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ABSTRACT

of the dissertation for the degree of Doctor of Philosophy

DIRECTIONS FOR ENSURING SUSTAINABLE DEVELOPMENT IN FOOD INDUSTRY ENTERPRISES

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Field of science:	Economic sciences
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GENERAL CHARACTERISTICS OF THE RESEARCH

The actuality and the degree of problem development of the research. The structural level and development potential of the economy, as in every country, are determined by the degree of development of the sectors that make up it. The efficiency indicators of the sectors are directly conditioned by the priority directions of the state's economic policy, the applied regulatory mechanisms and the quality of the institutional environment. In this regard, along with the development of individual sectors, their mutual and balanced formation acts as one of the main directions of the state's economic policy. One of the sectors that is of great importance for society and plays a key role in ensuring socio-economic stability is the food industry. In addition to being distinguished by its specific characteristics, this sector is of strategic importance in terms of meeting the daily food needs of the population and ensuring food security. It is precisely these characteristics that make it necessary to determine the sustainable development of the food industry as a priority direction at the state level.

Ensuring stable and sustainable development in any sector of the economy depends, first of all, on the sustainability potential of economic entities operating in that sector. The ability of enterprises to operate sustainably from an economic, financial and institutional perspective is one of the main factors determining the development dynamics and competitiveness of the sector as a whole. In this context, ensuring sustainable development in food industry enterprises acts as one of the main conditions for balanced and long-term economic growth at both the sectoral and macroeconomic levels. The food industry acts as one of the main areas stimulating positive structural changes in the economy. This sector plays an important role in terms of providing the population with food, developing agriculture, increasing employment, expanding export opportunities and applying innovative technologies. However, the realization of the above-mentioned advantages directly depends on the efficient and sustainable activity of food industry enterprises. In this regard, ensuring sustainable development of enterprises acts as one of the main conditions for increasing their competitiveness and long-term growth.

In a market economy, the sustainability of enterprises is determined by capital provision, production resources, human capital and effective management mechanisms. At the same time, strategic planning and adequate analysis of the market environment play a decisive role in ensuring sustainable development. The coordination of these factors increases the contribution of enterprises to economic stability at both the micro and macro levels.

The development of the food industry in the Republic of Azerbaijan has been identified as a priority direction at the state level. Thus, the "State Program for the Socio-Economic Development of the Regions of the Republic of Azerbaijan in 2019-2023" has identified the development of the agro-processing industry, the establishment of modern processing enterprises, the expansion of logistics infrastructure and the strengthening of food security as the main goals[1]. In addition, the "Strategic Roadmap for the National Economy of the Republic of Azerbaijan" has identified medium and long-term development priorities for diversifying the economy and increasing the competitiveness of the non-oil sector, including the food industry[2]. However, the conducted analyses show that there are a number of systemic problems in the development of the food industry in Azerbaijan. These include the uneven technological level of production, the instability of the raw material base, the insufficient development of logistics and storage infrastructure, the limited access of small and medium-sized enterprises to financial resources, as well as difficulties in the implementation of innovation and quality standards. These problems limit the sustainable development potential of the sector and complicate the full realization of the strategic goals set by the state. At the same time, institutional mechanisms have been formed to ensure food safety and state control in this area has been strengthened. However, the current challenges show that a

[1] "State Program for Socio-Economic Development of the Regions of the Republic of Azerbaijan in 2019–2023", approved by the Decree of the President of the Republic of Azerbaijan dated January 29, 2019 https://e-qanun.az/framework/41320

[2] Strategic Roadmap for the National Economic Perspective of the Republic of Azerbaijan Decree No. 1138 of the President of the Republic of Azerbaijan dated December 6, 2016 https://e-qanun.az/framework/57112

comprehensive study of the sustainable development of food industry enterprises, a scientific assessment of existing problems and the identification of effective development directions are of particular relevance. In this regard, conducting scientific research on the topic of "Directions for ensuring sustainable development in food industry enterprises" is of both theoretical and practical importance.

Ensuring sustainable development in food industry enterprises, its essence and methodological foundations, as well as international experience issues have long been in the focus of researchers' attention, and scientific research in this direction continues. Various aspects of the problem have been extensively studied in the works of Azerbaijani scientists Z.A.Samadzade, E.A.Guliyev, B.Kh.Atashov, A.F.Abbasov, R.A.Balayev, M.J.Huseynov, H.A.Khalilov, E.R.Ibrahimov, I.H.Ibrahimov, E.A.Ibrahimov, N.J.Gafarov, A.J.Verdiyev, Sh.M.Alijanova, F.M.Safarova and other authors.

Foreign researchers M. Porter, V.V. Kovalev, V.M. Radionova, M.A. Fedotova, F. Praastering, Gorbashko, V.P. Tretyak, G.G. Fetisova, G.A. Bagiyev and others put forward various approaches to the sustainability of food industry enterprises in their works.

Although the works of the mentioned authors cover various aspects of the problem in detail, the uneven and incomplete nature of globalization processes necessitates a new and comprehensive approach to sustainable development issues in the food industry enterprises in the Azerbaijani economy, as in every other country. This necessitates a more in-depth study of the problem on a unified methodological basis.

