

Assessment of the Competitiveness of the Economy of Azerbaijan in the System of Modern World Economic Systems Communications

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Abstract—In the modern world economy, we are witnessing qualitative changes related to globalization, the gap in the levels of development of individual countries and regions, the transition of the world from a unipolar model to a multipolar one, and increased competition between the world's States for sales markets. Thus, the market in a broad sense is becoming one of the main values in our time, and therefore, the political and economic power of a country is determined by the degree of its competitiveness. The object of research is the national economy in terms of its competitiveness, including the development of national competitive advantages, as well as competitiveness in a globalizing world. Special attention is paid to the economy of Azerbaijan, its current state and problems by assessments of various expert agencies. Author pays particular attention to examination of World Competitiveness Index and conducts comparative analysis of Azerbaijan and CIS countries. When calculating this year's rating for Azerbaijan, the fall in energy prices and the devaluation of the national currency were taken into account.

Keywords—national economy, competitiveness, comparative characteristic, improving indicators, Azerbaijan

I. INTRODUCTION

The competitiveness of the national economy is a concept with several meanings. Most often, when using this term, the following wording is meant: the Competitiveness of the national economy reflects the ability of the state to achieve high rates of economic growth, as well as the stability of economic growth in the long term. It also reflects how high the country's productivity of means of production is. In the context of globalization, it is equally important to understand competitiveness as the ability of firms and companies in a given country to build their strategy and compete in international markets. Ensuring the competitiveness of the national economy is the most acute problem, reflecting not only the economic security of the country, but also its national security.

The competitiveness of the national economy is a comparative characteristic that contains a complex assessment of the main condition of features from the economy relative to external parameters, and its competitiveness of the national

economy is shown at an international competition. changes are characterized by such parameters as the growth rate of GNP, labor productivity growth level, wages, share foreign investment in the total amount of investment in the country, based on education, basic science, research and development as a percentage of GNP, divided into the country's exports, raw materials and labor consumption industries, capital-intensive industries, high-tech industries, divided in world exports, etc. [2].

The fundamental conceptual understanding of the competitiveness of the national economy is based on the ability of domestic companies to produce goods and services at prices lower and of a quality that is not inferior to the goods and services of foreign companies, and at the same time satisfying both domestic and foreign consumers. This means that increasing the competitiveness of the national economy is possible through the transformation of the production of goods and services. In today's global world, the competitiveness of national economies is determined by its weight in the global economy, the availability of competitive advantages in specific industries, and the potential for their development. The leading factors for improving the country's competitiveness are the legislative policy in the field of economic transparency, the presence of innovation hubs(systems), the degree of external independence and national security (the absence of military conflicts), economic and social stability, and a strong education system. It is also necessary to have a strategy for socio-economic development and a strategy for transition to innovative development.

II. MODERN METHODS OF ASSESSING COMPETITIVENESS

Currently, there are many different ratings compiled by international organizations and research institutes around the world to determine the degree of competitiveness of the economies of various countries around the world [7]. The most famous among them are the following:

1. "Global Competitiveness Report" compiled by the world Economic Forum (WEF).
- 2." E-government readiness Report " prepared by the UN.

3. Report of the International budget partnership on the Open Budget Index.
4. The UN Annual report on human development, measured by the HDI (human development index).
5. Reports Of the economic Forum in Davos, Switzerland.
6. The world Bank (WB) Report on doing business, called "Doing Business".
7. Credit rating issued by one of three international agencies: Moody's, Fitch and Standard & Poors.
8. International innovation index. The Global Competitiveness index is an annual report published by the world Economic Forum since 1979. The index was developed by Spanish economist Xavier Sala-I-Martin. This index reflects the ability of countries to provide a high standard of living and well-being for their citizens, which depends on how productively and effectively countries use the resources at their disposal. Thus, the competitiveness index measures the aggregate impact of institutions, economic policies, and various factors that can lead to economic prosperity in the medium term. Since 2004, the global competitiveness report also shows the ranking of countries by this indicator. When developing the index for each country, 110 different factors are taken into account, of which two-thirds are empirically obtained by the researchers and authors of the report, and one-third comes from open sources provided by the UN

The report notes that as a country develops, wages also increase, and in order to maintain high profits, labor productivity must also increase in order for the country to achieve global competitiveness. But the reasons for increasing productivity in Sweden are radically different from those in Ghana or any other African country. Therefore, the report divides countries into 43 categories: developing based on economic factors, developing based on increased efficiency, and developing based on innovation. The top ten countries for 2016-2017 are represented by the following: Switzerland, Singapore, USA, Netherlands, Germany, Sweden, Great Britain, Japan, Hong Kong, Finland.

