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<tr>
<th>JOURNAL</th>
<th>International Journal of Innovative Technologies in Economy</th>
</tr>
</thead>
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<tr>
<td>p-ISSN</td>
<td>2412-8368</td>
</tr>
<tr>
<td>e-ISSN</td>
<td>2414-1305</td>
</tr>
<tr>
<td>PUBLISHER</td>
<td>RS Global Sp. z O.O., Poland</td>
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<th>ARTICLE TITLE</th>
<th>THE IMPORTANCE OF GOVERNMENT PROGRAMS IN INCREASING EMPLOYMENT EFFICIENCY IN GANJA-KAZAKH ECONOMIC REGION</th>
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<td>AUTHOR(S)</td>
<td>S. A. Hasanova</td>
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**ARTICLE INFO**


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<th>DOI</th>
<th><a href="https://doi.org/10.31435/rsglobal_ijite/30122021/7710">https://doi.org/10.31435/rsglobal_ijite/30122021/7710</a></th>
</tr>
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<tbody>
<tr>
<td>RECEIVED</td>
<td>25 September 2021</td>
</tr>
<tr>
<td>ACCEPTED</td>
<td>16 November 2021</td>
</tr>
<tr>
<td>PUBLISHED</td>
<td>20 November 2021</td>
</tr>
</tbody>
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<thead>
<tr>
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THE IMPORTANCE OF GOVERNMENT PROGRAMS IN INCREASING EMPLOYMENT EFFICIENCY IN GANJA-KAZAKH ECONOMIC REGION

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DOI: https://doi.org/10.31435/rsglobal_ijite/30122021/7710

ABSTRACT

The article analyzes the labor market in Ganja-Gazakh economic region, the main "State Programs for socio-economic development of the regions of the Republic of Azerbaijan" (2004-2008, 2009-2013, 2014-2018, 2019-2023) to address the employment problems of the population. directions were considered. At the same time, the current situation of employment and unemployment in the region, the interregional distribution of productive forces, the region's infrastructure, the geography of natural resources were studied. Traditional production areas for the region, preferential loans provided to entrepreneurs within the framework of financed investment projects and other issues were discussed. The measures taken to eliminate the negative impact of the global crisis on the regions of Azerbaijan since 2016, the volume of output in key sectors of the economy are reflected. The discrepancy between job supply and demand in the region's labor market, as well as the main problems arising in the process of their coordination were analyzed. The urgency of original issues such as increasing production and exports, attracting effective employment, ensuring regional development by attracting domestic and foreign investment to the regions was brought to attention. The impact of investments in the regions on the development of the non-oil sector on the country's GDP was studied. The enterprises and jobs created in Ganja-Gazakh economic region were discussed within the program. In the end, the results of the analysis were reflected and suggestions were made to eliminate the existing problems.


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Introduction. It is known that the labor market is dominated by the state, employers, workers, trade unions, etc. is the economic system in which it is involved. Modern employment policy requires sufficient support by a set of measures to ensure effective employment within the economic development of the country. Market relations, on the one hand, expand the opportunities for further growth of employment, both inside and outside the country, and on the other hand, require the development and implementation of new approaches to improving the quality of labor and economic activity. This is because the task of the state is not only to provide the able-bodied population with the opportunity to exercise their labor rights inside or outside the country, but also to regulate labor migration and the professional composition of the labor force. More complete and efficient use of labor resources in the country, taking into account the protection of the rights of Azerbaijani citizens, creating conditions for productive employment, reducing unemployment, supply and demand imbalances in the labor market, strengthening employment assistance measures are implemented through state programs. The main purpose of the state's social policy is to create favorable conditions for employment and achieve economic stability in enterprises by providing manpower, increase the quality and competitiveness of the workforce, develop training systems, and improve the employment of government agencies. In modern times, the development of socio-economic processes, the effective implementation of social functions
should be one of the main priorities of the state to support and develop the working capacity and welfare of people. Employment is not only an economic but also a very important social problem. It plays a decisive role in ensuring the living standards of the country's population, the formation and development of professional opportunities for each person, the formation of personality. The problem of unemployment, which varies in proportion to the socio-economic situation of countries, is always a problem not only in less developed countries, but also in developed and developing countries. Ensuring productive employment and social protection of the population in the regions is one of the priorities of the state. Society is interested in the employment of all able-bodied citizens, as this will increase the country's gross domestic product. The main task of socio-economic development of the country is to create productive conditions for increasing the level of labor activity of the population. The priorities of the state in Azerbaijan are to bring the country's labor legislation in line with the requirements of a market economy, increase employment efficiency in the regions and achieve socio-economic growth. The measures taken in this direction, the adopted economic and infrastructure projects, the State Programs provide a basis for ensuring the harmonization of the interests of workers, employers and the state, increasing the flexibility of labor relations.