Object and subject of research. The object of the study is the production and economic activities of food industry enterprises in Azerbaijan. The subject of the study is the process of ensuring sustainable development in these enterprises, the management approaches and economic mechanisms applied in that process.

Goals and aims of the study. The purpose of the study is to investigate the theoretical and methodological foundations of sustainable development in food industry enterprises, analyze the current situation and develop scientifically based proposals and recommendations in this direction. In accordance with the set goal, the following tasks have been identified:

- to determine the economic essence and theoretical foundations of sustainable development in food industry enterprises;
- to examine the methodological aspects of sustainable development at the enterprise level;
- to analyze and summarize international experience in ensuring sustainability in food industry enterprises;
- to assess the impact of the entrepreneurial environment and macroeconomic factors on the sustainability of enterprises in Azerbaijan;
- to analyze the current level of sustainability in food industry enterprises;
- to form a system of indicators for assessing the level of sustainability of enterprises;
- to identify the main directions of sustainable development in food industry enterprises;
- to substantiate mechanisms for improving the management of financial sustainability of enterprises;
- to develop practical recommendations and implementation mechanisms for ensuring sustainable development;

Research methods. During the research, observation, generalization, economic-statistical analysis, comparative analysis, dynamic analysis, as well as analysis and synthesis methods were used. The information base of the research is formed by official reports and collections of the State Statistical Committee of the Republic of Azerbaijan, annual reports of economic entities that are the object of the research, scientific-theoretical and scientific-practical conference materials, as well as Internet resources and other scientific sources. The theoretical and methodological base of the research is formed by the research of Azerbaijani and foreign scientists, well-known economists on ensuring sustainability in enterprises, Decrees and Orders of the President of the Republic of Azerbaijan on the problem, decisions of the Cabinet of Ministers, laws adopted by the Milli Majlis and other normative and legal documents.

The main provisions put forward for defense. The main provisions summarized during the research and presented for defense are as follows:

- it is considered important to summarize international experience in ensuring sustainability in food industry enterprises from time to time and draw conclusions on the possibilities of adapting it to Azerbaijani conditions;
- there is a need for a comprehensive assessment of the impact of the business environment and macroeconomic factors on the sustainability of food industry enterprises;
- a scientific approach based on a system of indicators should be formed to assess sustainability in food industry enterprises;
- the level of sustainability of food industry enterprises should be regularly analyzed and development trends should be determined on this basis;
- priority areas of ensuring sustainable development should be kept in focus, taking into account new realities and challenges;
- improved scientific approaches and practical recommendations on managing the financial sustainability of enterprises should be regularly developed.

Scientific novelty of the research. The scientific novelty of the research work conducted consists of the following:

- the economic essence of sustainable development in food industry enterprises was explained and systematized, and its role in enterprise activities was examined on a more precise conceptual basis;
- existing approaches to ensuring sustainability were systematized and presented in a complex methodological framework;
- an integral approach based on a system of indicators was proposed for assessing the financial sustainability of food industry enterprises;
- macroeconomic and institutional factors affecting the sustainability of food industry enterprises in Azerbaijan were systematically coordinated and assessed;
- a conceptual development model based on the principles of phased management and prioritization in ensuring sustainable development was put forward;
- improved theoretical-methodological and applied mechanisms

for managing the financial sustainability of enterprises were developed.

Theoretical and practical significance of the study. The theoretical significance of the research conducted is that the results obtained here and new scientific-conceptual approaches can be a reliable source for future research on this topic.

The practical significance of the study is that the proposed proposals and recommendations can be widely applied in the management of enterprises. In addition, the research materials can be used in the process of teaching "Finance", "Corporate Finance", "Management", "Enterprise Economics", "Enterprise Management" and other relevant subjects in higher education institutions. In addition, applied research materials can also be useful in the preparation of programs and targeted strategic projects on the problem under study.

Approval and implementation. The main scientific and theoretical provisions, conclusions and proposals of the dissertation were reflected in 5 articles (including 1 abroad) and 3 theses (including 1 abroad) published in reputable journals and conference materials recommended by the Higher Attestation Commission under the President of the Republic of Azerbaijan. Among the conference materials, the following theses can be cited: “Competitiveness as a Basis for Sustainable Development of an Enterprise” (Togliatti, 2025), “Modern trends in ensuring sustainable development in enterprises” (Baku, 2025), “Directions of the impact of food industry sustainability on economic development” (Ganja, 2025).

During the research, the author also published articles entitled “Analysis of the environment determining the level of competitiveness in food industry enterprises” (Baku, 2025), “Factors of increasing sustainability in food industry enterprises” (Baku, 2025), “World experience in ensuring sustainable development in food industry enterprises” (Baku, 2025), “Theoretical issues of ensuring sustainable development in enterprises” (Baku, 2025), “Directions for Ensuring Sustainable Development of Food Industry Enterprises” (Moscow, 2025).

Name of the organization where the dissertation work was carried out: Azerbaijan Cooperation University.

