

DIRECTIONS OF PROVIDING EXPORT-ORIENTED PRODUCTION IN AGRO-INDUSTRIAL ENTERPRISES

Speciality: 5311.01 – “Organization and management of enterprises”

Field of science: Economic sciences

Defender: **Hajiyeva Zulfiyya Elman**

ABSTRACT

**of the dissertation for obtaining the
degree of Doctor of Philosophy**

The dissertation work was carried out at the Department of "Business Organization and Management" at Sumgayit State University.

Scientific adviser: Doctor of economic sciences,
professor
Huseynov Arif Gulahmad oglu

Official opponents: Candidate of Economic
Sciences, Associate Professor
Ganjiyev Ganjali Aziz oglu

Candidate of Economic
Sciences, Associate Professor
Hasanov Parviz Samad oglu

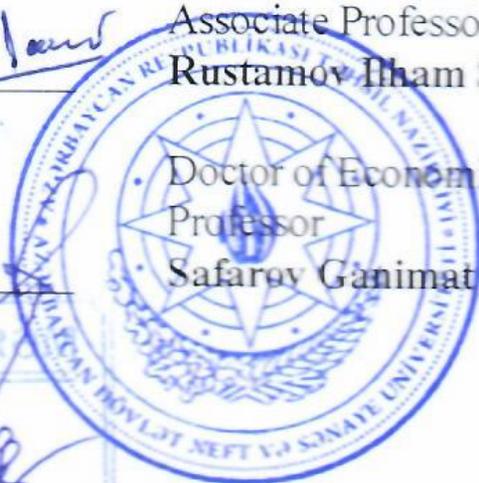
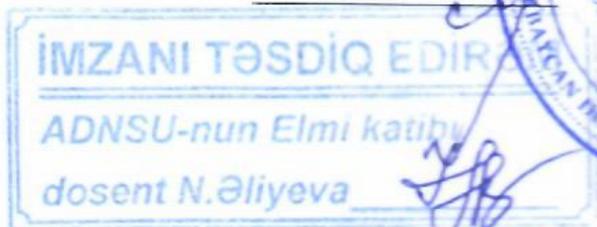
Candidate of Economic
Sciences, Associate Professor
Hasanov Asif Abuzar oglu

Dissertation Council - FD 2.22 of the Higher Attestation Commission under the President of the Republic of Azerbaijan operating under the Azerbaijan State University of Oil and Industry

Chairman of the Dissertation Council: K. Imanov Corresponding member of ANAS
Professor
Imanov Korkhmaz Jahangir

Scientific secretary of the dissertation council: R. Ilhamov Doctor of Philosophy in Economics,
Associate Professor
Rustamov Ilham Samil

Chairman of the scientific seminar: Safarov Ganimat Asad Doctor of Economics,
Professor
Safarov Ganimat Asad



The defense of the dissertation will be held on _____
(day) (month) (year)

at _____ at the meeting of the Dissertation Council ED 2.22 operating under the Azerbaijan State University of Oil and Industry.

Address: 16/21 Azadlig Avenue, Baku

It is possible to get acquainted with the dissertation in the library of Azerbaijan State University of Oil and Industry

Electronic versions of the dissertation and abstract were posted on the official website of the Azerbaijan State University of Oil and Industry.

The abstract was sent to the necessary addresses on _____
(day) (month)

(year)

Signed for printing: _____
(day, month, year)

Paper format: _____

Volume: 53 463

Print: _____

GENERAL CHARACTERISTICS OF THE WORK

Relevance of the research topic. One of the important tasks facing any country that wants to form an independent national economy is to ensure macroeconomic stability. Because it is impossible to achieve sustainable economic development without ensuring macroeconomic stability. One of the important conditions for sustainable and dynamic economic development is the effective integration of the national economy into the world economy. As a result of Azerbaijan's effective integration into the world economy, our national economy has the opportunity to use the world market in accordance with our national interests. As the mechanism of efficient use of national resources is formed, all the tools that can develop the national economy are actively mobilized. Business entities, including agro-industrial enterprises, are trying to enter world markets with their export potential by trying to organize competitive production.

In modern conditions, in order to develop the export potential of agro-industrial enterprises and its effective implementation, it is first necessary to achieve economic development in the country. Export potential is formed under the influence of many necessary factors, including the efficient use of resources, scientific and technological progress, the development of international economic integration and others. Each of these factors has a significant impact on increasing the export potential of agro-industrial enterprises. Proper assessment of this potential is required to determine the directions of effective use of the export potential of agro-industrial enterprises.

The research of the current state of the country's export potential shows that improvements are needed in this direction, taking into account the active involvement of agricultural export-oriented natural-economic potential in the economic turnover, renewal and expansion of technical-production potential on the basis of advanced techniques and technologies, renewal and expansion of technical-production potential on the basis of advanced techniques and technologies, development of scientific-technical potential and the effective use of existing opportunities in these areas.

Taking all this into account, we consider it expedient to research a number of complex measures to improve the structure of agricultural exports. For this purpose, export-oriented agro-industrial enterprises, their priorities and development directions should be identified, the development of foreign trade relations of these enterprises should be evaluated from the point of view of efficiency of the national economy and organically linked with the national economic development strategy.

Azerbaijan has adopted a number of legal acts in these areas, including State Programs. In these State Programs and legal acts, the strengthening of state support for dynamic development, meeting the demand for agricultural products, supply and expansion of processing enterprises with raw materials, increasing the country's export potential, improving financing mechanisms, stimulating the production of export-oriented products by promoting agricultural investment, creation of innovation-oriented processing enterprises, expand integration processes between agro-parks are set as the main task. In order to accelerate the implementation of relevant measures, the President of the Republic of Azerbaijan Ilham Aliyev signed a decree in 2016 on the "Strategic Roadmap for the production and processing of agricultural products in the Republic of Azerbaijan. According to the document, 9 strategic goals have been identified to create a favorable environment for the creation of competitive sectors in the field of production and processing of agricultural products. The main goals are to strengthen the production capacity of competitive agricultural products and processing industry, to develop government-partnership relations for the implementation of complex projects, to promote and support the export of agriculture and processing industry, to produce environmentally friendly agricultural products. The ultimate goal is to improve the country's food supply and increase the sustainability of its export potential.