**Analysis.** The state must have strategic and tactical goals when implementing employment policy at the national and regional levels. The strategic goal is to create conditions for comprehensive human development and achieve a high standard of living on the basis of increasing the efficiency of the economy. The tactical goal is to balance the supply and demand of labor on the basis of labor supply and demand, to ensure full, productive and efficient employment. The adopted projects should be aimed at strengthening the real protection of basic labor and social rights of the employee, raising living standards and eradicating poverty. The economic development strategy of the Republic of Azerbaijan has always been in the focus of the state. Based on the program "On measures to accelerate socio-economic development in the Republic of Azerbaijan" adopted on November 24, 2003, a wide range of opportunities has been created for the effective organization of creative work in the regions. After that, four “State Program of Socio-Economic Development of the Regions of the Republic of Azerbaijan” (2004-2008, 2009-2013, 2014-2018, 2019-2023) adopted consecutively were aimed at diversification of the country's economy, ensuring macroeconomic stability, large-scale infrastructure projects. It has given impetus to the implementation of the program, the creation of new jobs in the regions, the improvement of business and entrepreneurship. About 650 orders were signed to ensure socio-economic development of administrative districts and cities. In 2016, a fourfold drop in oil prices on the world market resulted in a decrease in the country's GDP. However, the state programs and projects adopted in that year stimulated the development of the non-oil sector in the regions. In total, $ 8 billion of the $ 11.7 billion investment in the country's economy was foreign investment. As a result of investments in the non-oil sector, the country's GDP has been growing (Figure 1).

![Gross domestic product (GDP), total, million manat](Source: State Statistics Committee of the Republic of Azerbaijan)
As a result of effective measures implemented in Azerbaijan based on state programs, GDP increased 3.3 times, non-oil industry 2.4 times, and agricultural production 1.7 times. While the gross domestic product in 2015 amounted to 54380.0 million manat, in 2016 it increased by 10% and amounted to 60425.2 million manat. In 2017, it increased by 14% compared to the previous year and reached 70337.8 million manat. In 2018, it increased by 12% and amounted to 80092.0 million manat, and in 2019 it increased by 2% and amounted to 81681.0 million manat. Within the framework of the implemented measures, the formation and development of entrepreneurship and business environment, which is one of the main directions of the economic development strategy, has been achieved. As a result, in 2018, the country's employment rate exceeded 75%, and more than 80% of GDP fell to the private sector. 66.6% of 950,000 state-registered business entities in the country fell to the regions.

