the share of technologically advanced areas of economic activity in the economy poses the task of expanding scientific work in the field of in-depth methodological substantiation and practical support for the transition of these areas to sustainable development based on innovation and technological changes. The solution to

problems related to increasing the competitiveness of national economic sectors is being updated.

The development of the theory and practice of economic analysis has made it possible to get closer to solving the problem of sustainable development of various spheres of the republic's economy. At the same time, not all problems of the theory of sustainable development in these areas have found a satisfactory solution. In addition, the category "sphere of economic activity", its essence and specific features have not been fully revealed.

Solving the problem of finding reserves of organizational and management solutions for developmentspheres of economic activityrequires a rethinking of domestic experience and accumulated knowledge in this area. This especially applies to the problem of developing a system of regulatory mechanismsspheres of economic activity.

In this regard, the development of our economy objectively determines the need to solve a wide range of theoretical, methodological and practical problems and actualizes, in particular, the need for scientific research into development mechanismsspheres of economic activity in Azerbaijan.

Therefore, research, generalization, justification and clarification of theoretical and methodological approaches to the development of priority areas of economic activity in an innovative economy are relevant and can be put forward as a priority task in the structure of socio-economic research.

The problems of determining priority paths for the development of spheres of economic activity in different periods have been studied by domestic and foreign scientists.

To one degree or another, developments on this problem take place in the scientific works of such domestic scientists as Z.A. Samedzade, A.B. Abbasov, I.G. Ibragimov, B.Kh. Atashov, E.A. Guliev, T. N. Aliyev, G. A. Safarov, G. Z. Yuzbashieva, A. K. Nuriev, A. K. Tagiev, G. S. Suleymanov, I. A. Aslanzade, F. K. Gasimov.

Certain issues regarding the identification and determination of priority areas in the development of spheres of economic activity, in particular industry, agriculture, tourism, the service sector and other

sectors of the economy, are widely covered in foreign economic literature. These aspects are reflected in the scientific works of I.M. Albegova, I.T. Balabanov, I.V. Blauberg, V.A. Vorobyov, A.L. Gaponenko, E.A. Dronov, V.V. Ivanter, V. V. Kapitonenko, W. King, M. N. Kreinin, V. Yu. Kolyvanov and other foreign scientists.

At the same time, an analysis of the scientific literature showed that, despite the large volume of scientific work in the field of researchspheres of economic activity, many issues are still debatable and are being worked out. There is a need to clarify the content and essence of the concept of "sphere of economic activity". Issues of forming a state mechanism that ensures innovative development of spheres of economic activity in Azerbaijan require additional study. The relevance and undeveloped nature of these problems and the particular importance of their solution predetermined the choice of the topic of this dissertation.

Object and subject of research. The object of the study is a set of enterprises and organizations throughout the entire sphere of economic activity in Azerbaijan. The subject of the research is trends, patterns, economic relations, as well as theoretical and practical issues of developing priority directions in the development of spheres of economic activity in Azerbaijan.

Purpose and objectives of the research. The purpose of this dissertation is to theoretically study the functioning of spheres of economic activity and develop on this basis methodological approaches andpractical recommendationson determining priority directions in the development of spheres of economic activity of the Republic of Azerbaijan.

In accordance with the purpose of the dissertation, the following tasks were set and solved during the research:

− analysis of various scientific approaches to the formation of the conceptual apparatus of spheres of economic activity, identification and classification of its main types;

− research of theoretical problems of formation and implementation of industrial policy;

− analysis of methodological issues in the development of areas of economic activity;

− state of the art researchand assessment of the formation and implementation of development policies for areas of economic activity;

− analysis of the processes of social-market transformation and modernization of spheres of economic activity;

− study of managerial innovation impact on the structure of economic activity;

− modeling the development of structural elements of economic activity;

− identifying potential ways for the development of spheres of economic activity of the republic in the long-term period;

− substantiation of recommendations for improving the mechanisms for regulating the spheres of economic activity of the republic.

Research methods. The methodological basis of the study was the Constitution of the AR, Decrees and Orders of the President of the AR on the development of spheres of economic activity, State Programs on the functioning and development of spheres of economic activity.

The theoretical basis of the work is the doctrines and provisions of theorists of modern economic science related to the subject of the study. Among the research methods, a problematic approach was used as the basis for the formation of conceptual provisions for the development policy of areas of economic activity, the method of scientific knowledge, an integrated approach to the analysis of socio-economic problems, methods of system analysis, comparative content analysis of publications and the media, principles of modeling and graphical representation and other scientific approaches.

The information base for the preparation of the dissertation was the data of the State Committee on Statistics of the Republic of Azerbaijan, as well as international organizations (World Bank, UNDP.)

In his research, the author also relied on statistical data and information obtained from official Internet resources of economic management bodies, as well as on materials from monographs and publications.

Basic provisions for defense. Based on the structure of the research, the following provisions of the dissertation work are submitted for defense:

- the requirements of the global post-industrial economy leave their mark on economic activity in the country. In this regard, increasing efficiency in the areas of economic activity and intensifying the processes of socially oriented development of all parts of the economy are of particular importance. Determining the resource capabilities of various spheres of economic activity is a necessary condition for the successful functioning of the modern domestic economy;

- solving the problems of qualitative improvement of the reproduction process puts forward the need to find a fundamental direction for the development of spheres of economic activity with new content of a transformative nature. This aspect requires defining strategic goals in the area, identifying "points" of growth, creating an effective management system, strengthening the material and technical base, expanding and deepening economic relations of a market nature;

- in the conditions of a post-industrial (information) economy, the implementation of scientifically based industrial policy, which subsequently activates the processes of social and economic development of all parts of the national economy, acquires significant practical significance. This focus requires solving the problem of determining the potential opportunities and conditions for the development of various spheres of economic activity;

- priority directions in the development of eeconomic activity as a complex, constantly developing system of connections between sectors of the economy, including extractive and processing industries, the service sector, etc., can be determined on the basis of economic policy aimed at creating a new image of the national economy, adequate to the emerging economic conditions at the present stage economic development. At the same time, one or more priority sectors can serve as "growth points"V.