Thus, the development of competitive export potential in agro-industrial enterprises, on the one hand, creates favorable conditions for local agricultural export important products to enter the world market, while expanding the range of products of this field exported from the territory of the country and gradually increasing its share in the structure of exports. All this shows the relevance of

the topic of the selected dissertation and makes it necessary to conduct scientific research in this direction.

The problems of ensuring the production of export-oriented products in agro-industrial enterprises are reflected in the scientific works of a number of foreign scientists: F. Kene, K. Marx, U. Reffert, S. Linder, R. Vernon, İ. Vostyutchenko, I.B. Kalashnikov, V.I. Novikov, N.Y. Kovalenko, A.I. Pashenko, L.Abalkin and others.

The problems of increasing the production of export-oriented products in the agro-industrial enterprises of our republic, their solutions have been studied in the scientific works of Z.A. Samadzade, A.H. Nuriyev, I.Sh. Garayev, A.Sh. Shakaraliyev, I.H. Aliyev, S.V. Salahov, M.A. Ahmedov, A.G.Hüseynov, A.A. Nadirov, H.B. Allahverdiyev, G.A.Ganjiyev, A. G.Verdiyev, M.G.Musayev, I.D. Abbasov, E.A. Guliyev, I.H. Ibrahimov, V.M. Niftullayev and others.

Deeply appreciating the work of the above-mentioned scientists, we can note that the peculiarities of the agro-industrial enterprises of Azerbaijan, organizational and economic mechanisms of their management and modernization, directions for increasing the export-orientation of agro-industrial enterprises have not been sufficiently and fully studied separately. All this indicates the relevance of the topic of the dissertation and led to the determination of its topic.

Object and subject of research. The objects of the agro-industrial complex were selected as the object of the study. The subject of the research is the directions of ensuring the production of export-oriented products in agro-industrial enterprises, the study of world experience, the impact of export-oriented production on the country's economy, strategic directions of state support for export-oriented production and ensuring product competitiveness.

Purposes and tasks of the research. The purpose of the study is to study and research the directions of ensuring the production of export-oriented products in agro-industrial enterprises in the modern conditions of globalization of the economy. In accordance with the purpose of the dissertation, the research work is mainly intended to perform the following tasks:

- study of the theoretical foundations of the production of export-oriented products in agro-industrial enterprises and methodological aspects of the impact of their export potential on economic development;
- study of international experience in increasing the export potential of agro-industrial enterprises;
- study of the place and role of agro-industrial enterprises in the sustainable development of the sector;
- analysis of the current situation of agro-industrial enterprises and production of export-oriented products;
- study of the impact of export-oriented production on the development of the country's economy;
- study of the problems of modernization of enterprises producing export-oriented products;
- study of strategic directions of state support for the production of export-oriented products in agro-industrial enterprises and preparation of proposals to ensure the competitiveness of products in this area.

As a method of research, grouping, comparison, systematic economic analysis, development dynamics, expert assessment, economic-mathematical, relative and average quantities, etc. methods were used.

The main provisions of the defense. In accordance with the main results characterizing the scientific novelty of the dissertation, the following provisions are defended:

- study of methodological bases of impact of export potential on economic development;
- study of international experience in increasing the export potential of agro-industrial enterprises;
- assessment of the impact of export-oriented production on the development of the country's economy;
- assessment of factors affecting agricultural export potential;

- determination of strategic directions of state support for production of export-oriented products in agro-industrial enterprises;
- identification of priority areas to increase the competitiveness of agricultural products in terms of agricultural exports.

The scientific novelty of the research is as follows:

- proposals and recommendations on modernization of enterprises producing export-oriented products were developed, the main strategic directions of providing state support to enterprises producing export-oriented products were identified, proposals were made to expand their financial sources;
- establishment of relevant infrastructures - business incubators, venture funds, various service organizations to ensure the sustainable development of enterprises producing export-oriented products in the field of agro-industry;
- a scheme for the model of formation and management of agricultural clusters has been proposed to improve management decision-making in the agricultural sector; - proposals were made to expand the financial sources of export-oriented production enterprises;
- in order to assess the export potential of agriculture, the relationship between this indicator and the macroeconomic indicators affecting it was obtained, its adequacy was checked by statistical criteria, the economic integration of the model was given;
- priorities of the competitive strategy of the enterprise in the agrarian industry, schemes of activity on the state policy for increasing the competitiveness of agricultural products were proposed;
- The need for the application of high innovative technologies in the export-oriented production enterprises of the agricultural sector was identified.

Theoretical and practical significance of the research. Scientific provisions of the scientific classics of agricultural economics, scientific research works of foreign and domestic economists dedicated to increasing the export orientation of agro-industrial enterprises and etc. The laws of the Republic of Azerbaijan, decrees and orders of the President of the Republic of Azerbaijan, decisions and orders of the Cabinet of Ministers of the Republic of Azerbaijan, normative-legal acts, as well as state aid programs for the development of agricultural entrepreneurship in the Republic of Azerbaijan were used in the implementation of the dissertation.

The practical significance of the work is that the use of its main provisions, scientifically substantiated results and proposals will allow to modernize export-oriented agro-industrial enterprises, thereby increasing their competitiveness and economic efficiency. The proposals and recommendations put forward in the dissertation are used in the implementation of export-oriented production of agro-industrial enterprises, economic decisions in this area, as well as in research, teaching, etc. can be used.

