

Varazdin Development and Entrepreneurship Agency
in cooperation with:
Azerbaijan State University of Economics (UNEC)
University North
Faculty of Management University of Warsaw
Faculty of Law, Economics and Social Sciences Sale - Mohammed V University in Rabat



Economic and Social Development

37th International Scientific Conference on Economic and Social Development-
"Socio Economic Problems of Sustainable Development"

Book of Abstracts

Editors:

Muslim Ibrahimov, Ana Aleksic, Darko Dukic



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**CAPITAL MARKETS UNION AND EUROPEAN COVERED
BONDS INITIATIVE FOR UPGRADING CAPITAL MARKETS
IN THE NEW MEMBER STATES..... 11**

Ivana Bajakic

**THE CURSE OF TRANSFERS? MODELLING FISCAL
POLICY EFFECTIVENESS IN AZERBAIJAN 12**

Khatai Aliyev

**A GLANCE THROUGH TWO DECADES OF SLOVENE-
RELATED RESEARCH IN AUDITING..... 13**

Daniel Zdolsek, Timotej Jagric, Iztok Kolar

**DO RESEARCH AND INNOVATION STIMULI IMPROVE THE
COMPETITIVENESS OF PRIVATE FIRMS? EVIDENCE
FROM THE SLOVAK REPUBLIC..... 15**

Vladimir Balaz, Katarina Karasova, Martina Chrancokova

**IMPACT OF ECONOMIC DIGITIZATION ON THE
DEVELOPMENT OF ENTREPRENEURIAL ACTIVITY..... 17**

Irada Valiyeva Hatam

**CYBER-ATTACKS AND INTERNET OF THINGS AS A
THREAT TO CRITICAL INFRASTRUCTURE 17**

Alen Simec

CLUSTER POLICY AND ITS FORMATION FEATURES..... 18

Ahmadova Turana Vahid

**THE PROSPECTS OF DEFENCE COOPERATION BETWEEN
THE EUROPEAN UNION, THE RUSSIAN FEDERATION AND
THE PEOPLE'S REPUBLIC OF CHINA..... 19**

Bostjan Peternej, Petar Kurecic, Igor Klopota

**INTEGRATION OF AZERBAIJAN FINANCIAL MARKET
INTO INTERNATIONAL FINANCIAL MARKETS..... 20**

Kenish Garayev

IMPACT OF ECONOMIC DIGITIZATION ON THE DEVELOPMENT OF ENTREPRENEURIAL ACTIVITY

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ABSTRACT

This paper reviews development of entrepreneurial activity and investigates government input for creating favourable environment to businesses. Economic development and business environment are the most important factors in explaining entrepreneurial choice. However, we find that government systematic reforms most likely digitalization also matter.

Keywords: *digital economy, digital trade hub, entrepreneurship*

CYBER-ATTACKS AND INTERNET OF THINGS AS A THREAT TO CRITICAL INFRASTRUCTURE

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ABSTRACT

The Internet of Things (IoT) is the interconnectivity with smart assets that are securely networked over an open, standard network. The full value of IoT is complementing smart, networked assets with contemporary technologies such as scalable computing, information management, analytics, and mobility. IoT gives us Internet of Things also known as Internet of Objects. The IoT will foster the development of a number of applications that

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ABSTRACT

This paper reviews development of entrepreneurial activity and investigates government input for creating favourable environment to businesses. Economic development and business environment are the most important factors in explaining entrepreneurial choice. However, we find that government's systematic reforms most likely digitalization also matter.

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1. INTRODUCTION

In the light of recent economic developments in the world, the development of the country's economy, the protection and further improvement of the investment and business environment, the creation of favorable conditions for the expansion of the entrepreneurship sector, increasing the export potential of the non-oil sector, import substitution, and the strengthening of state support to local entrepreneurs is strategic tasks. Systematic, complex steps have been taken in this direction, state programs have been adopted. As a result, according to the World Bank's Doing Business 2019 report, Azerbaijan's position is on the 25th place among 190 countries in comparison with 2017, 32 step forward in 2018, leaving behind many countries in the world leading positions among the Commonwealth of Independent States rising to the world's most reforming country. As a result of more than 70 reform measures, the position of most indicators has increased to a higher level. Significant progress has been made in eight out of ten indicators falling to the top ten in the business start up indicator. These indicators have not been changed in the last two years on the indicator of foreign trade only. This has resulted in increase of attention by the state to that area. At the same time, building of a digital economy is also a strategic task of our country. These decisions include reform measures to promote Institutional Reform and Investment Promotion, as well as to improve the business climate and improve the country's position in international ratings.

