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■ THE ROLE OF INVESTMENTS IN RESOLUTION OF SOCIOECONOMIC PROBLEMS

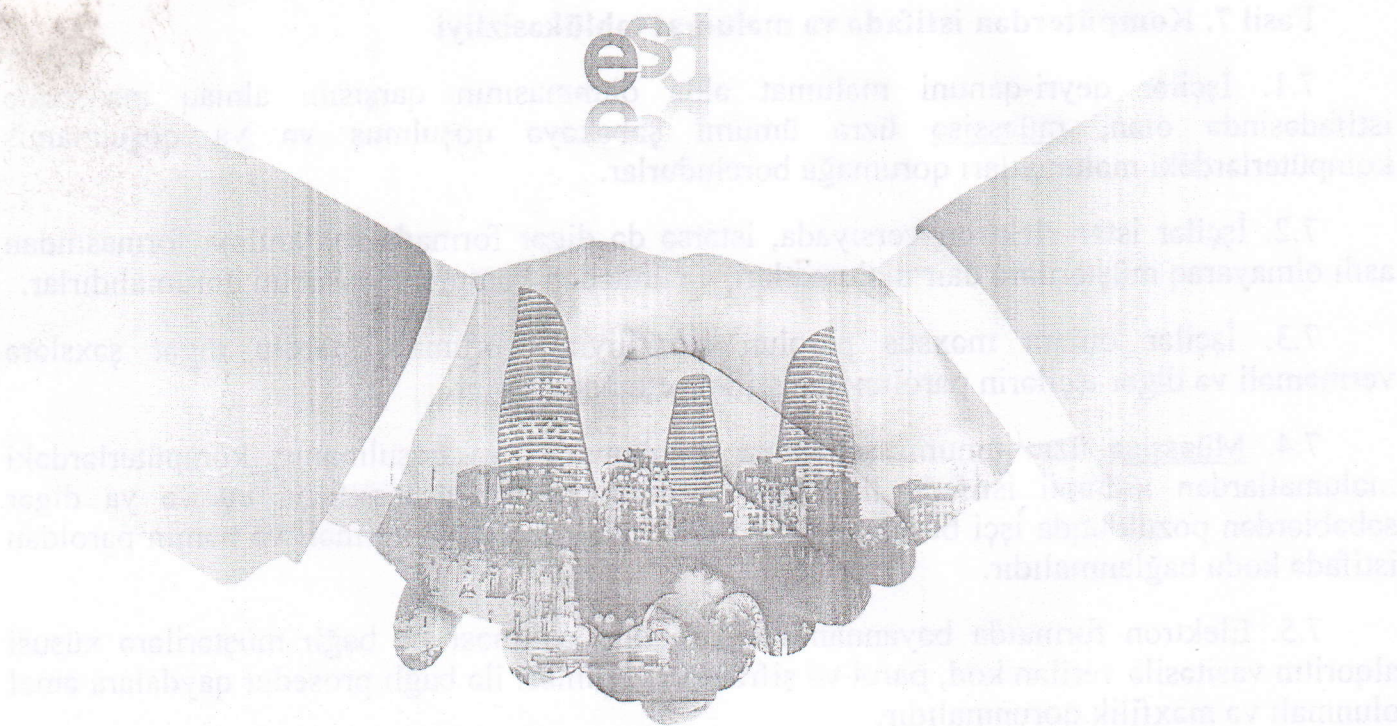


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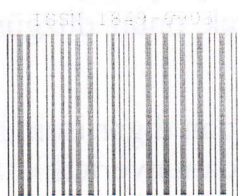
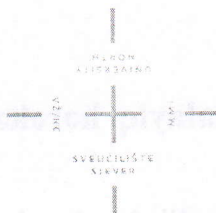
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1. Improvement of the investment environment and raising the attractiveness of the investment of the national economy up to maximum,
2. Restoration of the investment potential and wider development of the internal investment potentials of the country.
3. Reinforcement of the banking sector as an investment center and increase of the investment activity up to the modern requirements of the loan and financial potentials.
4. Further development of the investment opportunities of fund market and institutional bodies,
5. Acceleration of the process of attraction of the investment resources and external capital from the world markets.
6. Raising the efficiency of investing activity of the state and improvement of the financing mechanisms according to the modern innovative requirements.