Approbation and application. The author spoke at the following conferences about the individual provisions of the dissertation and practical proposals and recommendations: "Republican Scientific Conference on" Socio-economic, political and cultural development of Azerbaijan in the years of independence "(2016), dedicated to the 55th anniversary of SSU" Republican Scientific Conference on "Ways to Improve the Competitiveness of the Economy" (2017), International Scientific Conference "Economic Security: Current Situation and Prospects" dedicated to the 100th anniversary of the Azerbaijan Democratic Republic (2018).

Name of the organization where the dissertation work is carried out. The dissertation was completed at Sumgayit State University.

The total volume of the dissertation with a sign, indicating the volume of the structural units of the dissertation separately. General on cover and contents (2669 signs), introduction (13198 signs), chapter I (94357 signs), chapter II (124798 signs), chapter III (97319 signs), result (5938 signs), bibliography (13564 signs) The volume is 351844 characters. The volume of the dissertation consists of 294,280 characters, excluding figures, figures, tables, graphs, bibliography.

Contents of the dissertation

INTRODUCTION

CHAPTER I. THEORETICAL AND METHODOLOGICAL FUNDAMENTALS OF THE AGRICULTURAL SECTOR'S EXPORT POTENTIAL

- 1.1. Theoretical bases of production of export-oriented products in agro-industrial enterprises
- 1.2. Methodological aspects of the impact of export potential on economic development
- 1.3. International experience in increasing the export potential of agro-industrial enterprises

CHAPTER II. CURRENT SITUATION AND ANALYSIS OF EXTRACTIVE PRODUCTION OF AGRICULTURAL ENTERPRISES

- 2.1. The place and role of agro-industrial enterprises in the sustainable development of the sector
- 2.2. Analysis of the current state of agro-industrial enterprises and the production of export-oriented products
- 2.3. The impact of the production of export-oriented products on the development of the country's economy

CHAPTER III. MAIN DIRECTIONS OF INCREASING THE PRODUCTION OF EXPORT-ORIENTED PRODUCTS IN AGRO- INDUSTRIAL ENTERPRISES

- 3.1. Modernization of enterprises producing export-oriented products
- 3.2. Strategic directions of state support for the production of export-oriented products in agro-industrial enterprises
- 3.3. The main directions of ensuring the competitiveness of the product

CONCLUSIONS AND SUGGESTIONS

REFERENCES

MAIN SCIENTIFIC PROVISIONS PRESENTED FOR DEFENSE

1. The mechanism of formation of export-oriented production in agro-industrial enterprises has been investigated.

It was noted that the development of the agricultural sector should be subject to the laws of a market economy. However, the use of these laws here has certain specific features. In turn, there are a number of existing regularities that are manifested only in the agricultural industry. These regularities can be shown as follows.

First of all, the important features of the agro-industry depend on the organic use of soils and the natural environment of the production carried out here. On the other hand, important features of the agro-industry here do not act as a base for land placement, but as an irreplaceable means of production. The result of production in the agro-industry depends on the quality of the soil, its productivity and location. It is important to take them into account in solving the issues of agro-industry development.

Second, the natural and economic conditions in the regions are very diverse. These regions have a comprehensive impact on the progressive development of agro-industrial enterprises. Therefore, it is necessary to form agro-industrial enterprises in each region of the country.

Third, the rhythm and results, timing and methods of this or that work carried out in the agro-industrial enterprises are highly dependent on the existing weather conditions.

Fourth, it is impossible to predict in advance that there will be a large difference in conditions between the regions of the country when using land, and the impact of weather conditions on the environment. Therefore, their centralized and flexible regulation is also necessary.

Fifth, a great specific feature of some agro-industrial enterprises is the seasonality of its production. It should be noted that work in agriculture, especially in agriculture, does not continue all year round. This requires the selection of crops and areas that help provide employees with a unique, equal job throughout the year.

Sixth, unlike other enterprises, large-scale reproduction funds in agro-industrial enterprises are created at the expense of their own products. It is important to take this into account in the distribution of products. Because it is important to create a natural fund for next year's production.

One of the main grounds for the formation of national agrarian-export potential in modern conditions is the country's investment in the agro-industrial sector and the availability of opportunities for technological development in this area. This aspect is particularly important for countries with economies in transition.

2. The experience of a number of countries in terms of increasing the export potential of agro-industrial enterprises was studied, and results were obtained for our country based on the experience of those countries' agricultural policy.

When studying the world experience in increasing the export potential of the agricultural sector, it is expedient to use the classification criteria of countries implemented internationally. Thus, the countries of the world, which were previously divided into two groups, capitalists and socialists, began to be distinguished as transitional and market economies practically after the collapse of socialism. Countries with economies in transition, as in all sectors of the economy, have entered a period of transition in the agricultural sector. They are trying to establish the principles of the existing market economy in this area. Market economies, on the other hand, have long sought to develop their traditional agricultural sector solely on the basis of market principles and under state protection. However, in the twentieth century, many changes have taken place in the agricultural policy of these countries and the active protectionist policies pursued in this area after World War II began to weaken after the 1994 Uruguay Round of the World Trade Organization (WTO). However, agricultural policy in market economies differs depending on their level of development, which makes it necessary to study them in the form of developed countries (DCS) and developing

countries (DCS). Thus, it should be considered more expedient to study the experience of the world countries in the field of agro-industry in the following areas:

1. Experience of developed countries in the field of agro-industry.
2. Experience of developing countries in the field of agro-industry.
3. Experience of countries with economies in transition in the field of agro-industry.

At the end of the first chapter, the experience of increasing the export potential of the agricultural sector is considered in the example of some countries that are a major part of the world economy.

