

THE EMPLOYMENT OF PEOPLE AND SOCIO-ECONOMIC DEVELOPMENT OF REGIONS IN AZERBAIJAN

Ibrahimov Islam Hagi*, Aghakishiyeva Nurana
Aghamoghlan**

DOI: 10.24193/subbeuropaea.2017.4.06

Published Online: 2017-12-29

Published Print: 2017-12-29

Abstract

The present article investigates the changes at demographic processes, factors of formation employment, socio-economic essence of ensuring employment in Azerbaijan. Ensuring stability in Azerbaijan, systematic measures carrying out in direction of reducing poverty and unemployment, opening new enterprises, Baku-Novorossiysk, Baku-Supsa, Baku-Tbilisi-Ceyhan oil pipelines and Baku-Tbilisi-Erzurum gas pipelines which play an important role in economy of Caucasus, essence of carrying out the project of TRASECA are explained. In article, the scientific-practical offers about carrying out the measures intended in Strategic Road Map, the directions of the state regulation of employment and the socio-economic measures in regions are proposed.

Keywords: Demographic processes, regions, employment, contract, integration, Strategic Road Map, regulation of employment

*Ibrahimov Islam Hagi, D.E.S., Professor, Honoured Agriculture Worker, and the active member of the International Informatization Academy. I. Ibrahimov was born on January 17, 1948, in Tovuz, Alibayli, Azerbaijan. The professor worked at Ministry of Agriculture of the Republic of Azerbaijan in different positions for more 40 years, was an active participant of agrarian reforms carried out.

Contact: na_271183@bk.ru

**Aghakishiyeva Nurana Aghamoghlan, PhD Student In 2016, she graduated from the Azerbaijan State Pedagogical University, the speciality of "Economic and social geography" with master degree. On February 8, 2017 she entered to the dissertation of the speciality "Demography" at the Research and Training Center for Labor and Social Problems. The research work is "The direction of regulating demographic situation in regions". She is engaged in pedagogical activity at Baku Business University and is the author of 10 scientific articles till today.

Introduction

In each country, the level of employment and the formation of its structure depends on firstly, the number of population and labor resources. Because, some productive members of population who have good experience work habits form the main element of society's productive forces. Production process neither can start nor go on without human labor. Production tools and means form productive prices of society with only live human labor.

Changes in population are reflected in demographic processes and the latter are determined by natural reproduction indicators. These, in turn, generally influence to the changes in the dynamics of the population and movement of labor resources. And this means that, population in each country form the only natural source of formation labor resources and work force in different spheres of activity. That is, quantity of labor resources available in each area depend on firstly quantity of population living here and its age-gender characteristics, and quantity of population and gender characteristics depend on level of natural re-production indicators of population over genders.

The level of employment of population in each country shows firstly whether all or some members of productive population are involved in social production, secondly, how well the population belonging to different social groups are involve in this process.¹

An employment of population in an economic literature, is understood as a productive activity of citizens which is not against legislation and meets their personal and social needs. And unemployment – is defined as a socio-economic event in which the productive members of active population don't have any permanent and temporary jobs, wages, gain. During 2005-2015, the official number of unemployed persons in the Republic, decreased by 38,9 thousand, and its special weight at general quantity of active population reduced from 7,3percent in 2005 to 5 percent in 2015.

