

THE REPUBLIC OF AZERBAIJAN

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ABSTRACT

of the submitted dissertation for the degree of Doctor of
Philosophy

**MECHANISMS FOR CREATING A COMPETITIVE
DEVELOPMENT STRATEGY FOR ENTREPRENEURSHIP
IN THE PROCESSING INDUSTRY**

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GENERAL CHARACTERISTICS OF THE WORK

The actuality of the subject. In a globalizing world, development as a strong state in line with international standards is possible only through the management of an open economic system that is competitive, sustainable and sustainable.

That is why the President of the Republic of Azerbaijan signed the State Program on Socio – Economic Development of the Regions of the Republic of Azerbaijan for 2014 – 2018, including the State Program on socio-economic development in 2019-2023”, “the State Program on Industrial Development in the Republic of Azerbaijan for 2015 – 2020” and “the Vision for the Future of Azerbaijan – 2020” development concept, “Strategic Road Map for the National Economic Prospects of the Republic of Azerbaijan”(2016) and other decrees were issued and other normative – legal documents were adopted. In these programs and concepts, the main goal and objective is to achieve the preventive development of the non-oil sector, increase the efficiency and competitiveness of the economy, to consider innovation as a key factor in the sustainable development of the national economy, dynamic development of the regional economy, including the formation of a competitive economic development strategy of entrepreneurial activity in the processing industry and the establishment of industrial districts in the regions.

As a result of purposeful reforms carried out in the republic, in the last 2005-2019, the dynamic development of the non-oil sector continued and its real growth rate exceeded the overall growth rate by 7.6%, including 6.6% in the processing industry, 29.7% in communications, 3.1 % in freight transport.

As a result, in the “Global Competitiveness Report” prepared by the World Economic Forum for 2015-2019, Azerbaijan ranked first among the CIS countries and 28th among 190 countries on the index of macroeconomic stability.

However, the current state of entrepreneurship in the processing industry is not entirely ready to produce competitive products in today's globalized world. This suggests that the mechanism for forming a competitive strategy for entrepreneurship in the processing

industry should be redesigned so that the creation of a new competitive environment in the country does not result in a decrease in the competitiveness of businesses. All these are the main factors justifying the relevance of the topic of the dissertation.

Despite the application of various forms of competition in the modern world economy, this aspect has always been in the focus of economists and scientists, and even today there is a large amount of research work devoted to the study of this problem. Thus, on the theoretical and methodological aspects of this problem, local scientists Z.A. Samadzada, G.A. Safarov, T.N. Aliyev, M.J. Atakishiyev, T.A. Huseynov, E.M. Hajizada, I.H. Aliyev, V.T. Novruzov, T.H. Huseynov, G.S. Suleymanov, I.A. Aslanzada, A.I. Orujov, Kh.M. Huseynova, A.B. Abbasov, etc. foreign scientists M.E. Porter, Y.Shumpeter, Z.Khunuta, F.A.Hayek, L.Kachalin, A.Smith, D.Ricardo and others conducted valuable research works. In the CIS, it is necessary to show the research work of Bakanov M.I., Sheremet A.D., Batychko V.T., Blinov A.O., Shapkin I.N., Konina N.Y., Kravech L.G., Juchkevich O.N. and other well-known economists. Without diminishing the urgency of research in this area, it should be noted that in today's globalized world, not sufficient space is given to a comprehensive study of the mechanisms of formation of the competitive strategy of the processing industry of the republic.

The object of the research work is the processing industry of Azerbaijan, including food and beverage industries, and Delta Group C.O Limited Liability Company, which produces bread and bakery products.

The subject of the research work is the development of economic and organizational mechanisms to increase the competitiveness of entrepreneurial activity in the processing industry of Azerbaijan in modern times.

The purpose and objectives of the research work. The main purpose of the research is to identify innovative criteria that allow to measure the level of competitiveness of the processing industry and to create economic development models based on these criteria to increase the competitiveness of entrepreneurial activity in the field.

In accordance with the purpose of the study, the following tasks were identified:

- Identification of theoretical and methodological aspects of competitive economic development of entrepreneurial activity;
- Substantiation of the role of the competitive environment in the competitive development of entrepreneurial activity;
- Assessment of the current state of entrepreneurial activity in the processing industry;
- Assessment of the level of production and economic activity and competitiveness of processing industry enterprises;
- Assessment of the level of production and economic activity and competitiveness of industrial enterprises producing food and beverages;
- Classification of factors hindering the competitive economic development of entrepreneurial activity in the processing industry and scientific research of their causes;
- Identification of innovative criteria for the implementation of competitive economic development of entrepreneurial activity in the processing industry and the creation of economic-mathematical models based on it;
- Defining the role of clustering and state regulation in the competitive development of entrepreneurial activity in the processing industry.

Research methods. Methods and techniques such as logical generalization, statistical analysis, grouping, comparison, economic-mathematical analysis and regression were used in the research process.