Thus, based on the experience of the agricultural policy of the countries which we are considering, the following results are obtained for our country:

- In order to achieve more effective results of agricultural reforms and measures to increase the export potential of this sector, a favorable macroeconomic environment must be ensured, which includes public policy in areas such as inflation and interest rates, exchange rates, employment and balance of payments;

- In the development of agriculture, productive factors, especially effective land ownership, must be established. Thus, maximum adherence to the principle of land ownership in the hands of those who cultivate it has had a significant impact on the development of this area in developed countries;

- The policy of supporting agricultural products that replace imports and expand exports, which is widely used in the practice of developing countries and has led to enough positive results, should be used;

- The policy of double price mechanism applied in China should be widely used in our country for a number of products;

- In some countries, there is a serious shortage of credit in the agricultural sector due to limited financial and credit resources and less risk and focusing mainly on industries. However, a number of countries have achieved positive results by providing this area with public credit resources.

Therefore, this problem must be approached carefully in our country;

- The effectiveness of agricultural policy has been significantly reduced due to the lack of a favorable political and legal-institutional environment in a number of developing and transition economies. On the other hand, developed countries have a perfect legal framework governing agricultural relations, which has made them more effective and democratic. Therefore, in order to increase the export potential of agro-industrial enterprises, first of all, a favorable political and economic environment must be established, the normative-legal base of the agricultural policy must be formed and developed.

- Agricultural policy, as an integral part of general economic policy, should be implemented in interaction and integration with food, regional development, resource, environmental and scientific-technical policies. The existence of a highly developed agricultural sector in the developed countries is directly related to the expansion of scientific and technological progress in this area and state structures played a decisive role in this work;

- Mutual, healthy and uninterrupted relations between the agricultural sector and industry must be established and the joint development of both sectors must be ensured.

In general, the main task of the agricultural sector, which is one of the main sectors of the world economic system, is to fully meet the needs of the population in food products. Therefore, in developed countries, the sustainable and dynamic development of the agricultural sector is considered one of the main tasks.

3. The current state of production of export-oriented products in agricultural enterprises is assessed.

It is noted in the dissertation, sustainable development of agriculture, including the agricultural sector, should include three main goals. The first goal is to ensure food security. Ensuring food security is directly related to the agricultural sector, one of the priorities in solving this problem is to improve the work of the agricultural sector.

The second main goal of the agricultural development strategy should be to eradicate poverty. The future and healthy generation does not promise to keep up with the globalizing world.

The third main goal of the agricultural development strategy should be the protection of the environment and natural resources. To achieve these goals, the level of education must be increased, personnel and innovative technologies must be used effectively.

A number of complexes uniting agro-industrial enterprises are considered and the peculiarities of each of them are investigated.

If production is developed only due to factors of expansion of production areas without changing or reconstructing the material and technical base, biological resources and forms of production organization of agricultural enterprises and their fields, this is called extensive development. Intensive development is the increase of production on the basis of qualitative improvement, reconstruction of agricultural production, application of new achievements of science and technology. Intensification also implies that the investment is concentrated on the same plot of land instead of being distributed among adjacent plots of land.

It is noted that the fundamental reforms and constructive work in the national economy have led to profound structural changes in agriculture. These processes have led to significant improvements in the structure of agricultural exports. This can be seen from the information given in Table 1 on changes in the structure of food and agricultural exports in the Republic of Azerbaijan in 2015-2018.

The structure of agricultural exports by main types of products in the Republic of Azerbaijan

Table 1.

Name of goods	2010		2015		2019		2020	
	Quantity	Amount, thousand US dollars						
Potatoes, ton	63977,9	16237,5	36 712,0	20 950,2	61785,2	26851,8	81388,3	33786,2
Fresh vegetables, ton	54303,6	25657,1	83 314,3	70 692,0	221195,1	214130,2	218530,3	219968,5
Fresh fruit, ton	187359,1	112272,6	172981,2	220087,8	336342,0	361362,9	301080,9	349886,2
Tea, ton	8126,3	32987,4	4 287,5	19 501,5	1505,9	9510,3	1357,3	9461,4
Vegetable oils, ton	27934,0	6793,5	23 469,2	55 930,5	8218,7	7399,4	14043,4	12238,3
Margarine, other food mixes, ton	15568,3	33393,4	27 195,7	47 846,5	3358,5	3606,9	3907,8	4215,1
Sugar, thousand tons	203901,3	145947,9	220,8	212087,9	62068,4	26880,1	60643,1	26904,3
Canned fruits and vegetables, ton	4734,2	5140,4	2 880,1	3 945,7	6927,8	9190,3	7191,2	8727,8
Fruit and vegetable juices, ton	18739,9	16377,8	6 727,2	6 911,0	9870,2	11183,6	11856,3	15779,5
Grape wine, thousand dkl.	223,9	4034,0	194,5	3 794,7	532,3	7339,9	227,3	4038,0
Tobacco, ton	2160,6	5893,9	1 944,4	7 431,8	6488,6	13598,0	4794,1	12081,3

Source: State Statistics Committee of the Republic of Azerbaijan. Baku, 2019.

As it is clear from the data in Table 1, the measures taken in connection with the construction work in the national economy have led to significant changes in the structure of agricultural exports.

The analysis allowed to identify the main directions of changes in the structure of agricultural exports.

4. The stages of the analysis of the export potential of agro-industrial enterprises are investigated.

It is noted that the export potential of the agro-industrial enterprise consists of two main parts: domestic and foreign export potential. The domestic export potential of the enterprise covers all the resources necessary for the production of export products. These are natural, labor, material, financial and information resources. However, it is not enough for an enterprise to have one or more resources to successfully carry out export activities. It is important to use these resources skillfully and efficiently to ensure the competitive advantage of the products produced and to identify opportunities to strengthen production.

The foreign export potential of agro-industrial enterprises refers to the sale of competitive products and is provided by the enterprise's service activities such as marketing and logistics.

The scheme of analysis of the export potential of the enterprise is given below.