- we need an objective analysis of the dynamics of development of spheres of economic activity in Azerbaijan in general and by type; there is a need to identify key factors that ensure the sustainable development of these spheres.

- it is required to consider the mechanism of state regulation and control of market processes in the spheres of economic activity of

Azerbaijan, to characterize and systematize methodological approaches to regulating the development of spheres of economic activity;

- it is advisable to develop a structural-logical modeldevelopment of the structure of economic activityrepublic, allowing to increase the efficiency and effectiveness of management decisions.

- there is a serious need to develop ways and principles for improving the mechanism for regulating the spheres of economic activity in Azerbaijan, which would define measures of an economic, organizational, legal and institutional nature that would contribute toexpanding the range of services, improving their quality,development of infrastructure and competitive environment in the market of products and services.

The scientific novelty of the dissertation work is as follows: Dissertation work lies in the fact that it carried out a comprehensive study of the problems of development of spheres of economic activity in Azerbaijan, and provided a scientific justification for the parameters of their innovative development for the future.

The main scientific results that determine the novelty of the dissertation research include the following:

- the main internal and external factors of development of spheres of economic activity in the republic have been established and systematized, which most characterize the environment of existence of consumers and producers of goods and services in these spheres, shaping the supply of goods and services and the behavior of users;

- domestic and foreign experience in methods of regulating areas of economic activity has been summarized, allowing for the selection of the most rational and effective forms and methods of state support for enterprises in areas of economic activity, helping to optimize supply and stimulate effective demand for goods and services of these enterprises in the republic;

- an analysis of the main trends in the development of spheres of economic activity in Azerbaijan in general and by type was carried out, the features of the formation and development of the needs of the population and economic structures of various sectors of the national economy for goods and services in these spheres were characterized, key factors were identified that ensure the sustainable development of

these spheres, which allows further characterize the volume and pace of development of the structural components of these areas in the near and longer term;

-methodological approaches to assessing the components of industrial policy in the conditions of the Azerbaijani economy are systematized, development trends and features of modern industrial policy as an independent direction of national economic policy are highlighted, methodological support for the conceptual foundations of the formation and implementation of industrial policy is investigated, including: justification of the general scheme of relationships between strategic planning of industrial policy and other long-term planning documents; determination of system-forming principles for the formation and implementation of industrial policy; mechanism of institutional changes in the implementation of industrial policy of Azerbaijan.

- in accordance with the strategic priorities for the development of the republic's economy, a model has been developed for improving the mechanism for regulating areas of economic activity, which allows us to outline the framework of transformation actions in the areas under study and other characteristics of these areas.The model allows us to characterize the key areas of improvement proposed by the author.organizational and managerial mechanism of spheres of economic activity with the aim of transforming them into highly efficient and competitive segments of the Azerbaijani socio-economic system.

- a set of measures has been developed for innovative management impact on the development of areas of economic activity in Azerbaijan;

- recommendations for improvement have been developedmanagement and long-term development of areas of economic activity in the Republic of Azerbaijan, which define measures of an economic, social and institutional nature that make it possible to obtain a qualitative assessment of the promising changes taking place in these areas;

- the main directions and paths in the development of spheres of economic activity of the Azerbaijan Republic have been determined.

Theoretical and practical significance of the research. Theoretical significancedissertation research is due to its scientific novelty and consists inexpansion and development of the theoretical base of researchdevelopment of spheres of economic activity of the Azerbaijan Republic,expanding the content of understanding the features of the formation and implementation of the industrial policy of the republic.

Practical significanceresearch isthat the methodological approaches and practical recommendations contained in the work can be used by government agencies when developing policies in the fieldspheres of economic activity of the Republic of Azerbaijanat various levels - national, regional, as well as enterprisesspheres of economic activitywhen conducting marketing research, expanding the range and improving the quality of goods and services.

The main results of the study are used in the educational processDepartment of "Management" of the Azerbaijan State University of Oil and Industry.

Approbation and implementation. On the topic of the dissertation work, the applicant published a total of 13 scientific papers in domestic and foreign journals and conference materials recommended by the Higher Attestation Commission under the President of the Republic of Azerbaijan, including 7 articles and 6 theses, of which 4 articles and 2 theses were published abroad. The main provisions of the dissertation, proposals and recommendations were presented at international and republican scientific and practical conferences, incl. on the topic of:"State regulation of business activity in the agricultural sector of Azerbaijan" (Baku, 2012), "Identification of priority ways for the development of economic activity in Azerbaijan" (Baku, 2017), "Development of areas of economic activity in Azerbaijan and the economic consequences of transformation of the industry structure" (Baku, 2020), "Application of artificial intelligence in the economic activity of the country" (Krasnodar, 2021). WITHAmong the published articles, the following can be noted:"State regulation of insurance in the agricultural sector of Azerbaijan" (Baku, 2012), "Quality management in the system of corporate interests" (Copenhagen, 2020) "Person-centered approach in human resource management in the agriculture of

Azerbaijan" (Praga, 2021), "Agrarian potential and development perspectives of the occupied territories of Azerbaijan" (Chicago, 2022).

The name of the organization where the dissertation work was carried out. Azerbaijan State University of Oil and Industry.

The total volume of the dissertation, taking into account the volume of its individual structural divisions in characters. The total volume of the dissertation work is 254,544 characters, incl. Introduction - 15787 characters, Chapter I - 63152 characters, Chapter II - 72370 characters, Chapter III - 42941 characters, conclusions - 6889 characters and references - 19266 characters. The volume of the dissertation work, excluding figures, tables, graphs, and the list of used literature is 201,139 characters.

MAIN CONTENT OF THE RESEARCH

In the introduction the relevance of the topic is substantiated, the goals and objectives of the dissertation, the subject and object, research methods are determined, the main provisions presented for defense, the scientific novelty and the theoretical and practical significance of the work are reflected.