The key terms to be defended are as follows:

1. The urgency of the role of the competitive environment in competitive development has been substantiated by studying the theoretical and methodological aspects of the economic development of entrepreneurial activity.
2. Analyzing entrepreneurial activity in the processing industry, the urgency of developing new economic mechanisms to assess the level of competitiveness of existing production and economic activities has been substantiated.

3. Substantiation of the role of industrial quarters and state regulation in the development of entrepreneurial activity in the processing industry.

4. Substantiation of the urgency of the economic development of the food and beverage industry by analyzing the level of competitiveness of the processing industry.

5. Substantiation of the urgency of classifying the factors affecting the competitive economic development of bread and bakery industries.

6. The determination of innovative criteria for competitive economic development of entrepreneurial activity in the processing industry is substantiated.

7. Substantiation of the urgency of developing an algorithm for estimating the competitiveness of entrepreneurial activity in the processing industry

8. Substantiation of the urgency of developing econometric models and criteria for measuring the level of competitiveness, expert assessment algorithm among the factors affecting the competitive development of enterprises in the processing industry.

9. Substantiation of the role of clusters in the competitive development of entrepreneurship in the processing industry and the establishing of a functional structure of clustering in the food industry.

The scientific innovation of the research is as follows:

- Theoretical and methodological bases of competitive economic development of entrepreneurial activity have been systematized on the priorities of economic development of the processing industry of the republic;

- Estimating of the current status of competitiveness of entrepreneurial activity in the processing industry, the factors preventing its competitive development and the strategic goals that need to be solved in this area have been scientifically substantiated;

- Innovative criteria for estimating of the competitive economic development of entrepreneurial activity in the processing industry and an algorithm based on it have been developed;

- Mechanisms for the establishing of intersectoral coordination processes in the competitive economic development of the processing

industry and its economic efficiency aspects have been scientifically substantiated;

- An algorithm has been suggested to measure the level of competitiveness of entrepreneurial activity in the processing industry using the expert assessment method;

- Econometric and cluster models of increasing entrepreneurial activity in the processing industry have been suggested;

- The strategic scopes of the activity of state in the competitive economic development of entrepreneurial activity in the processing industry have been scientifically substantiated.

Theoretical and practical significance of the research work is that the use of its main provisions, scientifically substantiated practical proposals and recommendations will lead to increasing the competitiveness of entrepreneurial activity in the processing industry of the Republic of Azerbaijan. The main provisions of the research, the results obtained and the proposals made can be used in the development of the draft Competition Code on the basis of various economic development strategies and new innovative criteria and the creation of industrial districts in the regions in order to increase the competitiveness of the processing industry.

Approbation and application. The key provisions of the dissertation, theoretical and practical proposals have been presented at national and international scientific-practical conferences, 22 articles and 4 theses have been published in local and foreign publications. At the same time, it is used in the teaching process and scientific research at the Faculty of Economics and Management of the Azerbaijan State Oil and Industry University. Relevant application reference has been submitted to the researcher by “RR Investment” LLC (Reference №045, 15.05.2018) regarding the application of suggestions and recommendations arising from the theoretical and practical results of the dissertation work.

The name of the organization where the dissertation work is performed. Dissertation work was completed in the Azerbaijan State University of Oil and Industry.

The structure of the dissertation. The dissertation consists of an introduction, 3 chapters, conclusions and list of used literature. The

dissertation consists with 5 pictures, 25 tables. In the structure of Dissertation introduction consists of 5 pages (283,919 signs), first chapter 50 pages (88,839 signs), second chapter 47 pages (82,986 signs), and third chapter 46 pages (75,002 signs), results consists 6 pages (11,221 signs) and finally, the number of used literature list is 104 and consists 9 pages (2,015 signs). Total dissertation volume is 165 word document pages. Whole dissertation text part (excluding graphs, diagrams, tables, and bibliography) is 131 pages of computer writing or 250939 characters.

of production; 3.1. Profitability of sales (%); 3.2. Inoculation coefficient of the product; 3.3. Production load factor; 3.4. Commercial efficiency and sales incentive ratio; 4. Product competitiveness; 4.1. Product price; 4.2. Product quality.

GENERAL CHARACTERISTICS OF THE WORK

In the introductory part of the dissertation the relevance of the topic, the degree of development is substantiated, the object and subject, goals and objectives, research methods, defense provisions are defined, scientific innovation, theoretical and practical significance of the research, approbation and application of the research, organization and scope of the dissertation information is provided.

The first chapter of the dissertation is entitled "Theoretical and methodological aspects of competitive economic development of entrepreneurship." Here the world experience on formation of competition is studied. This chapter examines the works of foreign scientists A.Smith, D.Ricardo, J.St.Millin, J.B.Sey, I.H.Fon Tunne, G.Shmoller, K.Marx and J.Keins, who laid the foundation of the concept of "competition" . In addition, the works of A. Marshall, A. Cournot, V. Jawsons, F.I. Ecuort, K. Wixel and other economists, who laid the foundation of modern instrumental approaches in the study of competition, are analyzed here.

This chapter shows that M. Porter's theory of competition and J. Tyrol's theory of industrial organization, which reflect the main stage of competition (price and non-price) between scientific directions, have recently become relevant. The starting point of Porter's broad

concept of competition is that a firm's ability to realize its competitive advantage in the market depends not only on the direct competition it faces, but also on the role of competitive forces such as substitute goods, customers and suppliers.