The total volume of the dissertation, with a mark indicating the volume of the structural sections of the dissertation separately. The research work consists of an introduction, three chapters, a conclusion, and a list of used literature. The total volume of the introduction (11592 characters), chapter I (58726 characters), chapter II (86544 characters), chapter III (67559 characters), conclusion (11683 characters), and a list of used literature (17201 characters) is 275685 characters. The number of characters of the dissertation, excluding tables, figures, and a list of used literature, is 236104 characters.

SUMMARY OF THE RESEARCH

The **"Introduction"** section of the dissertation paper justifies the relevance of the topic, characterizes the goals and objectives of the research, and describes the main provisions put forward for defense, and reflects the scientific innovations, theoretical and practical significance, and approval of the work.

The first chapter of the dissertation examines **the theoretical and methodological foundations of sustainable development in food industry enterprises.** In this chapter, the economic essence and theoretical foundations of sustainable development, the methodological foundations of sustainability and sustainable development at the enterprise level, as well as the international experience of ensuring sustainability in food industry enterprises are studied and analyzed in detail.

In this section of the study, the economic essence of the concept of sustainable development has been systematically investigated. It has been established that sustainable development is a complex approach that ensures the operation of enterprises in the long term based on the principles of economic efficiency, social responsibility and ecological balance, and implies not only the sustainability of economic growth, but also the efficient use of resources and the protection of the interests of future generations. It has been substantiated that the theoretical roots of this concept are closely related to Porter's competition theory[3],

[3] Porter, M. Competition P. Michael. / M.Porter - St. Petersburg; Publishing house. Williams - 2012. - 464 pp.

Schumpeter's innovation theory[4], the theory of industrial organization and institutional approaches.

The author systematized the existing methodological approaches for assessing the level of sustainable development – the indicative approach, the integral index method, the dynamic normative method, and ESG analysis – and analyzed their advantages, as well as the limitations encountered during their application (lack of information provision, incompatibility of methodologies, the subjectivity factor, and their immutable nature).

Within the framework of the methodological foundations of sustainability at the enterprise level, elements such as capital sustainability, organizational sustainability, market sustainability, commercial sustainability, functional sustainability, structural sustainability and financial sustainability have been distinguished. A system of necessary criteria for assessing financial sustainability has been formulated, and a classification of internal and external factors affecting sustainability has been given (Table 1).

Table 1.

Classification of factors shaping the financial stability of an enterprise

Microeconomic factors	Macroeconomic factors
Capital base size	State of the economic environment in the country
Volume of special funds	Prioritization of the state's economic policy
Volume of attracted funds	Political situation
Results of asset use	State policy on the development of entrepreneurship
Efficiency results of activities	State investment policy
Level of compliance with liquidity standards	Access to financial resources
Level of competitiveness	State of the competitive environment
Level of creditworthiness	Macroeconomic factors

Source: The table was compiled by the author based on data obtained from analyses and research conducted on various economic sources.

[4] Schumpeter, J. A. Theory of Economic Development / J. A. Schumpeter - Monograph, Economics Publisher: Directmedia Publishing 2008. 400 p. https://institutiones.com/download/books/1959-teoriya-ekonomicheskogo-razvitiya-shumpeter.html

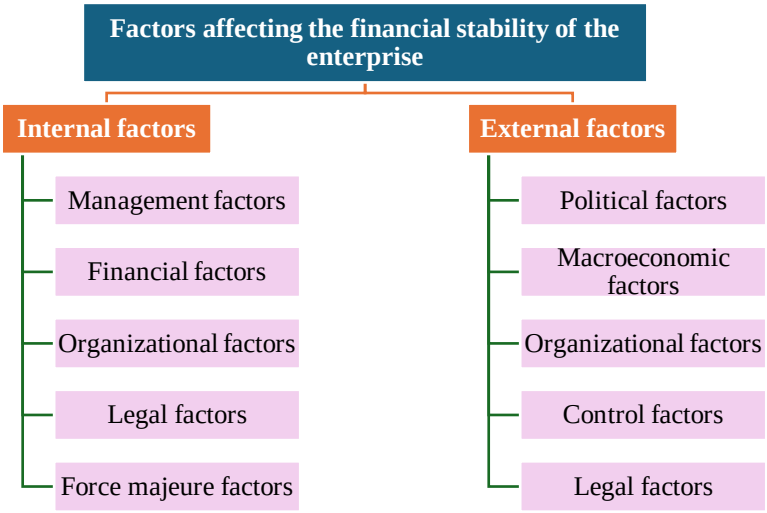
Table 1 provides a classification of factors that shape the financial stability of an enterprise. According to the classification, the factors are divided into two main groups: microeconomic and macroeconomic. Microeconomic factors include the volume of the capital base, the structure of special and attracted funds, the results of asset use, performance indicators, the level of compliance with liquidity standards, competitiveness and creditworthiness. Macroeconomic factors include the state of the economic environment in the country, the priorities of the state's economic policy, the state policy on the development of entrepreneurship, investment policy, accessibility to financial resources and the state of the competitive environment. Analysis of the table shows that the financial stability of enterprises is formed depending on both internal management decisions and the external economic environment, and the analysis of these factors in their interaction plays the role of a methodological basis for assessing sustainability.