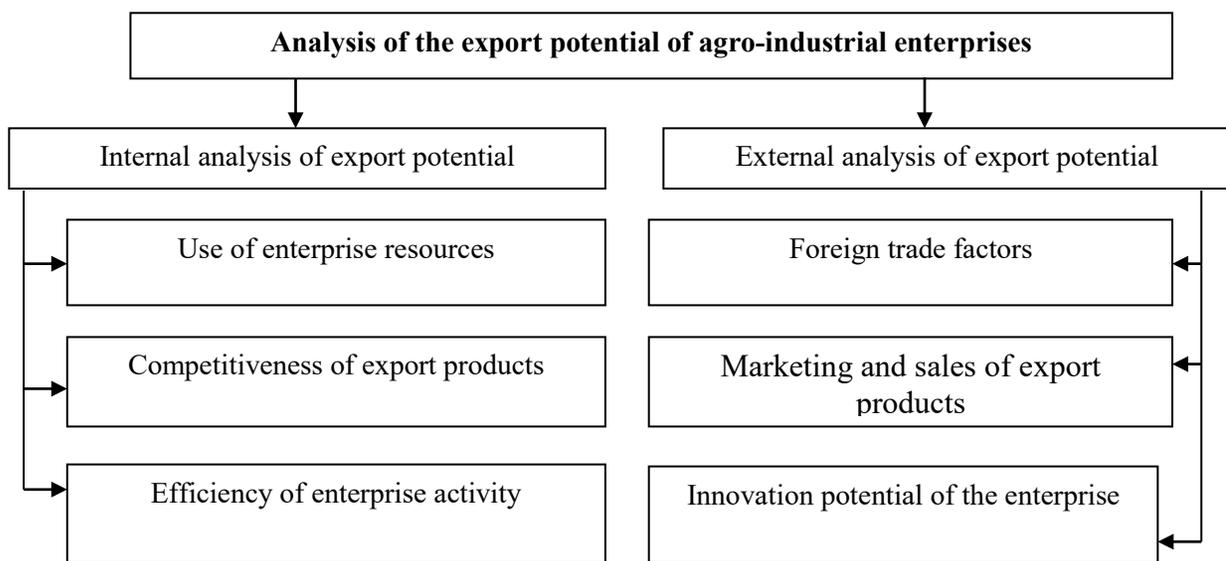


Figure 2. Stages of analysis of the export potential of the enterprise (compiled by the author)

According to the results of the analysis, if the internal potential of agro-industrial enterprises is high enough, then it is necessary to analyze the external export potential in the following sequence.

First, foreign economic factors influencing the formation and use of export potential are analyzed. These factors are natural, economic, financial, political, legal, scientific, technical, socio-cultural factors.

Second, it is necessary to analyze marketing activities and sales in foreign markets. Export marketing activities do not involve the use of new marketing functions.

Third, it is important to assess the innovative potential of agro-industrial enterprises as an integral part of export potential and to constantly develop its level.

To analyze the potential for innovation, it is necessary to calculate the level of research and development costs, as well as to analyze the possibility of applying the achievements of scientific and technological progress in production.

5. The impact of the development of agricultural entrepreneurship on the production of export-oriented products is investigated.

It is noted that the laws adopted in recent years on the development of agricultural entrepreneurship in our country, the approved State Programs create conditions for the development of this area and ensure increasing interest in it. At the current stage of development of agricultural forms of entrepreneurship, they are faced with the solution of serious issues such as increasing labor productivity in the agricultural sector, reducing labor and capital expenditures per unit of output, prevention of losses, improving the quality of products and services, the manufacture of products that meet the needs of the domestic market and competition, the export of high quality and standard products to foreign markets. One of the key issues to ensure the comprehensive and effective development of agricultural entrepreneurship is to improve the financial security of this sector. A program of state support for agricultural entrepreneurship has been developed in our country, as agricultural entrepreneurship entities often face difficulties in obtaining loans.

One of the sources of financing of agricultural entrepreneurship is the aid funds provided to them. These funds are non-profit organizations established to finance projects, programs and activities that can support agricultural entrepreneurship and ensure its development. The main activities of these funds are as follows:

1. Attracts funds for the implementation of targeted programs and projects aimed at the development of agricultural entrepreneurship with the assistance of the state in the conditions of market competition and ensures their effective use.
2. Participates in the creation of market infrastructure that serves agricultural entrepreneurship and can ensure its development.
3. Ensures the attraction of domestic and foreign investment in order to operate in the priority areas of the economy and develop entrepreneurial relations in the conditions of market competition.
4. Provides support for innovation activities of all business structures, stimulation of application of new equipment and technologies, production of fundamentally new types and assortments of products;
5. Organizes consultations for the purpose of application of legislative acts and answering questions related to taxes;
6. Participates in the emergence and strengthening of market competition, the prevention of monopolization of the economy, the provision of the product market, the development and implementation of expertise and competition.

Currently, a small number of agricultural entrepreneurship support funds act as a kind of credit organization. In this regard, agricultural entrepreneurship support funds provide soft loans, provide interest-free loans, and, if necessary, can act as a tax authority, guarantor to strengthen the competitive environment.

One of the features that increases the risk of investments that distinguishes the agricultural sector from other sectors of the economy is the difficulties arising from natural, ecological and environmental factors. In the agricultural sector, natural features have a direct impact on the volume of production, its final result, the payback period of investments. Therefore, when making investments in the agricultural sector, it is necessary to take into account the natural features when determining its repayment period.

This section also uses a statistical-mathematical modeling process to accurately measure the impact of some macroeconomic factors affecting agricultural export potential. The line of factors affecting agricultural exports from 1990 to 2019 is described by the linear regression modeling method.



Figure 3. Figure X1: Agrarian exports by years (Share in GDP (%))

As can be seen from the chart above, the share of agriculture in GDP has decreased over time. In this part of the study, a linear regression model was used with the addition of some variables based on the results of the initial graphical analysis in order to identify the main factors affecting the export potential of agriculture.