At the same time, this chapter notes that in the current stage of development of economic thought in Azerbaijan, there is an increase in interest in the topic of competition. In many scientific works, the concept of competition is studied indirectly, that is, competition is naturally assessed as an event that arises from the integration into the countries of the world and occurs in itself.

This chapter summarizes the main criteria for competitiveness (C), which include price (P), quality (Q), high service efficiency and attractiveness (H), time (T), and other factors not taken into account (O):

$$C = F (P, Q, H, T, O)$$

That is, the application of innovations in the enterprises of the processing industry stimulates them to achieve a competitive advantage, increase the efficiency and quality of products produced at the enterprise.

Based on all this, it can be concluded that the methodological basis of economic development is the assessment of the main factors affecting competition. These will help build an economic development strategy for the sector. These factors include:

1. Technological factors. These factors include scientific knowledge, the introduction of innovations in production activities and products, etc.

2. Factors of production. These factors include efficient operation at minimal cost, high quality production, involvement of specialized personnel, etc.

3. Determining factors. These factors include a large number of distributors, retail revenue, timely supply and delivery, and so on.

4. Marketing factors. These factors include quality service, full satisfaction of customer needs, a wide range of products, warranty, etc.

5. Specialization factors. These factors include the creation of concrete and clear advertising, the large number of skilled workers in the field of technology and design, etc.

However, it should be noted that these factors differ due to the diversity of processing enterprises.

Thanks to all these factors, the company develops a strategy that increases its competitiveness, i.e. it allows you to increase the factors that positively affect the efficiency of the enterprise, and reduce the factors that negatively affect it. An enterprise chooses a strategy that enhances its competitiveness based on its level in the market, as well as the level of development of its product. In this case, enterprises can use the above factors to create the following strategies that increase their competitiveness:

1. Market capture strategy. If an enterprise is able to fully meet the market demand with its product and is able to increase its sales in the market, it can choose a "market capture strategy", while at the same time eliminating its competitors in the market.

2. Market development strategy. High-growth enterprises in the processing industry, the creation of markets with new cheap and profitable sales channels, enterprises with large resources and the ability to develop their sphere of activity choose the "market development strategy".

3. Product development strategy. The presence of high quality products in competing enterprises may lead to the use of a "product development strategy". In this case, businesses can increase sales by improving their products.

4. Diversified development strategy. This strategy is characterized by enterprises simultaneously producing new products and gaining new markets.

In addition, cancellation, positive increase, decrease, etc. are in strategies.

In addition, there are other innovative measures (methods) that increase and evaluate the competitive development strategy of the enterprise, depending on the goals and objectives. These are:

1. Constant use of innovation.

2. Introduction of new, improved product types.

3. Production of products that meet local and international standards.

4. The product should be sold in a part of the market where the demand for this product is high.
5. Using only high quality material.
6. Study of competing enterprises in order to study their pros and cons.
7. Establishing relations with research institutions, as well as investing in research to improve product quality.

Economic development strategies that increase the competitiveness of the enterprise allow the identification of innovative methods in the field and the achievement of goals. In this case, the management of increasing the competitiveness of entrepreneurial activity in the processing industry means the management of enterprises based on employee incentives. In this case, managers not only ensure the production of quality products, but also provide high quality services, as well as communicate with consumers in such a way that they can fully meet their needs. Thanks to all this, the company can achieve its goals and be able to operate for a long time. It should be noted that increasing the competitiveness of the products produced by the processing industry enterprises operating in our country is currently one of the most complex and urgent problems. This problem must be solved at the state level. Because the planned innovation-investment projects of the state and its strategic directions must be implemented here. That is, it is important to implement innovative measures in the processing industry in a short time and use the latest achievements of science. Along with the implementation of local production of processing enterprises, it is also important to improve the market infrastructure and consumer market, to prevent the negative impact of monopolies and intermediaries in competition. That is, it is necessary to create favorable conditions for the products of processing industries to enter the market. By using the proposed innovative economic development strategies to increase entrepreneurship in the processing industry, the enterprise will increase its competitiveness and maintain financial stability.

It is concluded from this chapter that increasing the competitiveness of the products produced by the processing industry enterprises operating in our country is currently one of the most

complex and urgent problems. This problem must be solved at the state level. Because the planned innovation-investment projects of the state and its strategic directions must be implemented here. That is, it is important to implement innovative measures in the processing industry in a short time and use the latest achievements of science. Along with the implementation of local production of processing enterprises, it is also important to improve the market infrastructure and consumer market, to prevent the negative impact of monopolies and intermediaries in competition. That is, it is necessary to have a healthy competitive environment in the country for the products produced by processing enterprises to enter the market. By using innovative economic development strategies along with a healthy competitive environment to boost entrepreneurial activity in the processing industry, the enterprise will increase its competitiveness and maintain financial stability.