In the first chapter of the dissertation, "**Theoretical and methodological foundations for the formation of spheres of economic activity"** the features of the formation, methodology and practice of researching spheres of economic activity were studied, with practical recommendations being made. The genesis of the concept "sphere of economic activity" has been studied. A theoretical analysis of the principles of formation and development of spheres of economic activity, the scientific and practical need for changes in the spheres of economic activity was carried out, based on a comparison of various scientific approaches, provisions for enhancing the development of spheres of economic activity and increasing the socio-economic role in the economy.

The work is the first to analyze and group the factors influencing the economic structure of the state and business models. An overview of the results of the analysis of scientific positions of representatives of classical

and modern economic theory regarding the subject of research, including regarding the diversification of the national economy is given.

Increasing efficiency in the areas of economic activity and intensifying the processes of socially oriented development of elements of market infrastructure are of particular importance. Determining the resource capabilities of various spheres of economic activity is a necessary condition for their successful functioning in the modern global economy.
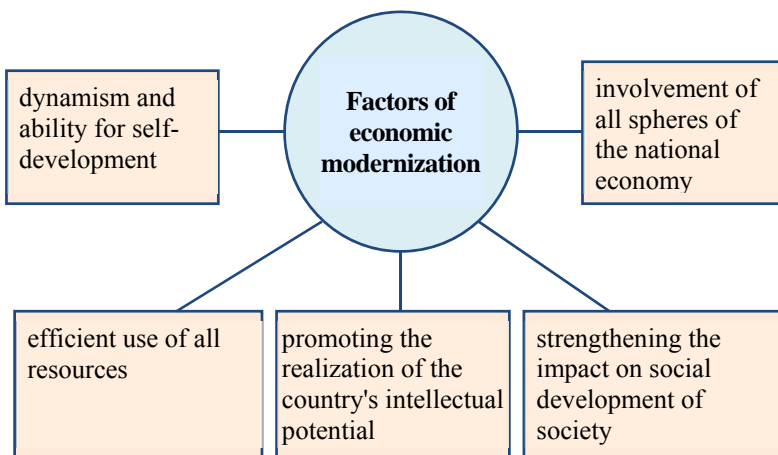
As noted in the dissertation, the requirements of the global post-industrial economy have an impact on economic activity in the country. In this regard, increasing efficiency in the areas of economic activity and intensifying the processes of socially oriented development of elements of market infrastructure are of particular importance. The work substantiates the position thatthe allocation of resource capabilities of various spheres of economic activity is a necessary condition for their successful functioning in the modern global economy.

Sustainable development requires ensuring the harmony of the patterns of dependence between needs and economic interests, and should reflect the associated positive "indicators" of the development of society. Traditionally, sustainability criteria (GDP, inflation rate, etc.) make it possible to assess the state of the economy. Such an assessment (in a comprehensive form) can determine the stability or instability of the development of individual sectors of the economy.

To achieve the progress of society, it is necessary to identify both common and individual economic interests of the parties in the economic activities of the country. It is important that the country's economic condition is strong enough to ensure its modernization at all levels.

This requirement is met by the general development provisions of the following order: (Fig. 1)

The work substantiates the conclusion that when choosing directions in the transformation of spheres of economic activity, along with historical and economic traditions, the task of introducing innovations of technological, financial, economic, and managerial content, characteristic of the global economy, must be solved.

Figure 1. The most important characteristics of structural changes in the global economy

Source:Compiled by the author

The dissertation emphasizes that the effectiveness of areas of economic activity in various administrative and territorial divisions depends on many factors.

This, in turn, requires a thorough study of the characteristics of the organization and development of business in the regions, the use of new approaches in the management of industry enterprises, and the degree of influence of external and internal factors on the results of economic activity.

The basis for developing plans for the development of priority areas of economic activity is the research and identification of strategically significant factors of the internal and external environment, strategic analysis, including the processes of developing alternative strategies and making strategic decisions.

The author emphasizes that when strategically analyzing the effectiveness of the functioning of such areas of economic activity, the following methodological principles should be adhered to:

- the principle of consistency, i.e. study of the object of strategic analysis in the form of an integral system.

- the principle of a comprehensive analysis of the components of subsystems, the internal and external environment of an economic unit

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- compiling a cadastre of the scope of economic activity;

- the principle of dynamism, in accordance with which the study of the object of analysis in dialectical development is required (based on cause-and-effect relationships);

- the principle of comparative analysis, according to which it is envisaged to compare the results of activities of economic units of the structural composition of spheres of economic activity with standards and competitive spheres;

- the principle of taking into account the peculiarities of functioning (regional, sectoral, etc.) of economic units.

In the work, based on the stated principles, the structural elements of the spheres of economic activity are highlighted:

1. "Core" of the sphere of economic activity – objects covering the main areas of activity;

2. Small and medium-sized economic units, including pilot (model) farms implementing the commercialization and implementation of scientific and technical inventions of the present time - residents of business spheres;

3. The innovative component of the infrastructure of a particular sphere of economic activity;

4. Elements of servicing the infrastructure of a particular sphere of economic activity should include business units that perform service functions.