During the modeling process, the main conditions of the linear regression model were met. The initial equation formula for the model is given as follows:

$$E_{\text{export}} = \beta_0 + \beta_1 X_{p.n} + \beta_2 X_{\text{inv}} + \beta_3 X_{\text{inf}} + \beta_4 X_{\text{mnf}}$$

Model 1: OLS, using observations 1-30 (n = 20)

Missing or incomplete observations dropped: 10

Dependent variable: l_KendteserrufatiIxraci

Heteroskedasticity-robust standard errors, variant HC1

coefficient std. error t-ratio p-value

```
-----
const 120.145 19.5494 6.146 2.54e-05 ***
l_population number -7.06194 1.21409 -5.817 4.47e-05 ***
l_investment -0.249618 0.0705597 -3.538 0.0033 ***
l_Inflation 0.0020118 0.0239593 0.08397 0.9343
l_manufactory 0.323036 0.177322 1.822 0.0899 *
```

Mean dependent var 2.583397 S.D. dependent var 0.620617

Sum squared resid 0.111448 S.E. of regression 0.089222

R-squared 0.974771 Adjusted R-squared 0.929332

F (5, 14) 191.0314 P-value (F) 2.29e-12

Log-likelihood 23.52054 Akaike criterion -35.04109

Schwarz criterion -29.06670 Hannan-Quinn -33.87483

Log-likelihood for l_KendteserrufatiIxraci = -28.1474

Excluding the constant, p-value was highest for variable 14 (l_Infliyasiya)

$$E_{\text{export}} = 120.15 - 7.06 X_{a.s} - 0.25 X_{\text{inv}} + 0.002 X_{\text{inf}} + 0.32 X_{\text{mnf}}$$

The above model describes the factors affecting agricultural exports from 1990 to 2019 using the linear regression modeling method.

The main factors included in the model specification consist of 5 independent variables: unemployment rate, population, investments in the economy, annual nominal inflation rate, and finally the volume of manufacturing. Depending on the variable, the volume of annual agricultural exports is included in the model. Of the included independent variables, others other than inflation were found to have a statistically significant effect (p-value <0.1). One of the main conditions of the linear regression model is the presence of a normal distribution in the variables. Since the variables in the initial form did not have a normal distribution, a logarithmic transformation was applied and the variables were brought to a normal distribution. Model selection was based on criterion metrics (Schwarz criterion, Akaike criterion, Hannan-Quinn) and the model with the lowest value was selected as the most optimal model. The Adjusted R square variable shown in the model allows us to say that the model can explain 92% of the variations in the dependent variable (1_Kend teserrufati Export) using independent variables.

The model is validated in order to check the validity of the established model under different conditions. For this, various tests are applied. There are three main conditions that must be met in the linear regression model. The validity of these conditions can be checked by the following tests.

1. Normal distribution of errors:

Test for normality of residual -

Null hypothesis: error is normally distributed

Statistic test: Chi-square (2) = 2.74248

with p-value = 0.253792

The basic hypothesis of the above test assumes a normal distribution of errors. Since the p-value is higher than 0.1, the basic hypothesis cannot be rejected, and as a result it is assumed that the errors have a normal distribution.

2. Testing the accuracy of the model specification:

RESET test for specification -

Null hypothesis: specification is adequate

Statistical test: F (2, 12) = 0.824104

with p-value = P (F (2, 12) > 0.824104) = 0.461991

White's test for heteroskedasticity -

Null hypothesis: heteroskedasticity not present

Statistical test: LM = 4.70546

with p-value = P (Chi-square (10) > 4.70546) = 0.909966

Model Result:

It is important to interpret the outcome of the model after the application and validation of the linear regression model. First of all, it should be noted that the variables with a negative coefficient have a positive effect on the export potential, and the variables with a positive coefficient have a positive effect. It can be said that the unemployment rate and the volume of manufacturing have a positive impact on the export potential, while the population and investment have a negative impact on the export potential, and these effects are statistically significant (P-value ≤ 0.05).

Although the inflation rate has a positive coefficient, this effect is not statistically strong (P-value > 0.1).

This model can be important in terms of assessing the country's agricultural export potential.

6. Measures to modernize enterprises producing export-oriented products in the agricultural sector have been proposed.

It is noted that the modernization of enterprises producing export-oriented products leads to increased productivity in this area.

In order to determine the main sectoral priorities of modernization policy in export-oriented enterprises, it is important to select competitive and export-oriented sectors in the field of agricultural and food production using various scientific approaches. In this case, it is advisable to

take into account the following principles: public policy, economic security, increase employment, food security, innovation, environmental balance, regional balance, geoeconomic balance, etc.

The main goal of modernization policy is to achieve coverage of as many rings in the value chain of export products as possible, to ensure the transition from the export of raw materials and semi-finished products to the production of more finished products. Expanding the value chain downwards and upwards is important in terms of increasing specialization, efficient use of resources and building a positive reputation. As a result, the competitiveness of export products may increase. One of the most important conditions, in this case, is the choice of a business model, which can be an export cluster, cooperation or "one village, one product."

According to experts, the advantage of cluster enterprises is that it has the ability to invite highly qualified specialists and the possibility to exchange market information with counterparts. It is easier to establish contacts for the implementation of certain projects in the enterprises operating within the cluster. Cluster enterprises are distinguished by high innovation. Clusters, as a rule, are usually created on the initiative of enterprises. The reasons that motivate enterprises to create clusters include high efficiency, acquisition of new knowledge, cooperation and etc.