The second chapter of the dissertation is entitled "Assessment of the current state of competitiveness of entrepreneurial activity in the processing industry." It analyzes the competitiveness of enterprises in the processing industry, including food and beverage products. The analysis of key indicators of entrepreneurial activity in this chapter shows that the number of small enterprises in the country in 2015 increased by 19.1% compared to 2014 and amounted to 17,847 units, which shows that the number of small enterprises has increased in recent years. Also, the average monthly salary in small enterprises in 2015 was 302.1 manat, in 2019 it increased by 6.2% and amounted to 322.2 manat.

The analysis conducted in this chapter gives grounds to say that our country ranks first among the processing industries in terms of the volume of agricultural products and the level of competitiveness. Thus, the volume of food production in recent years has reached 2.7 billion manat. It should be noted that the volume of food industry products has increased by an average of 2.7 times over the past 10 years. So, the food industry is one of the most dynamically developing industries. Based on the statistics of 2016, it can be said that a total of 22.8 thousand people and 631 enterprises operate in the food industry in our country. Although the number of enterprises and the number of

employees decreased during the global crisis in 2008, the opposite trend began in 2012, and only .in 2012, 31 new enterprises and 2,500 new jobs were created in our country. In addition, per capita productivity in the food industry increased 1.7 times in 2003-2019 (from 74,000 to 121.5 manat).

This chapter shows that along with the food industry, beverages are of special importance in the country's food industry, including food security. Thus, if we look at the statistics for 2010-2016, the indicators of the beverage industry are of particular importance among the products of the agricultural industry. Thus, as a result of measures aimed at strengthening food security in the country in recent years, a rapid increase in agricultural production has been ensured. At the same time, the level of self-sufficiency in the food industry has risen sharply, and this has not gone unnoticed in the beverage industry.

Thus, the period of the largest decline in the number of enterprises engaged in the production of beverages occurred in 2013. In 2013, the number of state beverage enterprises was 3, and the number of non-state beverage production enterprises was 107. The number of state-owned enterprises in this area remained almost unchanged and remained at 3, with the exception of 2010. There were unbalances in non-governmental institutions. The number of enterprises decreased by 23 units by 2014 and increased to 117 units by 2019.

The analysis conducted in this chapter gives grounds to say that the development of industrial enterprises engaged in the production of food and beverages in our country is important and effective. At the same time, this chapter shows that there are special advantages in the development of industrial enterprises engaged in the production of food and beverages in our country, which shows the differences between our country and other countries.

- Presence of historical traditions for the development of food and beverage industries.

- Availability of rich raw material base and mineral resources for the development of food and beverage industries.

- The lack of analogues in the world of many fruits and vegetables and mineral water resources grown in our country.

- Availability of opportunities and territorial resources for the development of industrial products producing food and beverages in small and medium cities of the country.

- Favorable economic-geographical position in terms of transport and proximity to potential export markets, etc.

This chapter shows that there are a number of large-scale enterprises in the country for the development of the food industry. One of these enterprises is Delta Group C.O. LLC. Delta Group C.O. Limited Liability Company was established in 1999. The company currently occupies an important place in the Azerbaijani market in the field of its activities.

Delta Group C.O. Limited Liability Company is the official distributor of brands such as "Anchor", "Doyarushka", "Ammerlander", "Gut von Holstein", "Tibet" in Azerbaijan. Today, Delta Group C.O. LLC specializes in integrated brand management (distribution, marketing). The company has two local plants of local production. These are Bismak and Chorakchi plants. "Chorakchi" plant was established on 14.01.2013 due to a soft loan received from the National Fund for Entrepreneurship Support of the Republic of Azerbaijan and funds provided by "Delta Group C.O." LLC.

Let's implement the competitiveness of the enterprise through SWOT analysis: It is known that SWOT analysis consists of four parts. The strengths, weaknesses, opportunities and threats of the selected enterprise are noted. After this analysis, we will get acquainted with all the items and learn about the company's strengths and weaknesses, opportunities and threats to its operations. Figure 1 shows the SWOT analysis of the "Chorakchi" plant.