According to the approach of Prof. B.Kh. Atashov, the industrial potential of regions and the level of scientific and technological progress act as one of the main qualitative indicators characterizing the sustainable development of the economy[5]. In this regard, sustainable development is closely related not only to macroeconomic indicators, but also to the efficient use of regional resource potential.

The classification of factors affecting the stability of the enterprise is reflected in the scheme. According to the classification, factors are divided into two main groups: internal and external. Internal factors include management (the level of organization of corporate management, transparency, efficiency), financial (state of the capital base, profitability of assets, cost of funds involved), organizational (organization of management, level of training of personnel, internal discipline, organization of production-technological processes), legal (normative base of the enterprise) and force majeure factors (natural disasters and unexpected events). External factors include political (military conflicts, international relations, closure of borders, political strikes), general economic (GDP dynamics, inflation, employment

[5] Atashov B.Kh. Problems of structure and efficiency in the agricultural sector. (theory and practice). Baku, “Cooperation” publishing house. 2017. 536 p.

level, development speed of the real sector, import-export dynamics), organizational (state regulation of the activities of economic entities, creation and management of entrepreneurial entities), control (regulation through money, currency, credit, investment, tax policy) and legal (macro-level legal regulation) factors. The analysis based on the classification given in the scheme shows that the sustainability of the enterprise is formed as a result of the complex interaction of internal and external factors, and this classification serves as a systematic methodological basis for managing sustainability.



Scheme. Classification of factors affecting the sustainability of an enterprise.
Source [21, p. 32][6]

The conducted analyses show that ensuring the financial sustainability of enterprises depends not only on internal management mechanisms, but also on the economic support tools applied by the state to a significant extent. In this regard, prof. R.Z.Huseyn notes that the development of SMEs that produce competitive and export-oriented products through preferential loans plays an important role in meeting

[6] Alijanova, Sh.M. Management and assessment of the financial stability of an enterprise in modern conditions: / PhD thesis in economics. / – Baku, 2022. – 156 p.

the country's domestic demand and strengthening its export potential[7].

During the analysis of international experience, the models of ensuring sustainability in the food industry of Canada, Germany, Turkey, the Netherlands and the Russian Federation were studied comparatively. It was determined that in the Canadian model, export-oriented development and state support, in the German model, institutional stability and standardization, in the Turkish and Dutch models, integration of environmental and social components, and in the Russian model, state-oriented regulation and import substitution act as the main priorities. The conducted analyses show that one of the important conditions for sustainable development in the food industry is the formation of a stable supply of raw materials for processing enterprises. In this regard, I.H. Ibrahimov notes that *the implementation of production processes of each processing enterprise operating with agricultural raw materials is related to the supply. The organization and sustainable development of processing enterprises are formed under the influence of raw material reserves in the territories*[8]. As a result of the analysis, state support mechanisms, expansion of export potential, integration of innovations, supply chain sustainability, and application of ecological and social principles were summarized as the main directions for ensuring financial sustainability in the food industry.

In the second chapter of the dissertation work, the assessment of sustainability in food industry enterprises and the analysis of the current situation was carried out. In this chapter, the analysis of the impact of the business environment and macroeconomic factors on sustainability in Azerbaijan and the current state of sustainability in food industry enterprises, as well as the methodology and indicator system for assessing sustainability in food industry enterprises were studied and analyzed in detail.

This chapter of the study analyzes the evolution of the classification criteria for business entities in Azerbaijan (Table 2).

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[7] Huseyn R.Z. Competitive production in the agricultural sector: challenges of globalization and development opportunities, / R.Z. Huseyn. Monograph, Baku, "Avropa" publishing house. 2018. 408 p.

[8] Ibrahimov I.H. Economics of the agricultural sector, / I.H. Ibrahimov. Monograph, Baku, "Printing Company" LLC. ISBN: 978-9952-445-37-7-2016. 655 p.

Table 2.

Classification criteria for small, medium and large businesses in Azerbaijan

№	Classification categories	Average number of employees in enterprises (persons)	Annual income (in manats)
1	Small businesses	Up to 25 people	Up to 200 thousand manats
2	Medium businesses	From 25 to 125 people	From 200 thousand manats to 1 million 250 thousand manats
3	Large businesses	125 people and above	1 million 250 thousand manats and more

Source: The table was prepared by the author based on the indicators in the Resolution No. 556 of the Cabinet of Ministers of the Republic of Azerbaijan dated December 21, 2018.

According to the established classification, small enterprises are characterized by the criteria of having up to 25 employees and an annual income of up to 200 thousand manats, medium-sized enterprises are characterized by the criteria of having 25-125 employees and an annual income of 200 thousand-1.25 million manats, and large enterprises are characterized by the criteria of having more than 125 employees and an annual income of more than 1.25 million manats.

Table 3.