As a result of the analysis, it was determined that the company's ability to produce new products is a key factor in future success. However, this ability is not just an increase in the company's focus on research services. It is a skilful integration of all departments of the management of the enterprise. The traditional approach to new product development projects is that each service unit of the management apparatus plays its limited role: engineers develop a new product, manufacturers prepare it for production, and marketing and supply workers deal with the realization of the product. Limited criteria are used to determine the effectiveness of each such service area. A well-designed construction of a new product is a key indicator for an engineering project. This construction must be superior to the constructions of existing similar products. However, in today's competitive environment, the characteristics of a new product are measured on the basis of completely different criteria. The most important thing is that the product is more needed and more needed by consumers.

In general, it is noted that the modernization of enterprises producing export-oriented products in the agricultural sector will lead to the following:

1. Increases the competitiveness of agricultural production and expands export opportunities.
2. As a result of modernization of enterprises producing export-oriented products, the productivity of capital in the agricultural sector will increase and will create a demand for more skilled labor.
3. Promotes the development of organizational and management mechanisms of the agricultural sector.
4. Ensures the development of infrastructure serving the agricultural sector.
5. Stimulates the attractiveness of foreign investment in agriculture, etc.

All this shows how important it is to increase the economic efficiency of the modernization of enterprises producing export-oriented products in the agricultural sector.

7. The main strategic directions of providing state support to enterprises producing export-oriented products have been identified.

In our opinion, it is necessary to implement state policies in the direction of improvement of management in the agricultural sphere and reorganization of agricultural science and in the direction of increase the efficiency and effectiveness of the activities of relevant research institutes, as well as other relevant institutions.

It should be noted that the Decree of the President of the Republic of Azerbaijan dated April 16, 2014 "On measures to improve governance in the agricultural sector and accelerate institutional reforms" was also important in terms of increasing the country's agricultural export potential. In accordance with this Decree, the establishment of agro-parks in the agricultural sector has been started.

The Development Concept "Azerbaijan - 2020: Vision for the Future" prepared by the Order of the President of the Republic of Azerbaijan will be important in terms of improving economic performance in this area. This concept identifies the next priority goals that need to be achieved in

the agricultural sector, along with all areas in the country. In 2014-2017, the priority of intensive methods to achieve the set goals was largely ensured.

In terms of increasing export potential, the development of the "Strategic Roadmap for the production and processing of agricultural products in the Republic of Azerbaijan" approved by the Decree of the President of the Republic of Azerbaijan dated December 6, 2016 will also be important. This Strategic Roadmap reflects the strategic vision for the development of the country's agricultural sector until 2020, the long-term vision for the period up to 2025 and the target vision for the period after 2025. This means that the state has a clear roadmap to be implemented in successive stages to achieve strategic development goals in the medium and long term in the field of agriculture. The implementation of the Strategic Road Map for 2016-2020 envisages the implementation of 9 strategic goals, which are important for creating a favorable environment for achieving the formation of a competitive agricultural production and processing sector based on the principles of sustainable development in the country. These strategic goals include increasing the production capacity of agricultural products along the value chain, developing the market of means of production in the field of agriculture and facilitating access to relevant resources, including finance, strengthening the sustainability of food security, developing the market infrastructure and simplifying producers' access to the market, improving the quality of scientific and innovative support and education in the field of agriculture and the developing the system of advisory and information services, forming the mechanisms for sustainable use of natural resources and improving the business environment in the agricultural sector and improving the welfare of the population in rural areas. As a result of the implementation of the Strategic Road Map, the overall competitiveness of agriculture will increase, and the production of export-oriented agricultural products and agro-processed products will expand.

8. Measures have been developed to increase the competitiveness of agro-industrial enterprises in terms of increasing their export potential.

It is noted that in the conditions of new competitive relations, the establishment of agro-industrial enterprises is considered more efficient. Thus, such enterprises are more likely to compete with other enterprises and participate in a single information exchange system. At the same time, it creates conditions for successful adaptation to the requirements of the new competition and, based on it, to enter into competitive relations in foreign markets. As a result of competition, it is possible to improve product quality and export competitive products to the world market. Experience shows that agricultural entrepreneurship entities with a more efficient mechanism of innovation activity in the world market, with a developed infrastructure for the implementation of innovations win the competition. The dominant role of innovation as a factor ensuring competitiveness and economic growth, in the long-run perspective, is a characteristic feature of modern economic development.

It is possible to show innovation policy as one of the main directions of increasing the competitiveness of agro-industrial products. The innovation policy implemented in Azerbaijan is aimed at applying the latest ideas, scientific knowledge, technology and products available in the world to various industries and the agricultural industry in order to ensure durable and sustainable economic development and further strengthening of competitiveness.

It is known that agricultural enterprises often operate in the form of small enterprises. The lack of capital among the difficulties of such small enterprises does not allow them to rise to the level of medium-sized businesses. It is not always possible to get a loan to develop production on the basis of efficient organization. Despite this opportunity, banks provide small loans at high interest rates. This has a negative impact on the propensity of medium-sized businesses to production and economic activities. In this case, they were powerless to fully and efficiently use the country's natural resources.

For the development of small agricultural enterprises, they must first be financially secure. Looking at the world experience, we see that obtaining the necessary capital for the formation and development of small agricultural enterprises has always been one of the actual problems. Since the economic activity of each enterprise is related to the availability of financial resources, the main goal of each agricultural business entity is to increase the amount of such funds. The entrepreneur

uses internal financial sources as well as external financial sources in the formation and development of his activity.

It should be noted that currently, the main source of funding for agricultural enterprises in Azerbaijan is the funds allocated from the state budget for the development of entrepreneurship. The resources of the National Fund for Entrepreneurship Support are important in this regard. It is very important for the state to allocate a certain amount of funds from the budget for supporting entrepreneurship and support its activities. Financial assistance provided by the state is provided in the form of preferential loans, subsidies, compensations, grants, loan guarantees within the framework of the adopted programs.

Tax incentives are one of the strategic directions and sources of state support for agricultural entrepreneurship.