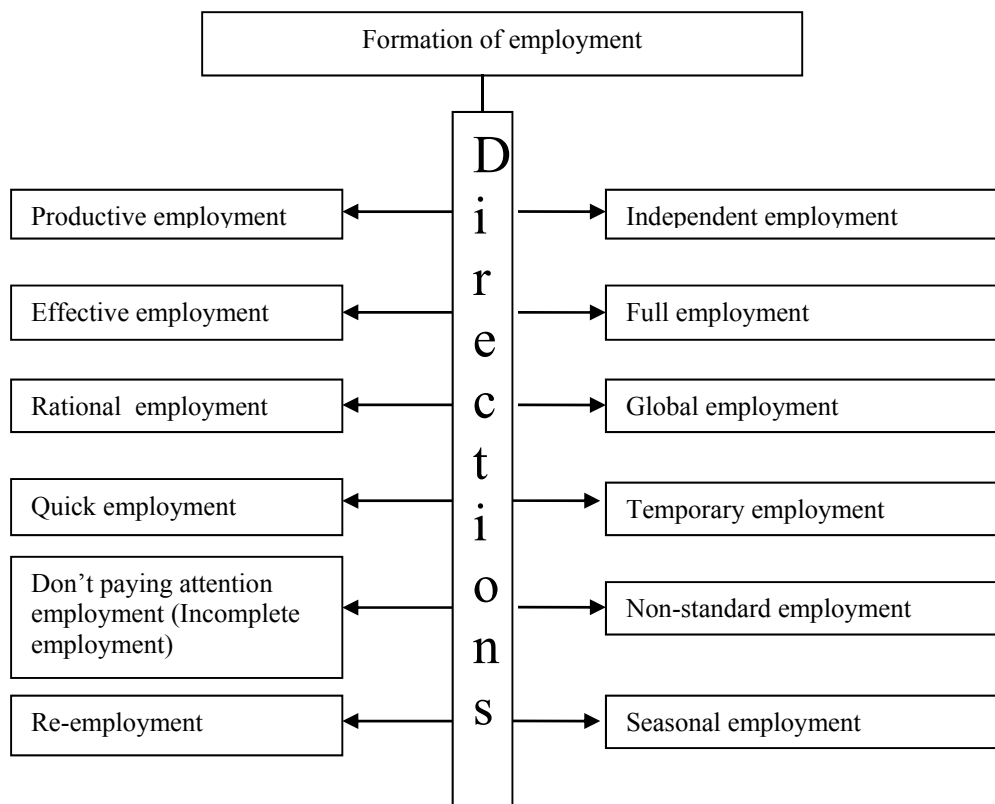
¹ See R. Muradov, *Problems of Formation and Development Population's Employment Structure in Modern Stage*, Baku: Divas, 2016, pp. 57-58.

² See D. Sardarov, *Formation of Population and Employment in Azerbaijan Republic in Terms of Market Economy*, Baku: G.M., 2009, p. 22.

Unemployment is divided into different categories such as productive, social-useful, full etc. Productive employment is the employment of population in social production. Social useful employment is defined with the number of people who are involved not only in social production, but also do military, household, services care for children and ill relatives and study (at productive age) etc. Full employment is such situation of the society, in which, people who want to have a paid job, get it, there is no periodical unemployment. But, in this time, his natural level defined friction and structural unemployment is kept.²

In modern economic literature the types of employment are defined as follows:

Scheme 1. Formation of the employment of population



The government pursues a systematic and planned policy in providing employment opportunities for population and eliminating the negative results of periodical unemployment. While making this policies, in developing market economy countries, all citizens get equal chances in enjoying labor rights and choosing types of employment freely ;is helps to develop labor and ownership initiatives and productive and creative abilities of the citizens by legal means; ensures following the principle of voluntary labor; encourages the citizens free will in choosing a job; provides social protection in employment sphere; coordinates free activities of local authorities with those in taking measures for dealing with the problem of employment of population.³

Though, employment differs from labor, they are divided into interrelated economic categories. According to the thoughts of S. Rzayev, from this point of view, like labor, employment necessities the formation of material and spiritual resources, meets material interests of working class, ensures its development and that of the society. Employment is socio-economic process reflecting historical features of combination of production means and work force and relations among the productive members of population on getting suitable jobs. Employment is a socio-economic category characterizing social relations of employees during labor cooperation in a work place. It includes several spheres such as getting education in any sphere of economy, serving in army, doing household activity etc. An employment is participation of employees in specific labor process in work places.

Some notions were derived on the basis of ideas about the human role in society in all stages of historical development: such as 'human factor', 'labor resources', 'work force', 'employment' etc. People apply their productive skills at labor process. Involving the population in labor ability to labor activity is the first stage of employment. On the next stage, all employees are divided in different spheres of economy and are provided with production means.⁴

As an economic category, employment has some quantity and quality sides. The quantity side of employment is ratio between productive

³ A. A. Ismayilzada, *Management and social development of human resources*, Baku, 2012, pp. 49-52.