Classification criteria for business entities in Azerbaijan

№	Classification forms	Average number of employees (persons)	Annual income level (in manats)
1	Micro	Up to 1-10 people	Up to 200 thousand manats
2	Small	Up to 11-50 people	Over 200 thousand manats, up to 3 million manats
3	Medium	Up to 51-250 people	Over 3 million manats, up to 30 million manats
4	Large	Over 251 people	Over 30 million manats

Source: the table was prepared by the author based on the materials of the Resolution No. 556 of the Cabinet of Ministers of the Republic of Azerbaijan dated December 21, 2018.

The new classification system adopted in 2018 (Table 3) defines four categories: microenterprises (1-10 people, up to 200 thousand

manats), small enterprises (11-50 people, up to 3 million manats), medium-sized enterprises (51-250 people, up to 30 million manats), and large enterprises (over 251 people, over 30 million manats). These changes are aimed at adapting to international practice and strengthening the principle of targeting in entrepreneurship policy.

An analysis of the current state of sustainability in food industry enterprises showed that the total number of enterprises in the sector increased from 487 to 689 during 2020-2024. The growth was mainly formed at the expense of medium and small business entities, while the share of the non-state sector remained stable at a level above 98%. The production volume increased from 3884.3 million manat in 2020 to 4996.7 million manat in 2024, the employment level increased from 30.4 thousand to 33.8 thousand people, and the average monthly wage increased from 489.8 manat to 668.9 manat. In the structure of costs, material costs remained in the leading position (74%), while a gradual increase was observed in the share of wages (13.3%) and depreciation (5.8%). The stability of finished product inventories indicates the existence of a relative balance between production and sales processes.

In order to assess sustainability at the enterprise level, an analysis was conducted for five enterprises included in Azersun Holding LLC (Sugar Production Union, Baku Food Oil Factory, Qafqaz Cannery, Sun Tea Tea Factory, Agricultural Products) covering the years 2020-2024. The total volume of product production increased from 629.5 million manat to 756.0 million manat, total revenues from 687.5 million manat to 766.8 million manat, total profit from 31.5 million manat to 48.6 million manat, and tax payments increased from 118.6 million manat to 134.2 million manat.

Within the framework of the study, a methodological model based on the integral index approach was proposed for assessing sustainability in food industry enterprises. The model covers five main indicators - production volume, revenues, profits, tax payments and labor productivity. For this purpose, each indicator was brought to the interval [0;1] using the minimum-maximum method.

$$I_i = \frac{X_i - X_{min}}{X_{max} - X_{min}}$$

Here I_i - is the normalized value of the i-th indicator, X_i - is the actual indicator, and X_{min} and X_{max} are the minimum and maximum values of that indicator, respectively.

The following integral model was used to assess the overall sustainability level of enterprises based on normalized indicators:

$$SI = w_1 I_{prod} + w_2 I_{rev} + w_3 I_{prof} + w_4 I_{tax} + w_5 I_{lab}$$

Here, *SI* is the enterprise's integral sustainability index, I_{prod} is the production volume, I_{rev} is the revenue, I_{prof} is the profit, I_{tax} is the tax payments, I_{lab} is the normalized indicators characterizing labor productivity, and w_i is the weight of the corresponding indicators.

A scale was proposed for interpreting the assessment results: 0.00-0.25 low, 0.26-0.50 weak, 0.51-0.75 medium, 0.76-1.00 high level of sustainability. The conducted analyses showed that an increase was observed in all key indicators for the selected enterprises, but certain fluctuations were recorded in labor productivity. This indicates that sustainability in the food industry is not completely stable, but is formed as a model of controlled variability.

The third chapter of the dissertation is entitled **"Directions for improving sustainable development in food industry enterprises."** This chapter examines the main directions for ensuring sustainable development in food industry enterprises, mechanisms for improving the management of financial sustainability of enterprises, as well as practical recommendations and implementation mechanisms for ensuring sustainable development.

In his speech at the meeting held on July 11, 2023, the President of the Republic of Azerbaijan Ilham Aliyev noted that the main priorities of the country's economic policy in the first half of the year were ensuring sustainable development, expanding the non-oil sector and continuing socio-economic reforms. At the same time, it was emphasized that an increase of 6.5% was recorded in the non-oil industry, and more than 3% in the non-oil sector as a whole [9].

In this chapter of the study, the main directions of ensuring sustainable development are systematized in the context of the

[9] Speech of the President of the Republic of Azerbaijan at the meeting dated July 11, 2023 https://president.az/az/articles/view/60429

interaction of economic, social, institutional and technological factors.

From the analysis of the economic indicators of agricultural enterprises (table 4), it became clear that in 2020-2024, sales revenues increased from 637.3 million manat to 1.36 billion manat, and total profit increased from 104.0 million manat to 312.9 million manat. The 548.5% increase in profits in the livestock sector indicates the high development potential of this sector.

Table 4.