Economic complexes, being subsystems of the national economy, reflect the impact of the external environment, emanating from market conditions and factors, and the management system.
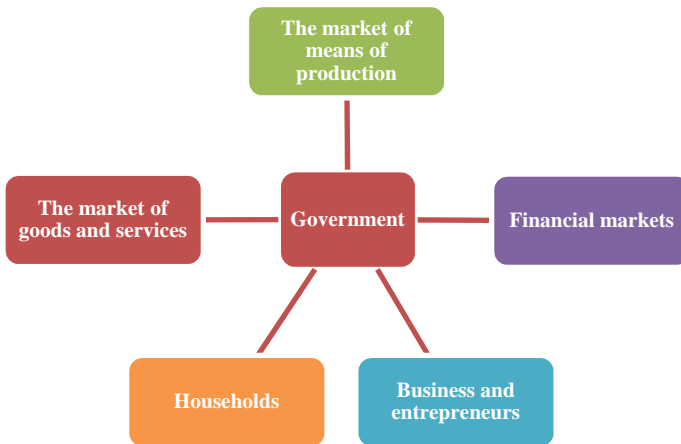
The formation of the structure of the economy, as well as changes in this structure, should be carried out taking into account the influence of the following factors:

- features of the structure and dynamics of the national economy;

- the level of organization of the management system that implements macroeconomic policy, including the policy of national and regional development;

- investment and innovation activity of government agencies, representatives of local and foreign businesses;

- trends in mega- and meso-economies: globalization, post-industrialization, internationalization, integration, transnationalization;
- market conditions, cyclical dynamics (dynamic cycle) of the world economy;
- business phase (stage) in areas of economic activity, etc..

As a result of the analysis, the author came to the conclusion that by the beginning of the changes, developing countries have a low level of diversification and, although they specialize on a sectoral basis, the regions of these countries look increasingly heterogeneous relative to each other. That is, at first, development proceeds on the basis of sectoral in essence, but regional in form, comparative advantages.

The work notes that the strategic direction of the policy for the development of areas of economic activity puts forward the need to strengthen interaction between them, as the main condition for ensuring the long-term nature of its action and compliance with the priorities of the ongoing reforms. This corresponds to a general idea of the composition of agents of reproductive activity and their interaction at the stage of fundamental renewal of economic activity (Fig. 2).

Figure 2. Composition and relationship of participants in the reproduction process during the transition of economic activity to a new stage
Source:Compiled by the author

It is important to emphasize that at a more advanced stage of development, maintaining sectoral diversification implies the

possibility of taking protectionist measures necessary to maintain international comparative advantage more significant than domestic comparative advantage.

In the second chapter of the dissertation, "**Analysis and assessment of areas of economic activity in the Republic of Azerbaijan"** comprehensive analysis and assessment of the formation and implementation of the development policy for the spheres of economic activity of the republic was carried out, the social-market transformation and modernization of these spheres was characterized, and the management innovation impact on the structure of economic activity was identified. The work carried out an analytical assessment of indicators of structural transformation of spheres of economic activity, dynamics of development and factors influencing the development of various spheres of economic activity in the Republic of Azerbaijan, trends in the influence of innovation on the development of spheres of economic activity. In this chapter, aspects of assessing the relationship between spheres of economic activity in the general economic activities of administrative-territorial units, economic regions, and, including, quantitative and qualitative indicators of industry, the agricultural sector, services in the transport, household and information spheres are explored and highlighted in detail. communications throughout the country.

In the conditions of a post-industrial (information) economy, the development on a scientific basis of financial and economic policy, aimed at enhancing the processes of economic and social development in the national economy, has great practical significance.

An analysis of various stages in the history of economic development of countries around the world shows that in general, the development of industry business, which forms the main basis of the economy and the national economy, became possible precisely as a result of the introduction of scientific and technical innovations. The introduction of innovations into the production sphere and the "driving" spheres of society through a series of scientific and technological revolutions has accelerated and increased the efficiency of organizing business processes,

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An analysis of market conditions shows that the decline in oil prices on the world energy market and the economy's dependence on raw material reserves became an impetus for the development of the non-oil sector in Azerbaijan. Most of the investments are redirected to this sector, which depends on investments, changes in domestic demand and structural changes in the economy. At the same time, real production growth in the non-oil sector of Azerbaijan is relatively weak compared to other sectors of the republic's economy.

According to the economic analysis of data from the State Committee on Statistics of the Republic of Azerbaijan on GDP over the past 10 years, it can be seen that the share of the oil and gas sector in GDP began to gradually decline, and the share of the non-oil sector, on the contrary, increased (Table 1).

Table 1

GDP growth rate compared to the previous year, percentage

Year	Oil and gas sector	Non-oil sector	Net taxes on products and imports	Amount of GDP
2010	101.8	107.7	107.6	105.0
2011	90.2	109.4	108.3	100.1
2012	94.9	109.7	106.9	102.2
2013	100.9	109.9	108.5	105.8
2014	97.1	107.0	104.9	102.8
2015	100.6	101.1	103.7	101.1
2016	100.1	95.6	95.6	96.9
2017	94.7	102.8	102.5	100.2
2018	100.5	102.0	101.6	101.5
2019	100.4	104.0	103.1	102.5
2020	93.5	97.1	96.8	95.8
2021	101.4	107.1	108.6	105.6
2022	97.3	109.0	107.8	104.6

Source: table compiled by the author based on statistical data
https://www.stat.gov.az/source/sustem_nat_accounts/

Azerbaijan carried out its main export trade operations with the Italian Republic, the Turkish Republic and Israel.

Azerbaijan carried out its main import trade operations with the Russian Federation, the Turkish Republic, and the People's Republic of China.

The country's construction industry ranks third in terms of employment and fourth place among the areas of activity of small and medium-sized businesses (SMEs). The pandemic crisis of 2020 again collapsed the construction market, which had a very negative impact on the industry that provides construction sites with raw materials (table 2).