⁴ S. Rzayeva, *Gender leadership in sphere of employment*, Baku, 2016, pp. 5-10.

members of population and available work places, and quality side is efficiency degree of using work force. At different stages of historical development, the economists paid special attention to solution of the problem of employment and some theories have been created in this sphere. The most important examples are "classical", "neoclassical", Theory of K. Marx, J.M. Keynes "General theory of employment, money, percent".

The division of population involved in different spheres of economy in the country reflects directions of social-economic development. Industrial interests dominated in Azerbaijan for a long time. Material production spheres were extensive by developing. Till collapse of the Soviet Union, those involved in this sphere made up 70 percent of population, and 30 percent in non-production spheres. The structure of employment remained that way until Azerbaijan gained its independence. After the fall of the S.U. and creation of independent states, there were a number of cardinal changes in the structure of employment. In different fields the number of employees in industry was 6,8 percent, 7,2 percent in construction, 36,4 percent in agricultural and wood industry, 5,5 percent in transport and communication, 14,9 percent in the sphere of trade, repair of transport means 29,2 percent in household service.

We think that, social-economic processes and reforms carried out the 90s of the XX century, led to huge changes in the life of Azerbaijan population. On the one hand, these caused instability, increase of unemployment and poverty, on the other hand, built new opportunities for the development of market relations. And the period covering the end of XX century and the beginning of XXI century is significant not only with creation of market relations, strengthen globalization processes, and making fundamental social-economic changes. This period was characterized with radical changes in the system of vital values, demographic behaviour of population, labor and migration mobility etc. At that period, "Contract of the century" is signed which played an important role in Azerbaijan and Caucasus economy. Under this contract Baku-Novorossiysk, Baku-Supsa, Baku-Tbilisi-Ceyhan oil pipelines and Baku-Tbilisi-Erzurum gas pipelines were built. After, close economic relations were formed among Europe, Caucasus and Asia countries by carrying out the project of TRACECA (Transport Corridor Europe- Caucasus-Asia)

supported by the E.U. and restoring Old Silk Road. To our minds, as a result of these, some problems such as the employment of population and provision with jobs in our country and neighbor countries were solved to some extent. The level of employment increased, the rate of unemployment decreased. This also seriously affected the demographic indicators of local population, the level of integration to foreign countries increased.

In 2016, it was stressed the “Strategic Road Map of Azerbaijan Republic over national economic perspective” affirmed by the President of A.R. that, improving human capital quality and its efficient use influence to the development of science and knowledgeable production spheres, increasing labor productiveness and competitiveness. Now, in Azerbaijan, a number of reform are carried out in direction of developing human capital, non-oil sector, improving business environment and branching out economy.

The implementation of these reforms is important in middle and long-term period for improving the quality of education (especially in the training of highly-qualified specialists), building a management mechanism of infrastructure and “science-education-production” relations, integration of firms to world markets. It is noted in Strategic Road Map that, creation and carrying out targeted programs in direction of ensuring continuity in developing human capital improving “science-education-production” relations will be continued in Azerbaijan. Formation of more qualitative human capital will give a chance to get more material and moral benefit and to grow competitiveness.⁵

One of the main factors which ensures the development in employment sphere is education. There are high demands for the employees in modern production to get education. The results of selection statistic observation which was held in 2015, and the logical analysis enable to define the changes and features in the education level of population.

Table 1. ScheduleDivision of population over level of education in 2015 ⁶

The level of education	Total, 1000 persons	Women	Total, with percent	Women
High education	763,3	307,2	16,3	40,2

⁵ *Strategic Road Map according to national economy perspective of A.R.2016*, p. 82.

⁶ ***, *Labor market Statistic journal*, 2016, p. 119.