Main economic indicators of agricultural enterprises in Azerbaijan (2020-2024)

	2020	**2021**	**2022**	**2023**	**2024**	**2024/ 2020, %**
Profit, thousand manats	132835	201836	319498	284586	337564	254
Loss, thousand manats	28820	30638	9486	27160	24661	85.6
Total profit, thousand manats	104016	171197	310012	257425	312902	301.0
Sales income, thousand manats	637351	794863	1104580	1243014	1360698	213.4
Profit (loss (-) in crop production, thousand manats	69321	127159	170174	126029	168593	243.2
Profit (loss (-) in livestock production, thousand manats	27180	32557	113751	132731	149089	548.5
Total product per ton (at actual selling prices), thousand manats	814426	988366	1172861	1633784	1318774	161.9

Source: https://www.stat.gov.az/source/agriculture/

Analysis of production dynamics by main product groups in the food industry (table 5) shows that growth in value-added products is more stable: a 24% increase was recorded in sausage products, a 29.9% increase in cream and sour cream, and a 37.7% increase in sugar.

Table 5.

Dynamics of production by main product groups in the food industry of Azerbaijan (2020-2024)

Product groups	2020	2021	2022	2023	2024	2024/ 2020 %
Sausage products, tons	25833,6	26669,3	29696,4	30227,4	32047,1	124.0
Condensed milk, tons	6404,3	2011,2	3901,7	11155,1	9192,4	143.5
Cream and sour cream, tons	7742,2	9126,0	8192,0	9047,5	10055,6	129.9
Cheese and cottage cheese, tons	53472,6	59286,9	57904,0	55063,4	54999,6	102.8
Butter, thousand tons	25,8	27,0	25,9	27,0	29,0	112.4
Canned fruits and vegetables, juices, thousand tons	186,7	216,1	237,8	234,4	222,2	119.0
Vegetable oils, thousand tons	75,1	72,9	67,9	56,4	57,9	77.1
Wheat flour, thousand tons	1842,9	1498,2	1365,1	1328,0	1363,7	74.0
Bread, thousand tons	1294,6	1278,1	1245,9	1195,8	1196,8	92.4
Sugar, sugar, thousand tons	246,5	340,6	379,9	287,1	339,5	137.7
Tea, thousand tons	10,6	10,2	12,0	11,6	12,4	117.0

Source: https://www.stat.gov.az/source/industry/.

A decrease of 22.9% was observed in the production of vegetable oils and 26% in the production of wheat flour, which is associated with changes in the consumption structure and import dependence. A GZIT analysis of corporate sustainability was conducted (table 6) within the framework of mechanisms for improving the management of financial sustainability of enterprises.

The analysis showed that the implementation of corporate sustainability has strengths such as efficient use of financial resources, diversification of risks and increased reliability in the market, but also weaknesses such as additional financial costs at the initial stage and the complexity of the management structure. Based on the theory of corporate sustainability and stakeholders, an integrative approach to strengthening the financial sustainability of enterprises is proposed.

Table 6.

SWOT analysis of corporate sustainability in enterprises

Strengths	**Weaknesses**
• opportunities for more efficient use of financial resources; • diversification and reduction of risks; • increased credibility and image in the market.	• additional financial costs at the initial stage; • complexity of the management structure; • difficulties in measuring sustainability indicators.
Opportunities	**Threats**
• government support and incentive mechanisms; • access to new sources of investment; • growing demand for environmentally and socially responsible products.	• market uncertainty and economic risks; • tightening regulatory requirements; • volatility in resource prices.

Source: Table compiled by the author.

Practical recommendations and implementation mechanisms are systematized at three levels – macroeconomic, sectoral and micro. At the macroeconomic level, it is recommended to improve the investment promotion mechanism (adding a strategic processing criterion, creating a "green processing" sub-program), establish a Guarantee Fund for the Food Industry, introduce a territorial-production cluster model, and include in the Competition Code the case of "obtaining financial advantage by violating food safety standards" as a form of unfair competition.

At the sectoral level, it is proposed to organize the "Azerbaijan Food and Beverage Industrialists Association" into a new structure consisting of technical, marketing and research committees, establish a waste management system based on circular economy principles ("Added Value from Food Waste" program), and implement a phased certification program (ISO 22000, IFS Food, GLOBALG.A.P.).

Practical application of the proposed integral sustainability index model at the micro level, optimization of material costs through the application of the principles of cost reduction and quality

improvement, increasing labor productivity through the "employee equity" or "profit sharing" system, as well as the introduction of a blockchain-based product tracking system are recommended. A roadmap consisting of short-term (0-12 months), medium-term (1-3 years) and long-term (3-5 years) stages has been prepared for the implementation of the proposals. As a result of the application of the proposed mechanisms, it is expected that financial sustainability in the food industry will increase, production efficiency will increase, investment flows, export potential will be strengthened, and regional development will be supported.

CONCLUSION

As a result of our research, it was determined that sustainable development is a complex category that expresses the balanced and interconnected functioning of the economic, social, environmental and institutional components of an enterprise. Financial sustainability plays a key role among these components, while the remaining components (technological, organizational, social, environmental) ultimately subordinate to financial sustainability. Existing assessment methods (indicative approach, integral indices, dynamic norms, ESG analysis) are systematized and their application possibilities are determined.