Table 2

Main macroeconomic indicators of construction enterprises of the Azerbaijan Republic

Of the year	Indicators	
	Added value (at current prices of the corresponding year), million manat	Cost of construction work, million manat
2000	308.0	324.5
2005	1,171.6	1,558.0
2010	3,439.7	4,531.4
2015	6,499.5	7,319.6
2016	6,338.9	7,660.4
2017	6,750.6	7,762.1
2018	6,183.4	8,448.3
2019	5,922.3	9,439.2
2020	5718.5	9778.8
2021	5543.4	8741.2
2022	6,471.6	10558.9

Source*: table compiled by the author based on statistical data https://www.stat.gov.az/source/sustem_nat_accounts/*

One of the economic sectors with high growth rates is transport. In the conditions of a post-industrial economy and in connection with the expansion of transport and logistics infrastructure throughout the global geographical space, this area of activity is also of promising socio-economic interest for the national economy. According to analytical reports, changes in export directions in the world, as well as reorientation of logistics routes, have turned Azerbaijan into one of the main transport and logistics hubs this year. Of particular importance is the Trans-Caspian Route (TCR), which is part of the East-West route (Fig. 3).
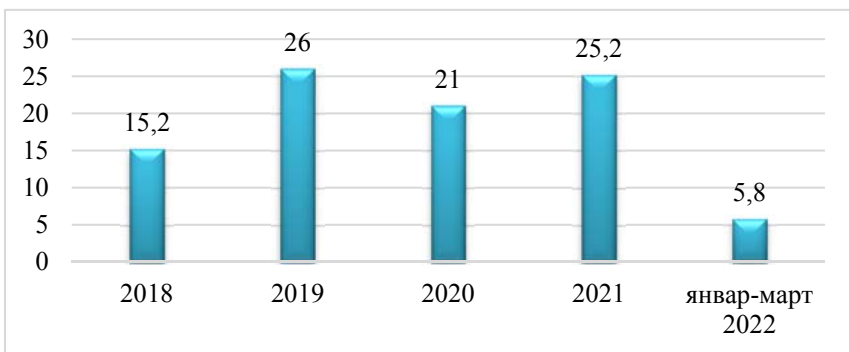
Figure 3. Route of the Trans-Caspian corridor.

Source:https://az.sputniknews.ru/20221230/inflyatsiya-rost-ekonomiki-i-transportno-logisticheskie-proekty-ar-itogi-2022-goda-450186467.html

The structure of each sphere of economic activity must ensure the solution of socio-economic problems of other entities (national economy, consumers, management system (government), etc.). Therefore, the predicted results from the formation (or change) of the structure of a particular sphere of economic activity must be assessed as a subject of socio-economic development goals.

For 3 calendar months 2022. 5.8 thousand TEU containers were transported along the corridor (Fig. 4).

Figure 4. Diagram of the dynamics of container traffic along the Trans-Caspian route in 2018-2021 (in thousand TEU).

Source:www.middlecorridor.com

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Thus, the share of the values of each of the indicators for the transport sector in similar macroeconomic values changed as follows: the indices of added value and total profit separately decreased by 0.2%; the net profit index increased by 0.2%; the index of the average annual number of employees increased by 0.3%, and the average monthly wage decreased by 14.8%. (Table 3).

Table 3

Main macroeconomic indicators for the transport sector of the economy of the Republic of Azerbaijan

Indicators	Of the year					Change in 2022 relative to 2018
	2018	2019	2020	2021	2022	
Added value (at current prices relative tocurrent year), thousand manat	4928	4940	5175	6390	8,042	Increased by 63.1%
Total profit (by thoseku-commensurate with current pricesvetstvucurrent year), thousand manat	3959	3997	3814	4891	6,273	Increased by 58.4%
Net profit (by teku-commensurate with current pricesvetI livelast year), thousand manat	3137	3165	2534	4054	5407	Increased by 72.4%
Average annual number of employees, thousand people	126.8	130.8	141.1	144.4	147.5	Increased by 16.3%
Average monthly nominal wage, manat	807	856	886	953	1124	Increased by 39.3%
Fixed assets (based on the results of the corresponding year), million manats	15175	15541	15705	17261	17363	Increased by 14.4%
Investments in fixed assets, million manats	1923	2189	2092	2857	4613	Increased 2.4 times

Source*: table compiled by the author based on statistical data https://www.stat.gov.az/source/sustem_nat_accounts/*

In general, since the beginning of 2022, transit cargo transportation through Azerbaijan along the East-West corridor has increased by

20%, and along the international transport corridor North-South by 33%.

It is noteworthy that against the backdrop of interconnected economic activities of various sectors of the economy the ratio of the value of the indicator Turnover in the field of public catering for enterprises with private ownership for 2022 to the same value of the indicator for 2015 shows an increase of 287.7 times, and in value terms the value of the indicator in question in 2019, compared to 2015, increased by 42.7%. Honored Scientist, Professor B.Kh. Atashov emphasizes that "food security is possible only in the case of the dynamism of raw materials and food production, innovative development and the eradication of poverty as a social phenomenon"[1].

Among other non-oil economic sectors, agriculture, tourism, information and communications technology (ICT) and transport are highlighted as the most important in diversification efforts. Each of these areas of economic activity has enormous potential, unique opportunities for introducing know-how and innovative solutions that can contribute to the economic development of the republic. To achieve this, the economy needs to diversify and achieve the production of a wide range of high-quality products with a competitive price-quality ratio.

According to Mr. Ilham Aliyev, the President of the Republic of Azerbaijan, *"In the coming years, the economy will not grow due to oil and gas. And not because the price of oil and gas has fallen. But because other areas of the economy - industry, tourism, services, agriculture and telecommunication industry, including IT-related sectors are developing. The exhibition, which has already become a tradition, demonstrates that Azerbaijan is one of the leaders in the region in the field of telecommunications.[2]*
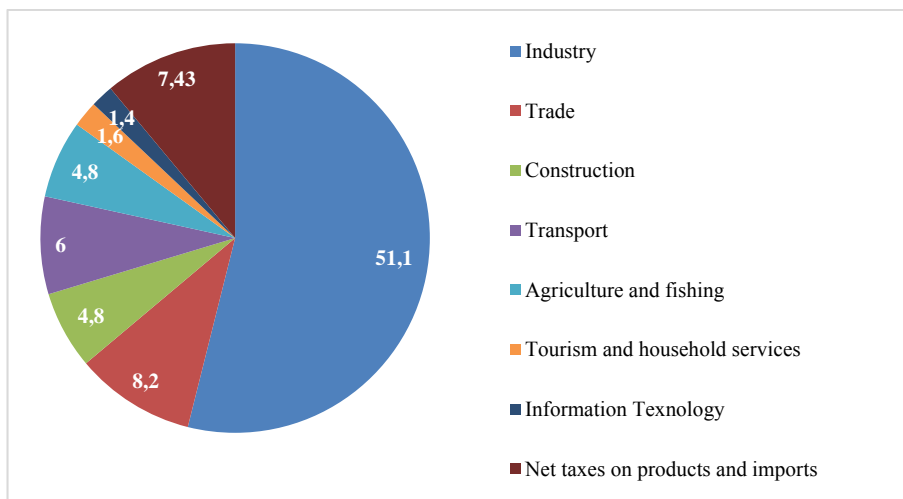
During the period from 2011 to 2016. there was a reduction in the oil and gas sector of the economy, but with 2016. Its annual growth began, although in 2019. this figure decreased again. However,