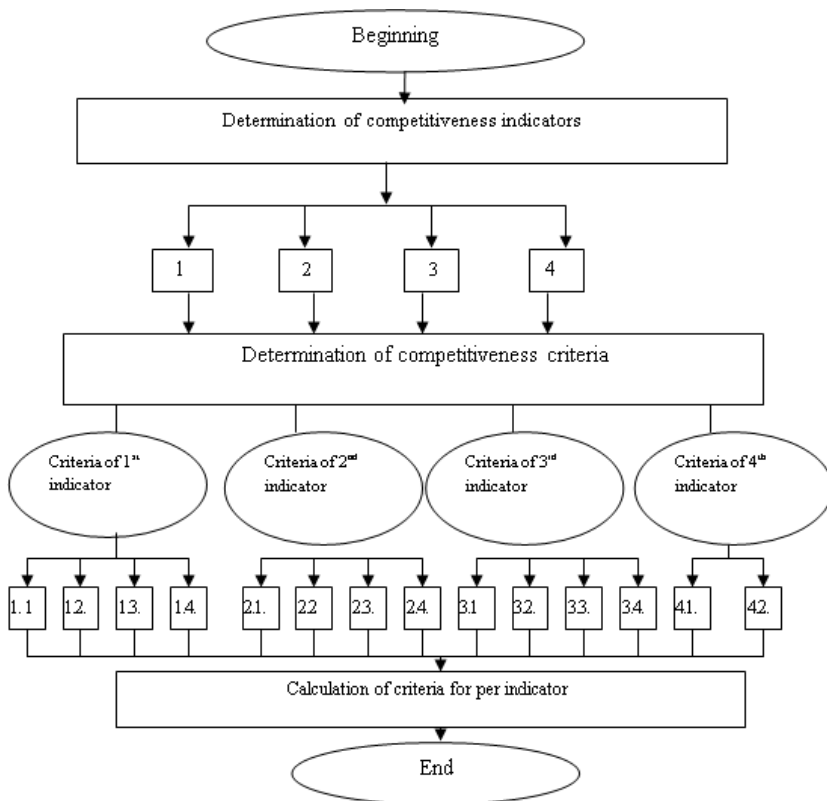
At the end of this chapter, it can be concluded that in today's globalized world, it is important to rework innovative criteria for competitive economic development of entrepreneurial activity in the processing industry of the republic, economic-mathematical and cluster models of its development, as well as strategic directions of state regulation.



Picture 1. SWOT analysis of “Chorakchi” plant

The third chapter of the dissertation is entitled "**Economic development models to increase the competitiveness of entrepreneurship in the processing industry.**" It offers innovative criteria for competitive economic development of entrepreneurial activity in the processing industry, strategic directions of state regulation and economic-mathematical and cluster models to increase its competitiveness.

This chapter proposes an algorithm that combines all the innovative indicators and criteria that allow to assess the competitive development of the processing industry (scheme 1).



Scheme 1. Block diagram of the algorithm for assessing the competitiveness of entrepreneurial activity in the processing industry

Here 1. The production efficiency of the enterprise; 1.1. Costs per unit of output (manat); 1.2. Fund yield (min manat); 1.3. Product profitability (%); 1.4. Labor productivity (thousand manats/per man); 2. Financial support of the enterprise; 2.1. Coefficient of independence; 2.2. Solvency ratio; 2.3. Absolute liquidity ratio; 2.4. Working capital turnover ratio; 3. Sales efficiency and production development; 3.1. Profitability of sales (%); 3.2. Inoculation coefficient of the product; 3.3. Production load factor; 3.4. Sales stimulus coefficient; 4. Product competitiveness; 4.1. Product price; 4.2. Product quality.

This chapter identifies the correlation between the volume of competitive product produced in the processing industry and its sub-sectors in accordance with the object of study:

$$Y = a_0 * X_1^{a_1} * X_2^{a_2} * X_3^{a_3} * X_4^{a_4} \quad (1)$$

Here, the volume of innovative products produced in the Y – processing industry; X_i ($i = 1,4$) – the volume of products produced by its subdivisions; a_i ($i = 0.4$) are regression coefficients.

Regression coefficients are calculated using the algorithm of the regression model:

$$a_0 = 1,7; a_1 = 0,01; a_2 = 0,05; a_3 = 0,8; a_4 = 0,08;$$

If we write these coefficients instead of (1), we get the following regression model.

$$Y = 1,7 * X_1^{0,01} * X_2^{0,09} * X_3^{0,8} * X_4^{0,08} \quad (2)$$

This model (2) is the basis for the following considerations gives:

1. A 1% increase in food production will lead to a 0.01% increase in the volume of competitive products produced by processing enterprises.

2. A 1% increase in the production of beverages will lead to a 0.09% increase in the volume of competitive products produced by processing enterprises.

3. A 1% increase in the production of chemical products will lead to a 0.8% increase in the volume of competitive products produced in the processing industry.

4. A 1% increase in the production of machinery and equipment will lead to a 0.08% increase in the volume of competitive products produced in the processing industry.

The total correlation coefficient (R), determination coefficient (R^2), Fisher coefficient (F), Student coefficient (S_i), and average error approximation coefficient (E) were used to check the adequacy of the model (2). As a result of the calculation, $R = 0.953$ (the correlation dependence is high when its value = 0.7); $F = 7.43$ (its critical value = 2.22); $S_{t1} = 1,76$; $S_{t2} = 1.85$ (critical value = 2.08); $E = 5.7$ (this is acceptable for economic issues).

The following forecast models are also proposed in this chapter:

- Increase of financial resources directed to technological innovations in the processing industry;
- Elimination of factors hindering the competitive development of entrepreneurial activity in the processing industry;
- Sources of increasing the financial security of entrepreneurial activity in the enterprises of the processing industry;
- increasing the number of enterprises and employees engaged in entrepreneurial activities in the processing industry;
- increasing the volume of processing industry products.