1. Ensuring sustainability is one of the most important and necessary conditions for the effective management of each enterprise separately and the economy as a whole. Ensuring sustainability combines a number of important issues, including the rational formation and use of the resources of the enterprise, the organization of proper management, the implementation of timely and quality regulation, the high level of efficiency of results, etc. As a result of the conducted analysis and research, it was determined that there are numerous, different approaches to ensuring sustainability in enterprises. However, despite the diversity of these approaches, there are also common characteristics for them. These common characteristics include the following: sustainability in enterprises is a concept with a broad meaning; this concept combines individual

aspects of sustainability; there is an organic connection between these aspects; this connection ensures the coherent development of individual aspects during activity; financial sustainability acts as the main parameter of sustainability; financial sustainability is the basis for ensuring other parameters of sustainability; financial stability creates conditions for eliminating all risks that may occur during activity; financial stability ultimately determines the provision of economic dynamics, etc. Due to the mentioned aspects, stability and financial stability are of great importance in enterprises. For this reason, this issue is in the focus of attention of both the state, international organizations, and managers.

2. The results obtained through the study show that, as in the general economy, ensuring sustainability in enterprises is closely related to the efficient use of the existing resource base. This factor determines both the efficient operation of the enterprise and the minimization of the level of possible risks. Ensuring the sustainability of enterprises at the micro level creates conditions for ensuring the sustainability of the economy as a whole. In a liberal market environment, since enterprises are the driving force of the economy, ensuring sustainability in them becomes a necessary condition. To ensure this condition, enterprises operate in the direction of protecting their sustainability in the market by forming their internal rules, tactics and strategies. Protecting their sustainability by operating in the mentioned direction realizes the provision of sustainability in the economy in a broad sense. In this direction, the state also carries out its necessary interventions to increase the efficiency of the activities of enterprises, as well as to protect them from possible risks. When necessary, especially during a crisis, the state provides direct financial assistance to enterprises, creating conditions for maintaining their sustainability. With this tool, the state prevents this or that negative trend arising in the economy and does not allow it to spread. In this way, it protects both enterprises and the economy from the spread of the crisis. External negative impacts that may occur in the economy can arise in the activities of enterprises and affect their sustainability. The main goal of enterprises is to avoid these impacts by ensuring sustainability. In order to avoid such situations, enterprises should

correctly predict risks and take necessary measures to prevent them in a timely manner.

3. Studies show that in order to deeply and correctly understand the essence of sustainability in food production enterprises, as well as to correctly understand their role in the economy, it is necessary to examine the relationships in the approaches of various scientists and researchers to individual parameters of this issue. One of the positions formed in separate research and economic literature is that the main function of each enterprise is to organically link production with its activities, thereby fulfilling both its goals and its obligations to society. Thus, the activities and production process of the enterprise, existing as an element of extensive reproduction in the form of a single unit, are of particular importance for society. From this point of view, it can be said that the stable, sustainable development of enterprises acts as a factor in improving the situation in the country's economy as a whole. Sometimes, according to the positions found in various literature and research, the sustainability of an enterprise is identified with its liquidity, sometimes with its reliability, sometimes with its stability, and in some cases with its balance. However, according to the approaches found in some sources, the financial sustainability of an enterprise is more important and more advanced than its reliability. In practice, sometimes there are cases when an enterprise, although reliable, cannot be sustainable. The reliability of an enterprise means that it pays its contractual obligations to its counterparties on time and with quality. For this, the enterprise must be financially sound. From this, we can draw a conclusion about the situation that the financial stability of an enterprise is a broader concept and reflects more parameters than reliability.

4. We have studied the advanced world experience of ensuring sustainable development in food industry enterprises in a number of countries, including Canada, the Netherlands, Turkey and Russia. World experience shows that sometimes, despite the provision of sustainability at the macro level in countries, for one reason or another, sustainability cannot be ensured in individual enterprises. In such cases, governments resort to various means to ensure that sustainability in the economy is not questioned. In order to help

enterprises affected by the 2014-2015 crisis and the impact of the global pandemic, there has been a tendency in countries to provide financial assistance to them. Ensuring sustainability using the funds provided to assist enterprises depends on how efficiently these funds are used. It is for this purpose that enterprises that receive funds develop their own tactics and strategies for using these funds. As a rule, these strategies differ from each other. The reasons for this difference are the differences in the markets in which these enterprises participate. Among the reasons for these differences, the main factors include the level of financial return in accordance with those markets, the rating of the enterprise itself, its competitiveness, etc. The purposeful activities carried out by each country whose experience is studied to ensure sustainability in food industry enterprises create positive trends in the economy, each of which is appropriate to apply in the food industry enterprises of our country. These areas include the following: formation of a sufficient, optimal level of capital base in enterprises; proper strategic planning; diversification of income; application of sound, transparent management; efficient use of modern technologies; application of optimal options for ensuring and improving financial sustainability, etc.

5. Through our research, it was determined that numerous and multifaceted measures are being implemented in our country to ensure sustainable and sustainable development. The main goal of implementing these measures is to meet the requirements of the global challenges of the modern era. These challenges include: attracting investments to the economy, especially in food production sectors, on preferential terms; ensuring a free competitive environment; forming a business environment in accordance with international standards; facilitating access to new, more organized markets; improving the use of human capital in the sector; raising the sector to qualitatively new levels; creating conditions suitable for the further development of entrepreneurial enterprises in the sector; achieving a fundamental increase in the productivity results of entrepreneurial entities, etc. We have extensively analyzed the macroeconomic indicators necessary to ensure the activities necessary for the implementation of these challenges and put forward the necessary proposals in this direction.