[1]Atashov, B.Kh. Structural and efficiency problems in the agrarian sector (theory and practice). – Baku: - 2017, "Cooperative" publishing house, p.110.
[2] https://report.az/ru/biznes/il-ham-aliev-razvivayutsya-drugie-sfery-ekonomiki-promyshlennost-turi/

compared to2015., the GDP value of the oil and gas sector of the economy has almost doubled. IN2017. the sector contracted by 5.3%. Cyclical fluctuations in this sector of the economy were also observed in subsequent years, i.e. in 2018-2022. If compared to2010. V2018. one can observe an increase of 57.9%, in2019. by 47.2%, then during the COVID-19 pandemic there has been a decrease in the share of the sector in GDP. In subsequent years, abrupt growth is noticeable: 69.0% in2021. and 3 times in2022. (Figure 5)

Figure 5. Sectoral structure of the economy's GDP
Republic of Azerbaijan

Source:Compiled by the author based on official average data for 2015-2022, taken from an information sourcewww.stat.gov.az., in %

In the third chapter of the dissertation **"The main directions for improving the development policy of economic activity in Azerbaijan"** Modeling of the development of the structure of economic activity was carried out, and the main directions for improving the mechanisms for regulating the spheres of economic activity in the republic were characterized.

The work notes thateconomic activity is defined asaimed at creating a new "image" of the economy and formed on the basis of an economic policy that is adequate to the relevant economic conditions at the stage

of economic recovery and strengthening interregional economic tiesconstantly evolving complex systemproduction, commodity, commercial relations.

The main areas in the structure of the economy of various levels of administrative-territorial divisions are usually oil and gas production, mechanical engineering, construction, finance, services, agriculture, etc. Taking them into account in the structure of the economy in a 100% ratio, the studied areas of economic activity will also be taken in 100% terms (Table 4). Thus, through the levers of state regulation and the structure of economic activity, it becomes possible to increase or decrease the relative weight of each area of economic activity. In this case, the criteria for such ranking should be: time range, level of employment, level of income of the population, type of inflation, level of general macroeconomic stability.

Russian economists Gordeev A.V., Maslennikova O.A., Donskova S.V., and others note: "Government regulation is not an alternative to market self-regulation, but rather is aimed at coordinating the market behavior of subjects and creating a favorable market situation" .[3]

The integral effectiveness of the proposed interpretation of the structure of the economy by area of economic activity is influenced by: the state of basic reporting, price dynamics, priorities of state economic policy.

Using the indicators from Table 4, you can build a correlation between them, which is expressed in linear form:

$$\sum_{i=1}^{n} Y = a_i x; \qquad n = 1,9 \quad (1)$$

WhereY– BBP;

X1 (i= 1.9) – the value of the indicator for the industrial sector;
X2 (i= 1.9) – the value of the indicator for the transport sector;

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[3] Gordeev, A.V., Maslennikova O.A., Donskova S.V., Dolgushkin N.K., Zaveryukha A.Kh., Ulyanov E.V. Economics of a food industry enterprise. – M., Agroconsult, 2003, C. 616

Table 4
Correlation between areas of economic activity in the GDP structure

Indicators	Legend	Years				
		2018	2019	2020	2021	2022
Gross Domestic Product, million manat	Y	80092	81896.2	72578.1	93203.2	133825.8
Added value (at current prices corresponds tolast year) in the industrial sector of the economy, million manat	X1	35665.1	33845.0	24732.6	39956.6	68434.7
Added value (at current prices of the corresponding year) in the transport sector of the economy, million manats	X2	4928	4940	5175	6390	8,042
Added value (at current prices of the corresponding year) in the construction sector of the economy, million manats	X3	6183.4	5,922.3	5718.5	5543.4	6,471.6
Cost of sold tourist vouchers, million manats	X4	66.5	78.1	4988.4	5374.0	15915.2
Turnover in the public catering sector, million manats	X5	1533.3	1655.2	759.6	979.1	1,586.0
Total production is agriculture industry (in actual prices of the corresponding year), million manats	X6	3186	3751.2	4028.4	4511.0	5538.0
Total livestock (in actual prices of the corresponding year), million Manats	X7	3824	4085.5	4400.5	4652.4	5446.2
Added value (at current prices-current year) in the spherere-information and communication of the economy, million manats	X8	1255.3	1454.4	1538.7	1644.1	1885.6
Added value (at current prices of the corresponding year) in the field of trade, million manat	X9	73893.7	74533.7	65729.7	85623.6	123960.4

Calculations were made by the author using the information source https://www.stat.gov.az/source/

$X3$ (i= 1.9) – the value of the indicator for the construction sector;

$X4$ (i= 1.9) – the value of the indicator for the tourism sector;

$X5$ (i= 1.9) – the value of the indicator in the public sphere nutrition;

$X6$ (i= 1.9) – value of the indicator for crop production;

$X7$ (i= 1.9) – the value of the indicator for livestock farming;

X8 (i= 1.9) – the value of the indicator in the field of information and economy connection;

X9 (i = 1.9) – the value of the indicator for the trade sector;

ai (i = 1.9) – regression coefficient.