This chapter uses the most commonly used method of expert assessment in practice to measure the level of competitiveness of an enterprise (on the criteria of communication with the external environment and "transnational costs). This method involves conducting research on the basis of the knowledge and experience of specialists in the field (experts). The basis of this method is a serious scientific basis and statistical and mathematical observations that determine the relationship between the competitiveness and performance of the enterprise in question. In this case, experts assess the processes associated with the external environment and transnational costs. That is, assessments are made on the market share, profitability and performance of enterprises.

In this case, technical, technological, quality and other changes are reflected in the results of the organizational activities of the enterprise. Based on this need, summarizing the existing research, it is possible to propose an expert evaluation table (the table uses the evaluation indicators of seven experts in the field and each expert is numbered 1, 2,, 7, respectively) that allows measuring the level of competitiveness of processing industry enterprises (on a five-point scale) (table 1).

Its competitive economic development can be predicted by assessing the coordinating and transnational costs of the processing industry enterprises operating in our country according to the criteria and indicators given in the table. That is, if the level of competitiveness of the enterprise is below or equal to the average score on the specified criteria, then the enterprise is less competitive than the comparable base enterprise or equal to the level of competitiveness of the base

enterprise. If the level of competitiveness of the enterprise is higher than the average score on the specified criteria, then the level of competitiveness of the enterprise is higher than the competitiveness of the comparable base enterprise. That is, the enterprise is competitive.

Table 1. Criteria for measuring the level of competitiveness of processing industry enterprises and their average scores

Criteria	Expert and their evaluation indicators							
1. Relationship of business entities (enterprises) with the external environment	1	2	3	4	5	6	7	Average score
Communication level	4	3	5	4	3	3	5	3,9
Innovation activity	3	4	3	5	4	3	3	3,5
Technology level	4	3	5	5	3	3	3	3,7
Total	11	10	13	14	10	9	11	11,1
Total expenses of business entities (transnational expenses)	1	2	3	4	5	6	7	Average score
Expenses related to the economic activity of the enterprise	4	3	4	3	3	5	5	3,9
Costs of carrying out and defending business activities	5	4	5	3	5	5	5	4,5
Total	9	7	9	6	8	10	10	8,4

Source: Compiled by the author.

This chapter shows that Azerbaijan pursues a well-thought-out state economic policy based on world experience and national economic development principles based on the principles of sustainability and sustainability in order to increase industrial potential, diversify and innovate the national economy, and accelerate the development of industry, including processing industries. As a result, 2014 was declared the Year of Industry by President Ilham Aliyev, and a network of modern industrial enterprises – industrial parks and high-tech technoparks – was formed in the country, and agro-parks and industrial districts were established. For this purpose, a generalized structure of processing industry clusters is proposed. This structure should include elements of production, service, consumption, research, export and education.

At the same time, this chapter proposes the structure of cluster management of food industry enterprises on the basis of the proposed general structure of processing industry clusters (table 2).

Table 2. Generalized structure of cluster management of food industry enterprises

The main elements of the structure	Individual production enterprises, organizations, firms, companies and others included in the field
1. Production	<ul style="list-style-type: none"> - Entrepreneurs engaged in the production of meat products (meat, sausages, edible fish products (including canned fish)) - Entrepreneurs producing flour products (pasta, flour, bread and bakery products) - Entrepreneurs engaged in the production of dairy and fat products (cheese and cottage cheese, milk, butter, vegetable oils) - Entrepreneurs engaged in the production of canned vegetables and fruits - Entrepreneurs engaged in the production of confectionery - Engaged in the production of natural tea products <p>business entities</p> <ul style="list-style-type: none"> - Entrepreneurs engaged in the production of iodized salt, etc.
2. Supply	- Agro-industrial organizations
3. Service	<ul style="list-style-type: none"> - Grain processing - Raw materials for the food industry - Livestock feed - Production of agricultural machinery - Supply of agricultural machinery - Provision of technological processes of enterprises with spare parts - Repair of agricultural machinery - Food equipment and so on
4. Consumption	<ul style="list-style-type: none"> - Population - Catering establishments - Social sphere enterprises and others
5. Research	Research institutes and organizations and others
6. Export	- Countries that export food products
7. Education	- Educational institutions training personnel for the food industry.

Source: Compiled by the author.

The results achieved and the offers made may be summarized in the section "Results" of the dissertation as follows:

1. The Government of Azerbaijan has begun to pay strict attention to the development of entrepreneurship, has made necessary decisions in this field in recent years. In point of solving problems view, the newly adopted "State Program for socio-economic development of the regions of the Republic of Azerbaijan in 2014-2018 and 2019-2023 years", "State Program for the development of industry in the Republic of Azerbaijan for 2015-2020 years",

"Azerbaijan- 2030: National Priorities for Socio-Economic Development" and "Strategic Roadmap for the National Economic Prospects of the Republic of Azerbaijan" and other decrees are very important. These programs can play an important role in terms of the competitive development of entrepreneurship in the processing industry and increase its socio-economic efficiency and the creation of industrial districts in the regions.

2. Entrepreneurs have become a decisive factor in making of an abundance of quality products, developing competitive industries and ensuring employment. For this purpose, a system of registration of business entities on the principle of "single window" was introduced. Although large-scale and strategically important measures have been taken to develop entrepreneurship in the Republic of Azerbaijan, it must be acknowledged that the current state of entrepreneurship development is unsatisfactory. The potential of entrepreneurs in creating an abundance of quality products in the country, in the development of competitive industries, in providing employment is not fully realized.