These proposals include the following: granting asset-based loans to food industry enterprises; increasing financing on securities; developing and implementing an efficient financial strategy; strengthening financial reporting; expanding cooperation with other market participants; improving management; creating a healthy competitive environment, etc.

6. As a result of our analysis and research, it was determined that ensuring the sustainability of the enterprise is formed depending on numerous indicators. These indicators form the necessary environment directly related to the production process in the enterprise. These indicators include the level of product production, the level of sales, the dynamics of profit, the level of income growth, the tax level, the dynamics of the number of employees in the enterprise, the level of the enterprise's armament with fixed assets, the level of the enterprise's fixed capital, the dynamics of investments, the level of finished products, the structure of expenses in the enterprise, etc. In accordance with the goals and objectives of the study, the main indicators characterizing the activities of the enterprises that are the object of the study (including Azersun Holding LLC, Azerbaijan Sugar Production Union LLC, Baku Food and Oil Factory LLC, Qafqaz Canned LLC, Sun-Tea Tea Factory LLC, Azerbaijan Agricultural Products LLC) during the period covering 2020-2024 were extensively analyzed by us and proposals were put forward for improvements.

7. Our research has proven that ensuring sustainable development in food industry enterprises is a priority direction of the general economic policy pursued in the country. As is known, our country, having joined the Sustainable Development Concept, is implementing large-scale measures in this direction. On October 6, 2016, the "National Coordination Council for Sustainable Development of the Republic of Azerbaijan" was established by the Decree of the President of the country Ilham Aliyev. In accordance with the activities of this Council and the results of the measures implemented in our country under its supervision, the activities carried out in food industry enterprises were analyzed, and proposals were made to improve the activities.

8. Through our research, it was determined that for many years, when research on the sustainability of an enterprise was conducted in economic literature and research, the main focus was on financial sustainability. The reason for this approach was that an enterprise can ensure its activities in all parameters if it is financially sustainable. That is, an enterprise can ensure sustainable development if it attracts the necessary level of capital base and performs its functions profitably. The idea formed in this direction is based on the fact that an enterprise only generates income. The expansion of the activities of enterprises, the necessity created by new trends in their activities after the industrial revolution, and the requirement to show tolerance to increasing competition in the market created the need to add new directions to the goals of the activities of enterprises. In our opinion, these directions include ensuring and improving corporate sustainability, strengthening corporate social responsibility, strengthening corporate accountability, implementing the requirements of the stakeholder theory, etc. The research conducted has shown that ensuring sustainable development in food industry enterprises is possible not only through measures at the level of individual enterprises, but also through a systematic and multi-level institutional approach. Optimization of resources, application of innovative technologies, strengthening of state support mechanisms and integration of an ecological approach act as the main guarantors of sustainable development in the Azerbaijani food industry.

It is expected that the phased implementation of the proposed mechanisms will increase the competitiveness of the sector, strengthen financial stability, and ensure long-term economic efficiency.

The main content of the research is reflected in the following published scientific works of the author:

1. Abdullazade, A.R. Factors of increasing sustainability in food industry enterprises. // – Baku: Scientific News of the Western Caspian University, series of social and technical sciences, 2025. No. 1(15), – pp. 501-508.

2. Abdullazade, A.R., Bagirov, M.M. Analysis of the environment determining the level of competitiveness in food industry enterprises

// – Baku: Scientific News of the Western Caspian University. series of social and technical sciences, 2025. No. 1 (15). – pp.15-22

3. Abdullazade, A.R. Theoretical issues of ensuring sustainable development in enterprises. // – Baku: Scientific and practical journal "Cooperation", 2025. No. 2(77), – pp. 114-122.

4. Abdullazade, A.R., Bagirov, M.M. World experience in ensuring sustainable development in food industry enterprises. // – Baku: Scientific and practical journal “Cooperation”, 2025. No. 2(77), – pp. 96-103.

5. Abdullazadeh, A.R. Directions of the impact of food industry sustainability on economic development // International scientific and practical conference on the current state and development prospects of science and technologies in the era of the fourth industrial revolution – Ganja: 2025, – pp. 64-66.

6. Abdullazadeh, A.R. Modern trends in ensuring sustainable development in enterprises // International scientific conference on “Conceptual foundations of sustainable, inclusive and social policy”, – Baku: 2025, – pp. 379-383

7. Abdullazade, A.R. Directions for Ensuring Sustainable Development of Food Industry Enterprises. // – Moscow: Scientific Journal “Competitiveness in the Global World: Economics, Science, Technology”, 2025. No. 3 (Part 2), – pp. 108-112.

8. Abdullazade, A.R. – Competitiveness as a Basis for Sustainable Development of an Enterprise. // Collection of scientific articles from the international scientific and practical conference. – Tolyatti, 18, 2025, – pp. 22-27.



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