In general, the state creates a link between the investment process through the tax system. Introduces tax incentives for stimulating investors. The mechanism of tax incentives also plays an important role in ensuring the non-taxation of income relative to invested capital. These norms vary by areas. Especially in advanced areas, such norms are at the maximum level. As a result of the application of the mechanism of tax incentives, the costs of the investment process are reduced, which leads to an increase in the level of return on invested capital. Also, the number of sources of the investment may increase due to lower tax rates. All this gives reason to say that the application of a mechanism of tax incentives stimulates investors to active economic activity. However, there are companies that do not participate in investment activities. This leads to a decrease in their competitiveness due to high-income taxes.

The main provisions and results of the research are reflected in the following publications:

1. Hacıyeva Z.E. Directions to increase the competitiveness of agricultural exports. Materials of the Republican Scientific Conference of SSU. October 13-14. Sumgait 2016. 148 p.
2. Hacıyeva Z.E. The role of increasing export potential in ensuring stable and sustainable economic development. Agricultural economics, scientific works of the research institute. Baku, 2016. p. 63.
3. Hacıyeva Z.E. Factors affecting the sustainable development of the agricultural sector. AZERITTIFAQ "Azerbaijan Cooperation University scientific-practical journal. Baku, 2017, № 3, 64.
4. Hacıyeva Z.E. Sources of increasing the export potential of the agricultural sector. SSU Problems of sustainable economic development, perspectives and materials of the international scientific conference. April 27-28, 2016. Sumgayit. 554 s.
5. Hacıyeva Z.E. Ways to increase the production of export-oriented agricultural products in the regions. Azerbaijan Agricultural Science. Scientific-theoretical journal 3, 2017. p. 210-214.
6. Hacıyeva Z.E. Quality factor in ensuring the competitiveness of the agricultural sector. Ways to increase the competitiveness of the economy, dedicated to the 55th anniversary of SSU. Materials of the Republican Scientific Conference, October 17-18, 2017. s. 117-119
7. Hacıyeva Z.E. Directions for improving the supply of agro-industrial enterprises with means of production. Ministry of Education of the Republic of Azerbaijan. Sumgait State University. Materials of the International Scientific Conference "Economic Security: Current Situation and Perspectives" dedicated to the 100th anniversary of the Azerbaijan Democratic Republic. Sumgait. May 2-3, 2018. pp.284-286.
8. Hacıyeva Z.E. Socio-economic efficiency of agricultural management in the regions.
9. Gadzhieva Z.E. The role of innovation in integrating the agricultural industry into the global economic environment. Ukraine. Economist. No. 6 (380), June, 2018. p. 25-28.
10. Gadzhieva Z.E. Socio-economic efficiency of agricultural management in the regions of Azerbaijan. RF Chelyabinsk, 2018

Гаджиева Зулфия Елман гызы

Направления обеспечения экспортно-ориентированной продукции на агропромышленных предприятиях

РЕЗЮМЕ

Диссертация состоит из введения, трех глав, девяти параграфов, заключения и списка использованных источников.

Во введении обосновывается актуальность темы, определяется уровень изученности проблемы, цели и задачи, объект и предмет исследования, характеризуется научная новизна, теоретическая и практическая значимость работы, апробация исследования, а также ее структура и объем.

В первой главе под названием “Теоретические и методологические основы экспортного потенциала аграрного сектора” рассматриваются теоретические основы производства экспортно-ориентированной продукции на предприятиях аграрной отрасли и методологические аспекты влияния экспортного потенциала на экономическое развитие, а так же рассматривается международный опыт по расширению экспортных возможностей аграрных предприятий.

Во второй главе под названием “Текущая ситуация и анализ экспортно-ориентированной продукции аграрных предприятий” предоставлена информация о месте и роли аграрной отрасли в устойчивом развитии отрасли, были проанализированы текущая ситуация аграрной отрасли и производства продукции, ориентированной на экспорт, а так же изучено влияние экспортоориентированной продукции на экономику страны.

В третьей главе под названием “Основные направления развития экспортоориентированной продукции в аграрной отрасли” исследованы проблемы модернизации предприятий, производящих экспортно-ориентированную продукцию, изучены стратегические направления государственной поддержки производства экспортно-ориентированной продукции на аграрных промышленных предприятиях и основные направления для обеспечения конкурентоспособности продукции, даны рекомендации связанные с этими проблемами.

В заключении диссертации даны выводы и предложения сделанные на основе исследования.

Hajiyeva Zulfiyya Elman

Directions of providing export-oriented production in agro-industrial enterprises

SUMMARY

The thesis consists of introduction, three chapters, 9 paragraphs, conclusion and list of sources used.

The introduction substantiates the relevance of the topic, determines the level of study of the problem, goals and objectives, the object and subject of research, characterized by scientific novelty, theoretical and practical significance of the work, testing of the research, as well as its structure and volume.

In the first chapter entitled “Theoretical and methodological foundations of the export potential of the agricultural sector” discusses the theoretical basis for the production of export-oriented products in enterprises of the agricultural sector and the methodological aspects of the impact of export potential on economic development, it also considers international experience in expanding the export opportunities of agricultural enterprises.

In the second chapter, entitled “Current situation and analysis of export-oriented products of agricultural enterprises” was provided information about the place and role of the agricultural sector in the sustainable development of the industry, was analyzed the current situation of the agricultural sector and the production of export-oriented products, at the same time the influence of export-oriented products on the economy of the country was studied.

In the third chapter, entitled “The main directions of development of export-oriented products in the agricultural sector” was investigated the problems of modernization of enterprises producing export-oriented products, the strategic directions of state support for the production of export-oriented products at agricultural industrial enterprises and the main areas to ensure the competitiveness of products was studied, recommendations related to these problems were given.

In the conclusion of the thesis conclusions and suggestions made on the basis of the research are given.