3. The system of organizational activity of business entities in the processing industry consists of two blocks that are organically interconnected. One of them is the market competition system. It is a system of self-organization and self-management of reproduction in the type of entrepreneurship at the micro, macro and meso- levels. The other is a system of state regulation of entrepreneurship that is adequate to economic laws, including entrepreneurship and market laws. In the processing industry, all forms of activity of business entities, in particular, the process of its formation, the effective operation of the organizational and economic mechanism in both blocks is important.

4. Infrastructure should be strengthened and modernized for the competitive development of business entities in the processing industry. At the same time, economic incentives should be provided for the development of entrepreneurship, especially small and medium enterprises, as well as for self-employed people. It is expedient to be benefited from the experience of other countries in this field. For this, the provision of state support to entrepreneurship and technical

financial assistance from the state to business entities should be improved. the options of state protection, such as the allocation of direct targeted subsidies, the introduction of preferential taxes, acting as a guarantor, are applied in the world practice.

5. For the competitive development of business entities in the processing industry, it is necessary to strengthen their financial security capabilities, increase the level of use of existing real opportunities of the state in the field of financial support of business activities. At the same time, the state should ensure the supporting of the bank funds in providing turnover and working capital to businesses engaged in production on the basis of local raw materials. Methods should be developed to expand access to long-term loans for the formation of initial capital and financing of capital investments. Providing long-term loans to create conditions for the dynamic development of small and medium enterprises, the creation of a special purpose entrepreneurial loan fund. The scope of organizational measures aimed at developing entrepreneurship in priority areas should be expanded.

6. For the competitive activities of business entities operating in the processing industry, in particular, it is important to improve the financial provision of regional entrepreneurship, along with targeted public funding in this direction, to create an environment for further activation of alternative sources of funding. For this, the state should implement a policy of bringing the interests of business entities in the processing industry into a single level in terms of the interests of society in the application of economic regulation methods.

7. The volume of investments and expenditures on technological innovations in the food and beverage industry does not fully meet the production and export of a large number of competitive industrial products that meet international standards.

8. The following can be said about the negative impact of market monopolies on the development of the industry during the formation of a competitive environment in the processing industry.

The basic rights of end consumers are violated, as they are forced to buy goods at inflated prices with artificially reduced supply;

Excessive concentration of production stifles the development of entrepreneurship, as a result of which the correct competition mechanism operates less efficiently;

Monopoly leads to structural imbalances in market development.

9. Depending on the purpose of the competitiveness assessment, using from "selection of the closest competitors", "selection of stronger competitors", "selection of enterprises with significant total market share", "selection of competitors operating within the geographical boundaries of the market" and "selection of all possible competitors" criteria are appropriate.

10. The main goal in the development of processing industry enterprises is to achieve the production of science-intensive and high-tech, competitive and export-oriented, world-class processing industry products in the country and to eliminate the country's dependence on the "oil factor". This can be done on the basis of improving the system of state regulation in the processing industry, identifying and increasing investment and innovation sources and resources, mobilization of natural resources and labor resources.

11. The classification of processing enterprises by economic, production and other factors that hinder the production of competitive products leads to the following conclusion: In the volume of competitive production in the processing industry, economic factors are more important.

12. Azerbaijan's processing industry enterprises are not yet fully prepared to operate in a globalized world with competitive market relations. Therefore, the law on "industrial policy" of the state should reflect the issues of structural changes in the processing industry, the creation of maximum favorable conditions for the development of its production and scientific and technical potential.

13. In order to stimulate the increase of the competitiveness of the enterprises of the processing industry, it is necessary to ensure the expansion of the production of science-based products, expand the activities of research institutes, and achieve its innovation-oriented development as a whole.

14. Increasing of the volume of investments in production to stimulate the production of competitive products in the processing industry, creating of an optimal competition regime through customs policy, expanding of export-oriented production (creating of special economic zones), simplifying of administrative rules for export and import operations are necessary.

15. In order to increase the competitiveness of processing industry enterprises, linking of the export policy of the sector with the structural reforms of the economy, stimulating of its export activity, etc. issues need to be addressed.

16. The process of diversification in the processing industry should be implemented. This should be done in accordance with the foreign economic development strategy of the country's economy, eliminate the country's dependence on the oil sector through faster development of high-tech processing industry, turn the processing industry into a key resource for competitive, sustainable economic growth.

17. Creating an organizational and legal framework to improve the competitiveness of the processing industry, positive structural changes in the field of state industrial policy, protection of property rights, information transparency and improvement of methods and systems of regulating the prices of natural monopolies, tax reform, foreign economic activity state protection, creation of perfect and effective development institutions, strengthening of demand for local processing industry products in the domestic market and improvement of management system should be implemented.