Of course, implementation of these actions and their efficient activity as a mechanism mean releasing of some part of the budget capital. The depressive and efficient restructuration must be implemented based on especially important projects implemented in industry. With this regard, resolution of problems of the social field merges in itself the mechanisms implemented by support of the state and in parallel, it is required to increase the amount of investments year by year in resolution of the social provision (cultural, educational, scientific and medical) and growth issues of population.

5. CONCLUSION

Considering the above-mentioned discussion, it can be concluded that the efficient regional investment policy must be based on below mentioned principles:

1. It is necessary to have the detailed legislative division of some responsibilities between the regional administrative bodies and municipal bodies. They use the economic condition in the regions of Azerbaijan and the advantages they have in some directions. For having more efficient control they must be given broader rights and accountabilities. On this basis, the long-term development program must be prepared on attraction of the foreign capital for ensuring the efficient distribution of the relevant economic sectors and linking the regional executive powers with the regional development programs. The main task of the local bodies needs to be taking advantage of the foreign capitals and projects giving opportunity for resolution of the regional problems, application of the discounted tax, establishing the profitable investment condition.
2. It is reasonable to centralize the functional control of investment processes by merging them in both central and regional level to achieve the efficient control of them.
3. The regional investment programs should include mainly the private, governmental and municipal, as well as the special projects intended to attract the foreign investments. The efficient resolution is possible by getting agreement around the projects executed by the participants of the regional investment program - production, socio-economic, organizational, economic, scientific-research, development and other activity sectors.

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of investors, tax rate, etc. The main principles of the establishment of the regional investment policy are listed below:

1. Application of fast and related industrial investment projects.
2. Expansion of investment base for mortgage lending.
3. meeting the current requirements of the same conditions and the insurance system for all participants.
4. Establishment of the equal competition environment, insurance of the apparent activity of the investors and investment projects.

As a result of elimination of the negatively affecting aspects the profit level has been increased in regions and progressive development of social economic development is being observed. The level of socio-economic development is the main factor indicating the development level identified after the comprehensive assessment of the position of the region. Different social problems must be solved for increasing the level of social life and economic development in regions. To make the investments more attractive it is necessary to increase the strong development of economy, also having greater financial potential of the state as a whole is considered to be a positive factor (3. Page 13). Of course, another important task before the government is the control of investment market and full insurance of the apparent information policy. The start and development of the business for investor, provision of the best favorable conditions for making investments and increasing the competitiveness of the region are the main tasks of the regional economic policy (4. page 21).

4. ELIMINATION OF THE FACTORS AFFECTING IN THE DEVELOPMENT OF THE INVESTMENTS IN REGIONS

For development of the investment process in the regions of Azerbaijan Republic the below listed negative tendencies must be eliminated:

- Insurance of the future sustainability of the requirement for the competitive products in the commodity markets,
- Elimination of the low efficiency of the investments in local production,
- Expansion of the goods and paid services.

This is true that, there must be internal opportunities for these tendencies to bring to the dramatic changes and establishments of them must be executed gradually. The main restricting factors of development of the investment activity are listed below:

- Reasonable dependency of the national economy, public finance and payment balance on the conjuncture developing in the world commodity market.
- Not paid attention on internal and external needs of the economy.
- Limited development opportunities of economy of Azerbaijan due to low financial resources and reduction of the internal needs of the firms and companies focused on the domestic consumers,
- Lack of the progressive growth of the investment mechanisms, weak relations among the fields due to lack of capital.
- Low loan rating in the international capital markets which prevents efficient borrowing of the financial resources.
- Low real income and population savings which prevent the growth of the consumers' requirement.

Taking into account all of these, the main goals of the investment policy of the state can be summarized execution of the tasks as listed below:

industrial fields. The same time dynamics of the investments is the main parameter of the recycling process and it gives opportunity for allocation of resources for the current consumption and between the main relations for future growth.