One of the most important factors determining the location of productive forces in the region is the geography of the region's natural resources. One of the main problems in ensuring sustainable economic development of the region is the identification, use, evaluation and involvement of natural resources in the regions. Another policy is to ensure insurance and flexibility in the labor market. Full and effective use of the potential of the Ganja-Gazakh economic region, rich in natural resources, is important for the economic development of the Republic of Azerbaijan. Within the framework of the state investment programs adopted in the country in 2014-2016, two enterprises of national importance Goygol Zone Veterinary Laboratory and Artificial Insemination Center were established in Goygol region, which led to agrochemical research of agricultural lands and increase agricultural productivity. The establishment of the Takhtakorpuz and Shamkirchay reservoirs within the programs provided irrigation of more than 100,000 hectares of arable land in the region, which created conditions for the involvement of unused lands in cultivation. As a result, exports of agricultural products increased by 40% compared to 2016 [6]. New jobs have been created by developing cotton, tobacco and silk industries, which are traditional for our regions. The widespread formation of entrepreneurship in the regions has been one of the main factors accelerating socio-economic development. Areas to be invested in the State Program "Socio-economic development of the regions of the Republic of Azerbaijan in 2014-2018" Implementation of irrigation works, construction of a lake on the Shamkir River, creation of an industrial park in Ganja, strengthening the material and technical base of industrial production and agricultural production, establishment of modern bakery enterprises, establishment of mining, heavy metallurgy, ore processing enterprises in Dashkesan, development of processing industry. Zeylik alunite ore deposits in Dashkasan account for 29.7% of Azerbaijan's industrial ore reserves. Also, the presence of Chovdar fields, the attraction of investments in the region has led to its involvement in economic turnover. In 2016, the GDP of Ganja city was 956.1 million manat. This figure is 18.8 million manat (2.2%) more than in 2015. There was also an increase in the average monthly salary in various production and service sectors. Thus, the salary of those engaged in trade was 363.7 manat, the salary in the field of insurance and finance was 897.9 manat, in the processing industry - 368.6 manat, in the field of public administration - 428.9 manat. However, the economic processes taking place in the global world and in the regions in 2016, the sharp decline in oil prices have had a negative impact on the macroeconomic and financial stability of our country. Economic downturns have also created problems in employment. The analysis of the current economic situation required the implementation of sustainable socio-economic reforms and the definition of a new strategy. As a solution to the problem, in 2016, "The main directions of the strategic road map for the national economy and key sectors of the economy", strategic plans were identified. Also, the adopted "Strategic Roadmap for the production of consumer goods at the level of small and medium enterprises in the Republic of Azerbaijan" was adopted as a continuation of programs implemented to ensure the competitiveness and inclusion of the economy. The strategic goal of the adopted document is to increase the impact of entrepreneurial activity on GDP, expand the business environment, increase foreign exchange reserves in the country, increase the access of entrepreneurs to foreign markets by launching products that meet international standards. The development of professional skills of SME entities, which will provide quality products and services to the regional market, and the strengthening of innovation activities have been identified as priorities.

Significant positive changes have been observed in the development of the region due to the projects implemented in the direction of financial support for the creation of new jobs. The volume of soft loans directed to the industrial, agricultural, processing and tourism infrastructure of the economy has been increased. As a result of the implementation of socio-economic development programs, in 2017, 436 enterprises were established in the Ganja-Gazakh economic region. 28857 jobs were created...
at the established enterprises. AZN 11.0 million soft loans were provided from the National Fund for Entrepreneurship Support, 446 investment projects were financed. The development of entrepreneurial activity has played an important role in ensuring the effective employment of the population in the regions. Figure 2 shows the physical volume index of output in the main sectors of the economy in 2017 compared to 2016 in the Ganja-Gazakh economic region.

Compared to 2016, the gross output of the economic region was 106.20%, industrial production 81.30%, agriculture, forestry and fishing 110.80%, construction 131.30%, transport and warehousing 110.0%, information and communication was 106.60%. These statistics show that there has been growth in various sectors of the economy. As a result of the III State Program on socio-economic development of the regions of Azerbaijan for 2014-2018, 679.4 thousand new jobs were created by 2017, of which 502 thousand permanent jobs. 60.3% of new jobs were created in the private sector.