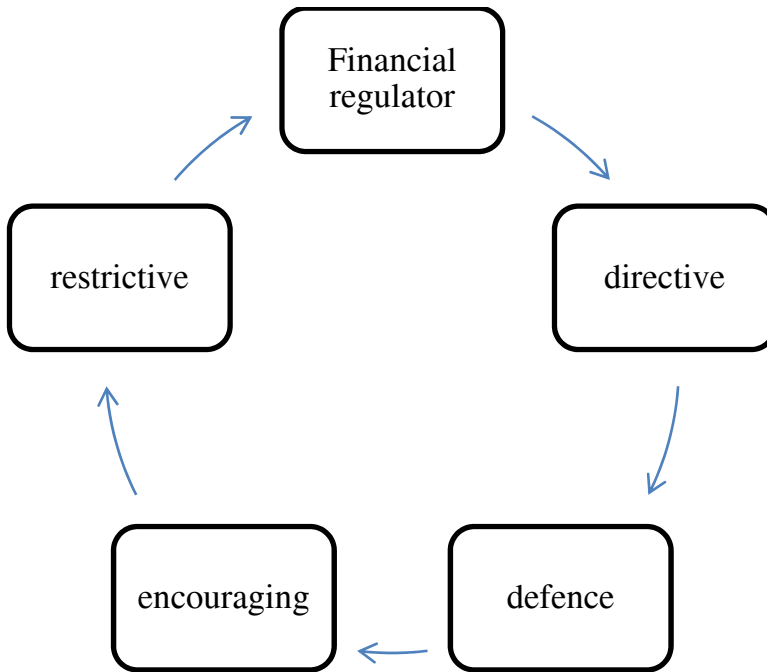
The level of education	Total, 1000 persons	Women	Total, with percent	Women
Secondary education	497,5	302,3	10,6	60,8
First vocational education	256,0	82,5	5,5	32,2
Complete secondary education	2820,5	1359,4	60,4	48,2
Comprehensive education	292,2	178,9	6,3	61,2
Primary education	42,1	33,1	0,9	78,6
Total	4671,6	2263,4	100,0	48,5

Those people who get complete secondary education make majority among general population, specially, among its unemployed ones. Education is gradually turning into main factor of production. There is an increasing need for highly-qualified talented and experiences specialists connected with application of scientific-technical progress and new technology in all spheres of national economy. And this, in its turn, always requires an increase in the level education of population. Therefore, provision of employment is not possible without progress in education.⁷

An employment policy of the population should be closely related to the state investment, tax, financial-credit, youths, pension provision and education policy, as well as STP and social-developmental programs, proper placement of productive forces in regions, etc. Correct integration of state employment policy to general socio-economic policy creates conditions to increase economic activity, to lower unemployment to minimum level and to increase professional level of employees. Positive results of this policy are connected with the efficiency of the measures taken in different directions the Government.

The following principles of state regulation of employment are:

⁷ S. Rzayeva, *op. cit.*, pp. 87-89.



Scheme 2. Principles of state regulation of an employment

Currently, an active policy is being carried out in the sphere of employment in the regions. Main directions of the employment policy are following:

- Measures to built work places
- Training and retraining the unemployed
- Wage subsidies
- Providing social work
- Improving employment services

On 2 July, 2001, The Law of Azerbaijan “On Employment” was signed by nationwide leader Heydar Aliyev in order to define state provisions of citizens in labor sphere, social defence sphere of unemployed ones, as well as legal, economic and organizational base of state policy in contributing to employment. Later, on October 25, 2005, the decree named “An employment strategy in Azerbaijan Republic” (2006-2015) was issued by Ilham Aliyev, the President of Azerbaijan Republic , in order to improve legislation in employment sphere, to develop labor market in the country,

to accelerate opening new work places and to provide the efficiency of population's employment. The employment strategy which passed through examination of the UN International Labour Organization (ILO) was realized in two stages. In the first stage, in 2007-2010 years, the level of unemployment lowered serious, social defense of the unemployed and vulnerable layer of population was strengthened, some measures were taken on improving labor market, suitable conditions were created in order to increase competitiveness and economic activity. In the second stage, in 2011-2015, the measures were taken in order to stimulate the need for work force to form business environment meeting high international standards, to enhance the structure of reforms, to stimulate investment and to develop human capital.

In 2007, Ilham Aliyev, the President of Azerbaijan Republic approved, "State Program on realizing an employment strategy in Azerbaijan Republic" (2007-2010) in order to realize the first stage of employment strategy, and in 2011, "State Program on realizing an employment strategy in Azerbaijan Republic in 2011-2015" in order to provide the second stage of an employment strategy.