2. CREATING FAVORABLE ENVIRONMENT

In recent years Azerbaijan put great efforts in creating business environment for start ups and entrepreneurial activities in non-oil sector. These events includes the establishment of the Economic Reform Analysis and Communication Center on the basis of the Presidential Decree of 8 April 2016, in accordance with the Order of the President of the Republic of Azerbaijan "On the Establishment of www.azexport.az internet portal - Unified Database of Goods Manufactured in the Republic of Azerbaijan" signed on 21 September 2016, creation of "EnterpriseAzerbaijan.com" portal with the Presidential Decree of December 6, 2016, "Strengthening the position of the Republic of Azerbaijan as a Digital Trade Crossroad and Decree No. 1255 of the President of the Republic of Azerbaijan dated 22 February, 2017 "On Additional Measures to Expand Foreign Trade Operations", the establishment of a Single Window Support Center, the State Program on Digital Payments Expansion in the Republic of Azerbaijan in 2018-2020, signed by President of the Republic of Azerbaijan on 26 September 2018, have a major importance. The objectives of the reform of the Center for Economic Analysis and Communication is prepare forecasts for the medium and long-term period, to provide state bodies and institutions with those forecasts, and to organize the promotion of the achievements of the Republic of Azerbaijan in various fields of economy along with macro and

microeconomic analysis and research to ensure sustainable economic development of the country. Among the complex measures undertaken to improve the country's position in international ratings and to increase the business and investment climate availability within the framework of large-scale economic reforms aimed at specific objectives, the Economic Reforms Analysis and Communication Center has launched a single database of goods produced in Azerbaijan - www.azexport.az creation a portal has particular importance. Azexport.az's mission is to provide information on products of Azerbaijani origin and create a favorable platform for their domestic and foreign markets. To carry out this mission, the leading global and local transport and logistics companies integrated into Azexport.az. "Azexport.az integrates with the world's most popular electronic sales networks and exports goods to the world and offers fast and secure payment via VISA, Master Card and American Express card holders. The Azexport.az portal offers a new service to entrepreneurs. Thus www.azexport.az portal selects the most appropriate among tens of thousands of ads on public and private procurement portals and presents them to Azerbaijani entrepreneurs. Entrepreneurs can now clearly see and enjoy the tenders and orders announced in different countries. At the same time, the portal provides relevant support for participation in such tenders. One of the main priorities of the development of entrepreneurship, which is one of the main directions of the new economic policy, is the expansion of exports, the promotion of non-oil products by the Azerbaijani brand and its sale to foreign countries. The Azexport.az portal's technical capabilities have enabled entrepreneurs to address key issues such as supply chains, low logistics capabilities, and high production costs. The Digital Trade Hub of Azerbaijan ("Digital Trade Hub of Azerbaijan ") project, was created which allows registering as a taxpayer in the Republic of Azerbaijan as a taxpayer and their foreign business partners in the electronic form and signing of contracts as well as transboundary electronic services in real-time mode. In terms of entrepreneurs' access to global markets and the use of new technologies, the Digital Trade Hub has an important role. Digital Trade Hub of Azerbaijan is the e-government-private partnership platform designed to further develop the infrastructure of electronic commerce in the country and to strengthen the position of the Republic of Azerbaijan as a digital commerce interconnector in the region. Opportunities of Digital Trade are - the online unified export petition, customs declarations on the opportunities created by the digital trade junction for the business; e-promotion promotion; Free Sales Certificate; transboundary operations; mutual recognition and validation of signatures. The Portal recommends that all procedures required to meet export incentives for entrepreneurs to promote domestic non-oil products be transmitted electronically through the Digital Trade Hub. The service is also done faster and easier through the Online Single Export Application. The Digital Trade hub, which provides a free sales certificate, is based on X-Road technology. This technology is the safest and most secure protocol for data exchange. It is necessary to have a Free Sales Certificate for export of Azerbaijani products to many countries. The Free Trade Certificate is a relatively new regulatory control mechanism in international trade. Azerbaijan is the third country in the CIS that offer this type of certificate. The certificate is compulsory in many countries and is used to secure the safety of products such as food, cosmetics, textile, medical equipment, hygienic means, etc. that are in contact with the human body. The free sale certificate is a document certifying that the exported goods are freely circulated in the Republic of Azerbaijan, certified by the relevant public authorities and bodies and meets the standards. The acquisition of this certificate is voluntary and is made on the basis of the exporters' application only for the goods produced in the Republic of Azerbaijan. Exporters may obtain a free-of-charge certificate in electronic form or on a paper carrier. The procedure for issuing a certificate is not monitored by any additional labs or tests. A range of documents are required for the free sale certificate, including a list of goods required for a free sale certificate, a certificate of conformity and quality certification, a license for the production of goods (under the law), international