In 2019, 6.9% of the 192,000 jobs created in the country fell to the Ganja-Gazakh economic region. 27% of new jobs were created in the private sector. In 2019, the GDP in Gazakh region was 318011.1 thousand manat, which was 134.4% compared to 2018. The amount of soft loans issued by the National Fund for Entrepreneurship Support amounted to 22.3 million manat. 199 investment projects were financed, as a result of which 718 new jobs were created. Compared to 2018, the total volume of industrial products and services in 2019 will be 100.3%, gross agricultural output 114.2%, freight transportation in the transport sector 101.9%, passenger transportation 102.5%, postal and communication services The volume was 109.2%, and the retail trade turnover was 109%. In 2019, the total output of Ganja city was 1069.3 million manat, of which 3.2 million manat (0.3%) were agricultural products, 431.9 million manat (40.4%) were industrial products, 237.2 million manat (22.2 million manat). % organized construction and installation works. In total, 504 entrepreneurs benefited from AZN 62.8 million in soft loans under the State Programs during 2003-2019 [8]. Gross output in Shamkir region in 2019 increased by 27.8% from 2018 and amounted to 781 million 664 thousand manat.

Among the cities and districts of the republic, Shamkir district is in the top five in terms of gross output in 2019. The total output of Naftalan city increased by 22.5% compared to 2018 and amounted to 34 million 983 thousand manat, of which 1 million 514.8 thousand manat fell to the share of agricultural products. It is known that Naftalan is a resort town famous for its unique healing oil. As a result of measures taken within the framework of state programs on socio-economic development of the regions, Chinar hotel & SPA Naftalan, Gasalti health hotel, Garabag Resort & Spa, Miracle Naftalan Health Center, Magic Naftalan, Naftalan Treatment and Health Center, Kapaz Sanatorium,
Beautiful Naftalan health and tourism centers have been established. During 2016-2019, the city's expenditures were covered by revenues from modern health and tourism centers operating in the city. In 2019, the expenditures of the city local budget amounted to 2 million 656,876 thousand manat, while the revenue part of the budget included more than 130,941 thousand manat (4.4%) from local sources, the revenue part of the local budget amounted to 3 million 87,941 thousand manat. Along with the construction of infrastructure in the regions, which is one of the goals of the Strategic Roadmap for the development of the specialized tourism industry in the Republic of Azerbaijan, the implementation of targeted branding measures, organization of quality services in attractive tourist areas, professional development will increase potential tourist attraction in regions of tourism importance. In Tovuz region, the total output in 2019 increased by 11.6% compared to 2018 and amounted to 482 million 246 thousand manat. In Gadabay region, compared to 2018, the volume of gross domestic product increased by 5.8 percent and amounted to 574.0 million manat, of which 29.8% of industry, 26.2% of agriculture, 5.3% construction, 38.2% to trade and 0.5% to transport and communications. Azerbaijan International Mining Company Limited's Gold and Copper Processing Plant, Gadabay Mineral Waters LLC with an annual production capacity of 6 million liters, Anar LLC (Market Complex and Green Market), “Meh” Recreation Complex, “Kichik Qafqaz” LLC, “Dashlibulag-A” LLC enterprises are operating [9]. million 833 thousand manat, of which 141 million 467 thousand manat fell to industry, 3 million 276 thousand manat to transport and warehousing, 238 thousand manat to information and communication, and 23 million 395 thousand manat to trade and repair of vehicles. Goygol the total output of the region in 2019 was 208 million 348.8 thousand manat, of which 71.8%, i.e. 149 million 733.4 thousand manat of production areas, 28.2%, i.e. 58 million 615, 4,000 manat fell to the share of service areas. Rayo There were 3 processing and 8 service facilities. In Goranboy region, this figure increased by 9.4% compared to 2018. 21.3% of the total output of the region fell to the share of industrial products, 5.3% to transport services, 5.1% to the sphere of communication, and 3.8% to trade.

Gross output in Agstafa region increased 2.0 times annually from 2013 to 2019, respectively. At the same time, the volume of industrial production increased by 3.5 times, agricultural production by 1.8 times, and construction by 2.4 times. As a result of investments made within the framework of state projects, “Karvan-L ECO” Industrial Park, “Akkord Tekstil” LLC sewing factory, “Agstafa Agrarian Industrial Complex” LLC, “Saloglu” Furniture Factory, “Agstafa branch of “Azerbaihalcha” OJSC, “ATILO” LLC’s soft drinks plant operated. The total responsible output in Samukh in 2019 amounted to 159.0 million manat, including 6.0 million manat for industry, 89.4 million manat for agriculture, 20.6 million manat for construction, 3.2 million manat for transport. 0.8 million manat fell to the share of communications, and 38.9 million manat to the share of trade turnover. 110 greenhouses with an area of 77.5 hectares, as well as “Boz Dag” livestock complex, "AGRO DAIRY" Limited Liability Company, "Ulduz 2011" LLC, "Karabakh Region MKT" LLC, "West Milk" LLC, Murovdag There is a peasant farm, Livestock and Feeding Enterprise, "Region Agro" LLC.