Analysis shows that, many important and systematic measures have been carried out in direction of strengthening social welfare of the population, reducing poverty, increasing employment, generally protecting and improving human potential in the country. As a result of efficient use of internal potential, liberalization of economy, creating healthy competitive conditions for economic entities, ensuring the progress of small and medium entrepreneurship, 912,9 thousand and even 654,8 constant work places were opened from 2003-to 2011s in Azerbaijan. 79,1 percent of new work places were built in regions, 87,0% in non-oil sector. Totally, 115,9 thousand new work places were opened in 2015, 91,1 thousand or 80% of them were constant work places. 10,2 thousand work places were opened in newly established enterprises and organizations.⁸

As a result of reforms being successfully held in the country, during 2005-2010, Azerbaijan has achieved the quickest advancement in a list of World Countries in the sphere of human progress. However, there were

⁸ Azerbaijan National Academy of Sciences, *Statistic indicators of Azerbaijan*, The State Statistics Committee of Azerbaijan Republic, 2016, p. 682.

some external interventions that prevented from economic development of Caucasus. As a result of occupation of Nagorno-Karabakh by Armenian aggressors, 1 million people left their places and more than 20 percent of Azerbaijan territory is under the occupation of Armenia. Therefore, there arose big problem in provision of labor resources with jobs and led to increase unemployment.

In order to eliminate the situation in Azerbaijan Regions, 3 "State Programs of social-economic progress of Azerbaijan Republic regions" have been affirmed in different years (2004-2008,2009-2013,2014-2018) in order to achieve promotion of social-economic progress level of regions and removing difference between them by using efficiently available potential. Our analysis shows that, economic growth has increased in the country, social status and welfare of the population has been continued to increase as a result of attention and care to regions. Some laws have been adopted oriented to improve the legislation base, to strengthen investment activity, to regulate anti-monopoly and other economic relations for the last years. Some amendments were made to the Tax Code and the rate of tax on profit decreased to create favourable conditions for the development of entrepreneurship. Turning medium and large enterprises into the shareholder companies, the privatization of lands have been continued. Work on financing the projects oriented to the social-economic growth of regions has been speed up. Some authorized credit institutions have been elected to contribute funds to National Fund for Entrepreneurship Support and entrepreneurs got preferential looks by means of credit firms.

The renovation and construction works have been carried out in economic regions, cities, districts and other settlements, wood stripes, parks have been made, large scale works have been done in provision of gas, water and electric energy. New enterprises have been opened in order to provide population's employment, the activity of the institutions has been restored.

And finally, in 2016, *Strategic Road Map according to national economic perspective of Azerbaijan Republic* was approved by the President of Azerbaijan in order to remove social-economic difference between regions, to raise life standards of the population in the country, to operate under healthy economic conditions. The Strategic Road Maps will provide to increase more social welfare, the competitiveness and inclusion of the

economy on the basis of constant economic growth in Azerbaijan. Azerbaijan will strengthen its position in world economy and will enter the group of the most profitable countries as a result of involving investments, free competition environment, access to markets and the development of human capital. Generally 12 Strategic Road Maps in 11 sectors of the economy have been made corresponding to the order of The President of Azerbaijan dated 2016, March,16 about affirmation of “Main directions of Strategic Road Maps in the main sectors of national economy”. Strategic Road Map involving short, medium and long-terms consists of economic growth strategy and measures plan by 2020, a long-term look for period by 2025 and target look after period of 2025 under the national economy perspective. We consider that, taking such measures envisaged in Road Map will enable to provide employment in Azerbaijan and the social-economic development of the country.

References:

1. *** (2016), Statistic indicators of Azerbaijan. The State Statistics Committee of Azerbaijan Republic.
2. Azerbaijan National Academy of Sciences (2009), *Sustainable development of economy in Azerbaijan regions*, Baku: National Academy Publishing House.
3. Azerbaijan National Academy of Sciences (2016), *Strategic Road Map According to National Economy Perspective of A.R.*, Baku: National Academy Publishing House.
4. Ismayilzada, A.A. (2012), *Management and social development of human resources*, Baku.
5. Muradov, R. (2016), *Problems of formation and development population's employment structure in modern stage*, Baku: Divas.
6. Razyeva, S. (2016), *Gender leadership in sphere of employment*, Baku.
7. Sardarov, T. (2009), *Formation of population and employment in Azerbaijan Republic in terms of market economy*, Baku: G. M.