identification number - barcode, 2-3 clients, invoices, checks or tax invoices), and so on. Contracts signed with ISESCO, FutureTrust, GazinformService, Asecco, Microsoft, Eastern Partnership Center and Orientswiss contribute to transboundary operations, recognition of mutual signatures, and thereby improving business relations among countries, facilitating E-Commerce and E-Commerce development. Majority of portal users which is total of 1.5 billion visitors integrated into international electronic sales portals www.go4worldbusiness.com, the Gulf and Oceania countries, www.tr4worldbusiness.com, www.tradeindia.com, www.indiamart.com, covering the Indian market, and www.agrorubo.com, specializing in selling agrarian products in CIS countries in recent years. The portal www.enterpriseazerbaijan.com was created by the Economic Reform Analysis and Communication Center (ITICM) in order to ensure sustainable development of entrepreneurial activity as one of the main priorities of the state's economic policy in the Republic of Azerbaijan and to support competitive domestic production in the non-oil sector. The purpose of the portal is to further enhance the attractiveness of the country's investment and increase the availability of alternative funding sources for the development of the economy. The portal is a database of investment projects, startups, property, stock, land and other assets in Azerbaijan, which is regularly updated, easy to use, accessible, safe, fast and affordable. Project developers looking for potential investors and potential investors looking for a job to invest come together at the EnterpriseAzerbaijan.com portal. "EnterpriseAzerbaijan.com" portal has integrated into the Azexport.az, Digital Trade HUB, and "One Window" Export Support Center. "One Window" Export Support Center, which operates under the "Azexport" portal from May 25, 2017, is a joint venture in the Republic of Azerbaijan for the registration and signing of documents, including contracts with taxpayers as well as their foreign business partners, as well as real-time transboundary electronic services. Representatives of state agencies integrated into the Center operate in the service center and exchange information in real-time with information resources. The Center is planning to issue a number of certificates: export certificate for animals, animal origin products and international veterinary, Phytosanitary (re-exported phytosanitary) certificate for export (re-export) of plant and plant products, Quality certificate for exporting food products to European Union countries, certificate of origin of goods origin, Permit for the export of wild fauna and wild flora species, which is at risk of extinction, protection certificate for export of cultural assets, the consent of the export of religious literature (paper and electronic carriers), audio and video materials, goods (products) and other materials of religious content. As a result of these reform measures, several achievements have been achieved to improve the business environment in Azerbaijan. Thus, according to the State Customs Committee information, export of the Republic of Azerbaijan for January- October 2018 amounted to \$ 16.3 billion. During this period, growth in the non-oil sector export was observed in the Republic of Azerbaijan, and exports for the first 10 months of the current year amounted to \$ 1 billion 351 million in non-oil sector. Exports from the non-oil sector increased by \$ 132 million or 11 per cent in January-October 2018 compared to the same period of 2017. In January-October of the current year, exports to Russia amounted to 467.2 million dollars, to Turkey - 293.8 million, to Sweden 114,4 million, to Georgia – 106,5 milion and to Kazakhstan - 38.4 million US dollars. In comparison with the same period of the previous year, non-oil exports to Russia increased by 11 per cent to Russia in 10 months, Turkey by 20 per cent, Switzerland to 10 per cent, China to 75 per cent, and to Georgia by 2.6 per cent. In the list of commodities of non-oil sector exported during January-October 2018, tomatoes were the leader with export value of 150 million US dollars. In this list, gold was the third (\$ 68 million) of the first form of polyethylene (\$ 100 million), which was not used in coin cutting and the second and special mass was less than 0.94 with special increase of 15%. Exports of tomatoes increased by 14% compared to the same period last year. In this list with compare of previos year same period polyethylene (68.5 million), with a 2% increase in gold compared to last year, with a