Using the least squares method, we obtain the following linear relationships:

$$Y = 1.01x1 + 0.99875x2 + 0.99875x3 + 0.99875x4 + 0.99875x5 + 0.99875x6 + 0.99875x7 + 0.99875x8 + 0.99875x9 \quad (2)$$

When checking the adequacy of the model, the coefficients of total correlation (R), determination (R2), Fisher's test (F), Student's test (St), and average error of approximation (E) were used.

Thus, the formal-logical method of economic research allows us to draw the conclusion that the formation of, for example, a 1% increase in the volume of added value in one area of economic activity will lead to an integral decrease by the same value in all other areas of economic activity .

Based on this calculation option, we conclude that with a similar percentage measurement in the areas under study, the model option is acceptable.

The mathematical apparatus, according to the calculations we carried out, allows us to produce more than 150 thousand simulations on the structure of areas of economic activity. This, in turn, makes the model we have developed accessible (taking into account the above criteria and factors) for applied use and with a set of components of spheres of economic activity in the context of the economy of various scales of administrative-territorial division.

In accordance with the new development concept, a large number of agricultural parks and industrial districts have been created in the country in recent years.

At the same time, relevant government development programs help ensure regional balance through the effective use of oil and gas revenues. They also help increase business activity, expand entrepreneurship in the regions and implement infrastructure projects. This leads to the creation of new enterprises producing competitive and export-oriented products that meet the real market demand of consumers;

The work on implementing regional development programs along

with reforms in agriculture, as well as the application of new approaches from the experience of the leading countries of the world, is fertile ground.

Each area of economic activity has enormous potential, unique opportunities for introducing know-how and innovative solutions that can contribute to the economic development of the republic.

Ensuring the "Great Return" to our territories, liberated from occupation after the 44-day Patriotic War, which ended in a decisive victory for Azerbaijan, is one of the main priorities of our country. Thus, the promptly carried out work on the construction of new infrastructure, the construction of houses, as well as the creation of roads and other communication systems in our regions liberated from occupation indicate that the reunification of our citizens, who lived as internally displaced persons for almost 30 years, will be successful continued. In a short period of time, work was carried out in connection with the implementation of the "Smart Village" projects in Zangilan, steps were taken to build new airports in the Fizuli, Lachin, Zangilan regions, as well as measures were taken to reconstruct the infrastructure of the Kelbajar region once again confirm that Azerbaijan, the leading state in the region, free from occupation, will quickly revive life on the lands it created. The process of preparing master plans for a number of cities has already been completely resolved. The master plans of the cities of Agdam and Fuzuli have been approved and presented to the public. In addition, master plans for other cities are being prepared. In this regard, the head of state has relevant decisions and instructions. It can be clearly emphasized that Azerbaijan has achieved its main goals.

Under the "Great Return" program, it is planned to introduce tax breaks, private initiatives, benefits to stimulate entrepreneurship in the territories liberated from occupation, attract specialists with modern knowledge and skills to the liberated territories, and intensify public-private partnerships in terms of the construction of residential complexes in the liberated territories. In the near future, another 350 jobs will be created in the liberated territories. The Azerbaijani state has entered a strategic period, which includes the post-pandemic and post-conflict period.

By order of the Cabinet of Ministers of the Azerbaijan Republic dated June 21, 2022, the "Action Plan for the creation of a green energy zone in 2022-2026 in the territories liberated from the occupation of the Azerbaijan Republic" and "Selection of optimal heating and hot water supply systems, construction of appropriate infrastructure, preparation and presentation of garden proposals" was entrusted to "Azeristiliktekhizat" OJSC.

In the Republic of Azerbaijan, entrepreneurship has a great interest in industrial districts, since industrial zones create favorable conditions and realize opportunities for small and medium-sized businesses.

At the end of the dissertation, the main tasks of improving the policy of development of spheres of economic activity in the republic are presented and specific recommendations are given for resolving these problems, a program of priority actions in its individual areas, key directions of the industrial policy of the republic are identified, mechanisms for their implementation, as well as the expected results, the achievement of which is the main goal of implementing such a policy.

As a result of the study of priority directions in the development of areas of economic activity, the author came to the following **conclusions** and on this basis developed appropriate recommendations and proposals of fundamental and applied scientific and practical significance:

1. The requirements and conditions of the global post-industrial economy leave their mark on the areas of economic activity in the country. In this regard, increasing efficiency in the areas of economic activity and intensifying development processes at all levels of the economy with a social orientation is of particular importance.;

2. Setting and solving economic problems to create conditions for the transition to economic growth of a qualitative nature highlights the need to search for directions for the development of spheres of economic activity, with new content of a transformative nature. This requires defining strategic goals in the field of strengthening the material and technical base, creating an effective management system,

identifying "points" of growth, expanding and deepening economic ties between all economic entities;

3. At the current stage of consistent economic development, the basis for the search for qualitative changes in the economy, as an objective need for full entry into a civilized market economy, is the understanding of structural transformations as a multifactor process covering all aspects and levels of economic, production and economic activity of enterprises, organizations and industries in totality and interconnection regarding the transformative direction of all types of resources (available and potential) in order to ensure a steady increase in the material well-being of the country's population;

4. The dissertation analyzes the dynamics of development of spheres of economic activity in Azerbaijan in general and by type, and identifies key factors ensuring the sustainable development of these spheres.

Among the enterprises that have comparative advantages in their production and economic activities are those that are most famous in the republic and abroad for their achievements in the production of quality products. The solution to this, as well as other problems of restructuring, is the development of a system of state regulation of the economy (Made in Azerbaijcan) decreePresident of the Republic of Azerbaijan fromOctober 5, 2016 From this point of view, we consider the food, light and chemical industries preferable for the economy of the republic.