18. In order to increase the competitiveness of processing industry enterprises and implement the strategy of socio-economic development of the national economy, it is necessary to move to an innovative type of economic development, to commercialize the results of scientific and technological achievements and achieve their effective implementation on an industrial scale. At the same time, to improve the use of existing potential of chemical, petrochemical, mechanical engineering, metallurgy and other processing industries, improve product quality, apply innovative technologies, jointly participate in new domestic and world markets, including foreign

capital, based on local raw materials. Establishment of enterprises should be considered as strategic directions.

19. In the modern era of globalization, the processing industry actively affects the economy of Azerbaijan and opens new opportunities for economic growth by influencing international competition. As a result, the dependence of the national economy on world investment processes, world economic organizations, world financial institutions and the world situation is growing, and our republic is becoming an integral part of the globalized world.

Thus, increasing the competitiveness of business entities in the processing industry, including food industry, is one of the important issues of the modern stage of the market economy in our country. This is especially relevant during the development and discussion of Azerbaijan's food security doctrine, which is called to be a key conceptual document that will help protect national food producers and supply the market with national products. It should also be noted that increasing competitiveness at the micro level, ie at the level of specific enterprises, should be complemented by effective methods of state regulation such as protectionism, protection of national producers and support of the agro-industrial sector and stimulation of exports in possible areas.

20. The new division on economic regions will further increase the useful work ratio.

The signing of a decree by President Ilham Aliyev on the new division of economic regions in the Republic of Azerbaijan is an important historical step of the country's leader. This means, first of all, the introduction of new economic and social realities in our historical territories. At the same time, our state has declared its position on certain issues related to Karabakh by a very important official document.

The regional development programs adopted and implemented in our country since the beginning of the new century, being our compass of multifaceted progress, ensure the further beautification of our cities and regions and the improvement of the welfare of the population. The new division of economic regions is interesting both in its conceptuality and in the socio-political sphere.

It is emphasizing that as a result of continuous and balanced measures taken in the name of a strong Azerbaijan, our position in the world is gradually strengthening, our views on fundamental regional and international issues are taken into account, our words are considered, our voices are heard and respected. Our economic concepts, which are based on scientific principles and taking into account all the criteria from a political point of view, can be consistently transformed from dream projects into illuminated action charts. It is no coincidence that in the World Bank's "Doing Business" report, Azerbaijan was ranked 28th out of 190 countries, which is a great achievement at the international level.

Today, the development of Azerbaijan is more decisive and purposeful. The implemented reforms and large-scale measures have further strengthened the economic and military-defense power of our country and laid a solid foundation for a brilliant victory in the 44-day Patriotic War. Azerbaijan, with the liberation of Karabakh from 30 years of Armenian occupation, has radically changed the geopolitical and geoeconomic reality in the South Caucasus. This, of course, made it necessary to reconsider the division of the country into economic regions, as well as many other issues, so that the construction work could be planned and carried out in a broader sense.

The author has published the following scientific articles on the topic of the dissertation:

1. Materials of the republican scientific-practical conference on "Theoretical approaches to the concept of competition in innovative economic development", "Regional governance: innovative approaches and perspectives" dedicated to the 92nd anniversary of National Leader Heydar Aliyev, Academy of Public Administration under the President of the Republic of Azerbaijan, Baku 2015, p. 68 – 71.

2. Materials of the republican scientific-practical conference on "Ways to assess the factors affecting the competitive economic development of non-oil industry enterprises", "Innovative socio-economic development of the regions: realities and prospects" dedicated to the 92nd anniversary of National Leader Heydar Aliyev, Baku – 07 May 2015, p. 269 – 271.

3. “Study of the role of tax planning in the formation of diversification strategies of industrial enterprises”, Actual problems of audit regulation in modern conditions. (International scientific-practical conference) Baku, April 5 – 6, 2016, p. 88 – 90.

4. “Main directions of development strategy of business entities in the processing industry”, “International law and problems of integration” scientific-analytical and practical journal No.1 (45), 2016, p. 71 – 79

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6. “Scientific-theoretical approaches to the regulation of competitive relations in entrepreneurial activity in international practice”, Institute of Economics of ANAS Scientific works No.3 / 2016, p. 96 – 103.

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14. “Basic methods of state regulation of entrepreneurial activity in Azerbaijan”, “Azerittifaq” Azerbaijan Cooperation University, Cooperation scientific-practical journal, No.1 (44), 2017, p. 25-30

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17. “Strategy directions of state regulation of competitive economic development of entrepreneurial activity at processing industry enterprises”, An International Journal of Economy and Entrepreneurship, No.12-1, 2017, p. 348 -351

18. “Innovative criteria of competitive economic development of entrepreneurial activity in manufacturing industry”, international scientific journal “Internauka”, series: “Economic Sciences” No.3 (11), 2018, p.19-22

19. New stage of development of industry (world experience), Journal of Scientific Works of ANAS 2019/1, p.70-75

20. Chinese experience in innovative development of economy and ways of its use in the perspectives of economic development of Azerbaijan, Journal of Scientific works of ANAS, 2019/2 p.42-47

21. Innovative mechanisms of effective organization and management of industries, monograph, “Elm” Publishing House, Baku, 2019, p.150 p.

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