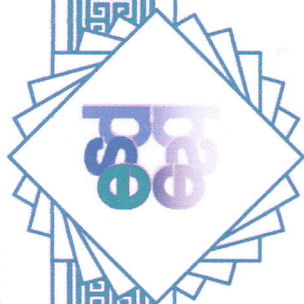
second and a 15% increase in gold (other non-finished forms - 100 million US dollars). Generally, exports of fruits and vegetables totaled 405 million dollars in January-October 2018, which is 8% increase of previous year, exports of plastics and finished products amounted to 95.7 million, exports of aluminum and finished products - 97.2 million, electricity exports - 60 million, ferrous metals exported goods amounted to 64.3 million, cotton fiber exports - 65 million, export of chemical products - 47 million, cotton export - US \$ 19 million. Compared to last year, these products accounted for 2.5 times the cotton fiber. In November of the current year export of non-oil sector was 144 million US dollars. In the list of the most non-oil exported countries in September 2018 the top five countries were Turkey (34.5 million US dollars), Russia (22 million USD), Switzerland (\$ 13.9 million), Ireland \$ 10 million) and Georgia (\$ 7.2 million). Azercosmos has been exporting services to 22 countries of the world. During 9 months of this year, Azercosmos OJSC has earned \$ 16.7 million in sales of satellite and communications services. In addition to products, there was an increase in the export of various services. Azercosmos has exported 22.4 million worth of services to 23 countries worldwide. Implemented. During 10 months of this year, Azercosmos OJSC has earned \$ 16.7 million in sales of satellite and communications services. During the first 10 months of 2018, the value of export orders to Azexport portal amounted to \$ 433 million. Compared to the same period of 2017, this is a 15% increase. In general, the value of export orders from Azexport.az to 106 countries from January to 2017 amounted to \$ 908 million. Additionally, in the first 10 months, 2420,600 Azerbaijanis from 194 countries of the world, or 6.4 percent more foreigners and stateless persons came to Azerbaijan compared to the same period of the previous year, the value of their transactions through bank cards amounted to 1119 million manat, compared to the same period last year, the value of these transactions increased by 205 million AZN or 25 percent. It should be noted that in January-October 2018, the cost of export through the "One Window" Support Center was more than \$ 124.5 million. At present, more than 10% of the country's non-oil exports are documented at the "One Window" Export Support Center. Physical and legal entities operating in our country are mainly engaged in steel pipes, steel reinforcing rolled steel, steel platinum, precious metal ingots, oxygen bacon, hazelnut kernel, fruit, fruit juices, barley, rootstock, tomato straw, tobacco, frozen slices and shells, sheep bowel, lamb, Dagestan tour, magazines and so on. the relevant documents required for the export of products were submitted. Certified products has been exported to various countries such as Turkey, Georgia, Austria, Russia, Kazakhstan, Iran, Canada, Germany, USA, Turkmenistan, Qatar, Austria, Ukraine, Lithuania, Switzerland, Belgium, Canada, New Zealand, China, Ghana, Malaysia, Uzbekistan, Italy, Israel. During the first 10 months of 2018, the Exporters for Economic Reforms Analysis and Communications Center (ITECM) have been given free-of-charge sales certificates to more than 200 companies including Gazelli Group LLC, Apiaz LLC, Aznar CJSC named after Teymur Ahmadov, Brightman LLC. The activity of the Azexport portal of the Center for Economic Reforms and Communications and the One-Stop Support Center was highly estimated in the report "Business Environment in Azerbaijan 2018" prepared by the European Union. The Azexport portal and the "One Window" Business Support Center are examples of institutional reforms in export diversification.

3. CONCLUSION

Today, macroeconomic stability, favorable investment and business environment protection, development of entrepreneurship, development of the non-oil sector in the country are strategic objectives. Complex systematic steps are taken in this direction. State programs are accepted. At the same time, building a digital economy of this country is also a strategic task. The article deals with a number of issues related to the State's consistent measures on the economic electrification of the economy and their impact on the development of their publicity activities in the direction of these tasks.

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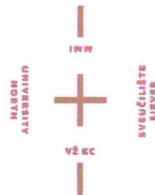
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Irada Valiyeva



HAS SERVED AS A DELEGATE TO THE ESD CONFERENCE AND SUCCESSFULLY PRESENTED THE PAPER:

■ IMPACT OF ECONOMIC DIGITIZATION ON THE DEVELOPMENT OF ENTREPRENEURIAL ACTIVITY



S. Yagubov

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