On October 5, 2016, the President of the Republic of Azerbaijan Ilham Aliyev signed a decree providing for large-scale promotion of domestic products of the non-oil sector in foreign markets under the "Made in Azerbaijan" brand. This decree covers 10 different mechanisms - support measures to promote the "Made in Azerbaijan" brand outside the country and stimulate exports;

5. One of the areas of economic activity with a high growth rate and level of added value is transport. In the conditions of a post-industrial economy, and in connection with the expansion of transport and logistics infrastructure throughout the global geographical space, this area also represents promising socio-economic interest for the national economy;

6. The development of the agricultural sector of the Azerbaijani economy at an increasing pace is important not only from the point of view of the internal supply of food to the population, but also from the point of view of development and stable foreign economic activity. We believe that this area, with the continuation of activities in the direction of innovative development, requires developments with a strategic orientation towards the development of new segments of the regional and international market for agricultural and industrial complex products;

As a result of consistent reforms carried out under the leadership of President Ilham Heydar oglu Aliyev, the agricultural sector has become one of the fastest growing areas of economic activity. Work on the implementation of regional development programs, along with reforms in agriculture (incentive measures for the development of agriculture in the country, as well as the provision of preferential loans for farmers), as well as the use of new approaches from the experience of the leading countries of the world, have created fertile ground for this.

7. The further development of the electronic (digital) economic environment also plays a fundamental role for the development of traditional areas of economic activity. It is precisely this economic platform that determines the achievement of a strategic advantage over competitors, strengthening business relationships with partners, optimal use of information resources, improving the well-being of society, and the like;

8. In accordance with the new development concept, a large number of agricultural parks and industrial districts have been created in the country in recent years, which helps create jobs and increase labor productivity.

9. In the Republic of Azerbaijan, entrepreneurship has a great interest in industrial districts, since favorable conditions are created in industrial zones and opportunities for small and medium-sized businesses are realized. At the same time, relevant government development programs help ensure regional balance through the effective use of oil and natural gas revenues. Government regulatory measures also help to increase business activity, expand

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entrepreneurship in the regions and implement infrastructure projects, which leads to the creation of new enterprises that produce competitive and export-oriented products that meet the real market demand of consumers;

10. An analysis of the last 10 years shows that the decline in oil prices on the world market and the economy's dependence on raw material reserves became the impetus for the development of the non-oil sector in Azerbaijan. Most of the investments are redirected to this sector, which depends on investments, changes in domestic demand and structural changes in the economy. At the same time, real production growth in the non-oil sector of Azerbaijan is relatively weak compared to other sectors of the republic's economy.

At the same time, one or more priority sectors can serve as "growth points". To this end, the dissertation describes the mechanism of state regulation and control of market processes in the areas of economic activity in Azerbaijan. A systematization of methodological approaches to regulating the development of spheres of economic activity is given.

11.The characteristics of development by type of economic activity should be viewed in absolute and relative indicators, through which the quantitative and qualitative expression of the process in measurable quantities is provided. As a result, it becomes possible to make management decisions on transformations in economic activity based on specific numerical values of the above indicators. Quantitative development by type of economic activity can be expressed by a group of indicators, including the output of products and the provision of services in absolute units of measurement, integral and private: production capacity, wage fund, number of employees, order portfolio (volumes under contracts), investment portfolio, etc.

Forincreasing the efficiency and effectiveness of management decisions, a structural and logical model is proposeddevelopment of the structure of economic activityrepublics;

12. From the point of view of economic efficiency, in our opinion, the further use of the area of innovation and new technological solutions is attractive. This area of economic activity is presented as

another area of the economy with high growth potential. Its development requires increased interest from investors, venture capital funds and private equity funds.

The main provisions of the dissertation work are reflected in the following publications of the author:

1. Alieva, Sh.P., Isaeva, L.P. Internal marketing as a modern tool for personnel management // – Bakı, AMEA, Elmi əsərlər, 2012, No. 1, – p. 407-412.

2. Alieva, Sh.P., Isaeva, L.P.State regulation of insurance in the agricultural sector of Azerbaijan // – Bakı, AMEA Xəbərləri, İqtisadiyyat seriyası, 2012, No. 4, – p. 260-264.

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4. Alieva, Sh.P. Determining priority ways for the development of economic activity in Azerbaijan // – Bakı: Bakı Dövlət Unversiteti, Doktorantların və Gənc tədqiqatçıların XXI Respublika elmi konfransı, 2017, – p. 184-187.

5. Alieva, Sh.P., Isaev, K.G. Quality management in the system of corporate interests. // – Kopenhagen: Danish Scientific Journal, 2020, No. 39, – p. 17-20.

6. Alieva, Sh.P. Assessing the effectiveness of various spheres of economic activity to determine innovative models of tax rates. // – Varşava: Polish Journal Of Science, 2020, No. 25, p. 3-7.

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10. Əliyeva Ş.P., İsayev, KHİnzibati-ərazi vahidlərində sosial-iqtisadi maraqlar və biznesin inkişafı // – Sumqayıt: Azərbaycan Respublikası 1991-2021: Dövlət Müstəqilli yinin bərpası, iqtisadi və social-mədəni inkişafı mövzusunda respublika elmi konfransı, 2021, No. 5. – s.184-189.

11. Alieva, Sh.P. Application of artificial intelligence in the economic activity of the country // – Krasnodar: VII International Scientific Conference Science and global studies, 2021, No. 5 (105), – p. 21-28.

12. Aliyeva, Sh., Isayeva, LP, Rustamov, F. Agrarian potential and development perspectives of the occupied territories of Azerbaijan. // – Chicago: Modern directions of scientific research development, 2022, – p. 846-851.

13. Current problems in the development of the non-oil sector in Azerbaijan. // – Azərbaycan Dövlət Neft və Sənaye Universiteti (ADNSU), Elm və Təhsil Nazirliyinin İqtisadiyyat İnstitutu. Ulu Öndər Heydər Əliyevin 100 illik yubileyinə həsr olunmuş "İqtisadiyyatın idarə edilməsinin müasir problemləri və perspektivləri" respublika elmi konfransı, 23-24 November 2023, – s. 274-279.

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