2. APPLICATION OF THE INVESTMENTS FOR ENSURING THE SOCIO-ECONOMIC DEVELOPMENT

One of the main problems before the modern society is to intensify the improvement of the socio-economic condition and this requires creation of favorable conditions. To achieve these goals investments can be involved in the real section of economy. The amount of the investments in the main funds and their growth rate is the indicator of the investment attractiveness of the region. Increase in the attractiveness helps the flow of capital and in common, the restoration of the economy. From this perspective, guided by some certain features, allocating the investments to regions, reducing the investments' risk level and investment potential increases the investment attractiveness of the region. Mainly the successful activity of the regional administration bodies has got the vital importance in resolution of this matter. Experience shows that the efficient socio-economic activity of the regions, reasonable increase in the flow of investments to economy depend on the attractiveness of the investments in these regions. The scale of investments identifies the type of the recycling of the economy and these types can be a simple, large or restricted. In this case the main indicator is the net investment indicator. The total investment is the amount of finance invested for new building structures and for purchasing new production means for a period of time. If the total investment is more than amortization amount and as a result of that it reflects the positive value of the net investment, it means that in this case productivity is ensured (1. Pages 2-3). When the total investment and amortization is equal, it means that the substantial cost of the net investment is generated, and as different number of investment funds intervene in the economic life, recycling of the social product is generated and enlarges gradually. In the case when the total amortization cost is more than the total investment value, the net investment indicator should be accepted in the meaning of negative value. Decrease in their amount can lead to reduction of production potential and eventually in the economic recession (2. pages 60-61). It should be considered that it is impossible to apply any methodology to estimate the development of the region and assess the development level and for doing that, distinguishing factors of regions and social aspects of the development of business must be considered. Many macroeconomic indicators can be listed to characterize the effectiveness of the regional economy. From that list, the internal regional product, the external trade turnover, the level of investment, current level of life condition, unemployment, consumption prices, per capita amount of the medium monthly income of population, industrial production, production of agriculture and per capita housing supply in the region must be taken into account.

3. ASSESSMENT OF THE REGIONAL ECONOMY AND ATTRACTING THE INVESTMENTS

A unique approach can be applied for assessment of the regional economy. All these factors influence each other mutually, directly or indirectly, but statistics in this matter doesn't allow to assess the economic condition in the region widely. The indicator of the investment attractiveness must be emphasized for description of the economic efficiency of the region. This is the grade of the investment attractiveness and this is one of the conditions for investment activity and eventually it means the efficient socio-economic development of the regional economy. There are the main moments in assessment of the region's investment attractiveness and they can be various. Of course, each region has got investment attractiveness and it includes the current legislative basis, legal aspects, political situation, the level of defense of the rights

THE ROLE OF INVESTMENTS IN RESOLUTION OF SOCIO-ECONOMIC PROBLEMS

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ABSTRACT

The article is devoted to the investigation of the current level of investment attractiveness of the regions. Analysis have been conducted to study the investment attractiveness, ensuring the active investment activity and some positive decisions have been made. Conditions of the efficient socio-economic development in the region level has been clarified and analysis of the basis of possible ways of direct investments to the regions, characteristic features of the active investment activity for investment attractiveness and the modern approaches for efficient socio-economic development of regions have been conducted. Efficient ways of focusing the investment opportunities emerged in the country on the socio-economic development of the regions have been investigated and scientific-theoretical problems of the encouragement of the investments to the regions in modern condition have been analyzed. Influence of the non-stable financing, unidentified strategy on implementation of the socio-economic projects funded by the government of Azerbaijan republic has been described, execution of the actions against global political and economic influences, the international currency, traditional competitive environment in business have been analyzed. Socio-economic analysis of these problems plays economic justification for execution of the external and internal investments, the capacity of the budget and grants for resolution of these problems. Besides that development of the tendency of increasement of the amount of the fund required to increase the investment resources needed for socio-economic development of regions and the processes on this direction have been analyzed. The importance of the correctness of the data gained to use given complex and systematic methods and necessity of researching the events focused on implementation of the regional investment projects in Azerbaijan Republic according to the current investment policy has been justified. Some proposals have been given considering the local features, learning the experiences of the other countries in regional perspective, the same time the necessity of elimination of the current problems and the aim of the analyses has been identified. These proposals will help to increase the efficiency of this process for implementation of the promising priority projects. Regional business development, the amendment or improvement of the legislation for application of investments in country being more compromising has been investigated in the analysis.

Keywords: investment, investment attractiveness, region, socio-economic development

1. INTRODUCTION

State-run management of certain natural resources historically in the socio-economic space of Azerbaijan reasonably increases the economic efficiency and activity of the socio-economic policy. From this perspective, certain differences between regions, emergence and grows of crisis situations in economy requires more agile actions from market participants. Recently the reforms conducted in the country allowed getting positive results in development of the economy and social field. In the modern condition investments are considered to be one of the vital factors for the development of socio-economic system of every country. The scale, structure and efficiency of the investments identify mainly the status, perspectives and competitiveness of the national economy. Changes in the quantity of the investments has positive effect on the level of employment of population and social production, getting the structural changes in the national economical network, development of the economy and

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