In our opinion, it is possible to achieve effective employment and increase the economic potential of the regions through the efficient use of resources and tourism opportunities in the region, as well as the development of mining and processing industries. One of the main goals should be for the regions to be self-sufficient at the expense of local revenues, giving up state budget subsidies, taking advantage of their natural resources, economic potential and the business environment created in the country on the principle of self-financing.

General economic policy of the state on original issues such as attracting domestic and foreign investments to the regions, increasing production, employment, exports, as well as ensuring regional development, increasing research and development potential, developing new technologies, developing the competitiveness of international firms, increasing environmental protection measures frame is used. The volume of investments in fixed assets in the region within the investment projects implemented in the direction of regional investment policy arising from the main objectives of state programs on socio-economic development was 107382.6 thousand manat, which is 2.3 times more than in 2018. As a result of measures taken to produce competitive, export-oriented industrial products, the total volume of industrial output amounted to 41453.7 thousand manat 100.3% compared to the previous year. One of the strategic goals of the state program was to pursue a regional investment policy aimed at the socio-economic development of the regions, as well as to achieve development in the regions by directing investments to the non-oil sector. If we look at the volume of investments in
the economic region we analyzed, changes have been observed over the years. The volume of investments in fixed assets in the Ganja-Gazakh economic region is shown in Figure 3.

![Figure 3. Fixed capital investments, thousand manats](image)

(Source: State Statistics Committee of the Republic of Azerbaijan)

As can be seen, in 2015, investments in fixed assets in the region amounted to 654449.7 thousand manat. However, in 2016, this figure was 565377.7 thousand manat. Compared to the previous year, 13.6% less investment was attracted in fixed assets. In 2017, more than 793665.1 thousand manat was invested compared to previous years, which is 28.8% more than in 2016. In 2018, a 3.6% decrease was observed again, 765421.6 thousand manat was invested in fixed assets. In 2019, this indicator increased by 13.4% compared to the previous year and amounted to 883951.4 thousand manat. As can be seen, investments in fixed assets in 2016 and 2018 were small compared to other years. Investments in fixed assets for cities and regions included in the economic region are shown in Figure 4.

![Figure 4. Fixed capital investments by regions, thousand manats.](image)

Based on the indicators, we can say that the largest investments in fixed assets were made in the city of Ganja. Although 355472.6 thousand manat was invested in 2015, in 2016 it decreased by 21.5% and amounted to 278893.3 thousand manat. In 2017, investment increased by 12.8% and reached 319980.7 million manat. However, in subsequent periods, there has been an annual decline in investment.
Thus, in 2018, compared to the previous year decreased by 16.6% and amounted to 266954.9 million manat, and in 2019 decreased by 32.2% and amounted to 180923.9 thousand manat. We encounter the same trend in Shamkir region. Thus, 79297.7 thousand manat was invested in fixed assets in 2015. In 2016, it increased by 17.8% to 96,433.3 thousand manat. However, over the next two years, the volume of investments has decreased year by year. In 2017, it decreased by 6% compared to the previous year and amounted to 90560.2 thousand manat, in 2018 it decreased by 6.6% and amounted to 84615.4 thousand manat. In 2019, it increased by 95.5% and amounted to 185266.1 thousand manat. In Gazakh region alone, the volume of investments in fixed assets in 2016 was a minority of 20650.5 thousand manat. In other years, there was an increase compared to the previous year. In 2015 it was 47683.6 thousand manat. In 2017, it increased by 50.4% compared to the previous year and amounted to 41651.1 thousand manat, in 2018 it increased by 18.7% and amounted to 51253.0 thousand manat, and in 2019 it increased by 38.4% and amounted to 83228.2 thousand manat. In Tovuz region, investments in fixed assets in 2015 amounted to 41359.3 thousand manat, while in 2016 it decreased by 53.3% and amounted to 19298.9 thousand manat. However, the volume of investments has increased over the next 3 years. In 2017 it increased by 42.3% and amounted to 33426.0 thousand manat, in 2018 it increased by 52.7% to 70636.9 thousand manat, in 2019 it increased by 32% to 103741.6 thousand manat. In 2015, 30847.5 thousand manat was invested in Gadabay region, in the next 2016 it was 31463.0 thousand manat, an increase of 2%. However, the volume of investments in 2017 decreased by 22.7% and amounted to 24309.5 thousand manat. In 2018 it increased by 19.6% and amounted to 30247.4 thousand manat, and in 2019 it increased by 65% and amounted to 86159.1 thousand manat. In Goygol region in 2015, this figure was 25371.7 thousand manat, but in 2016 it decreased by 67% to 8392.3 thousand manat, in 2017 it increased by 81% to 44026.6 thousand manat, in 2018 it decreased by 3.7% to 42395.0 thousand manat, in 2019, it increased by 11.7% and amounted to 48016.7 thousand manat. In 2015, 21435.2 thousand manat was invested in fixed assets in Agstafa region. In 2016, 48.8% more than the previous year 41865.4 thousand manat, in 2017 increased by 58% to 100086.2 thousand manat, in 2018 decreased by 38.2% to 61812.5 thousand manat, and in 2019 increased by 39.8% 102695.5 thousand manat. In Dashkesan region in 2015, this figure was 19103.7 thousand manat. In 2016 it increased by 33% to 28500.6 thousand manat, in 2017 it decreased by 63.6% to 10369.6 thousand manat, in 2018 it increased by 67.2% to 31708.7 thousand manat, and in 2019 it decreased by 34.4% to 20788.6 thousand manat was. The volume of investments in Goranboy region in 2015 amounted to 15800.5 thousand manat, in the next 2016 increased by 27.6% to 21821.1 thousand manat, in 2017 increased by 72% 78109.9 thousand manat, in 2018 decreased by 15% to 66235.3 thousand manat, in 2019, it decreased by 44.7% and amounted to 36629.8 thousand manat. In 2015, 9980.6 thousand manat was invested in fixed assets in Naftalan. In the next 2016 it decreased by 35.7% to 64188.2 thousand manat, in 2017 it increased by 21% to 8159.0 thousand manat, in 2018 it increased by 61.4% to 21116.5 thousand manat, and in 2019 it increased by 20% to 16841.5 thousand manat. In 2015, 8097.3 thousand manat was invested in fixed assets in Samukh region. The volume of investments increased by 30.4% in 2016 to 11640.5 thousand manat, in 2017 by 73% to 42986.3 thousand manat, in 2018 by 10.6% to 38446.0 thousand manat, and in 2019 by 48.9% to 19660.4 thousand manat.

**Conclusions.** Based on world experience, we can say that regional development programs are one of the main directions of regional development. Establishing a balanced regional governance, achieving maximum efficient use of local resources and potential, forming an information infrastructure for economic entities, harmonizing scientific and technological innovations between regions, maintaining ecological balance, achieving socio-political stability should be the goals of regional development programs. Because success in the field of employment depends not only on the effective operation of interested institutions, but also on the macroeconomic policy of the state and the stabilization of the economy. In our opinion, by diversifying the country's economy and attracting foreign and domestic investment in the non-oil sector, including the processing industry, it is possible to reduce dependence on oil and gas revenues and achieve economic growth. One of the important conditions here is the establishment of economic relations between the regions. Achieving the process of increasing the share of value added in the regions, as well as ensuring the flow of investment in export-oriented sectors, expanding and improving the institutional mechanisms governing government-entrepreneur relations, expanding the scope of industrialization policy can stimulate development in the regions.
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