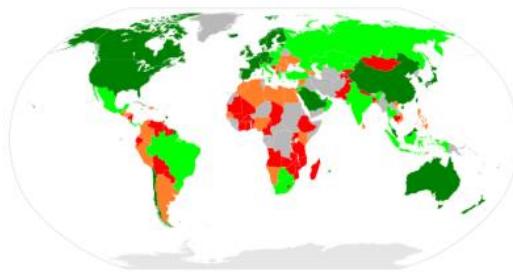


Fig. 1. Green corresponds to a more competitive country, orange – less.

The rating is developed based on 12 factors that determine competitiveness:

1. institutions;
2. infrastructure;
3. stable macroeconomic situation;
4. health and basic education;
5. the situation with higher education;
6. efficiency and openness of the domestic market;
7. the situation on the labour market;
8. the development of the financial system;
9. ability to take advantage of existing technologies in the country;
10. the volume of the domestic and foreign market, which enter the technological production in the country;
11. production of new products using the latest technological developments and its range;
12. innovation.

The e-government readiness report has been prepared by the UN Department of economic and social development since 2003. The report is made publicly available once every 2 years. This overview provides information on the use of information technology by the government to facilitate and speed up access to public services, including by entrepreneurs (online business registration, and issuing licenses and permits via the Internet). Currently, most countries of the world are developing information technologies to provide services to citizens. With the introduction of e-government, the concept of "queues" is becoming a relic of the past, all services can be accessed from the comfort of your home. The highest degree of development of e-government is the ability of citizens to participate in popular voting (referendums, presidential, parliamentary and municipal elections) through IC technologies.

III. AZERBAIJAN'S COMPETITIVENESS INDEX

The world Economic Forum publishes an annual rating of global competitiveness of the world's countries. In the ranking for 2016 - 2017, Azerbaijan took the 37th position in this list, which can not but please. The research covers 138 countries.

If we compare with last year's report, we will see an emerging trend towards improving indicators. Let me remind you that in 2015-2016, our country occupied the 40th position in the rating.

Also, Azerbaijan leads the countries of the Commonwealth of Independent States (CIS) in terms of competitiveness. For comparison, next to US among the CIS countries, Russia took the 43rd place, and Kazakhstan is content with the 53rd position. Other CIS countries occupy more modest positions: Georgia – fifty-ninth, Tajikistan – seventy-seventh, Ukraine – eighty-fifth.

In this calculation, the highest competitiveness index corresponds to a rating of 7 points. In 2016-2017, the competitiveness index of the Republic of Azerbaijan was 4.4 points, which is higher than average, but at the same time shows that our national economy has room to grow.

When calculating this year's rating for Azerbaijan, the fall in energy prices and the devaluation of the national currency were taken into account (table1).

An important feature of the current rating is that it was compiled during a period of falling oil and gas prices, which are the main components of export of Azerbaijan. Even so, Azerbaijan was able to strengthen its competitiveness by moving 3 positions ahead in the ranking. The report prepared by the WEF States that this was achieved primarily due to the improvement of education in the country and timely reforms that allowed "improving the business environment and the efficiency of the goods market".

TABLE I. WORLD COMPETITIVENESS INDEX: AZERBAIJAN AND CIS COUNTRIES

Countries	2011	2012	2013	2014	2015	2016	2017	2018	2019
Azerbaijan	69	64	66	69	51	55	57	46	59
Belarus	-	-	-	-	-	-	-	-	-
Kazakhstan	61	56	61	66	67	72	72	51	50
Moldova	82	86	97	95	-	94	93	87	89
Russia	75	62	58	51	63	63	66	67	64
Tajikistan	104	96	117	116	122	116	105	100	-
Ukraine	84	78	73	72	82	89	82	73	84
Quantity of countries	117	125	131	134	133	139	142	144	148

According to the rating, Azerbaijan is included in 16 countries that are in the process of transition from the first to the second stage of socio-economic development. In addition to Azerbaijan, this list includes the following countries: Iran, Kuwait, Mongolia, Vietnam, Venezuela, Philippines, Botswana, Gabon, Moldova, Saudi Arabia.

It is also worth noting that our country is included in the list of 27 countries that have become the most competitive in individual areas (industry, agriculture, quality of educational and medical services, etc.).

According to the competitiveness report, Azerbaijan took the 3rd place in the number of procedures needed to register and start a business, that is significantly reducing their number; 9 place – on time, departing at the completion of all procedures to start a business; 18 – in terms of women's involvement in economic processes on the labor market, which once again confirms the absence of any sex discrimination not only at the legislative level, but also at the household level; 39 at the stability of the main macroeconomic indicators; 36 position - to protect the rights and property investors; 41st place - on the level of public debt, which includes both foreign borrowings of the country and money borrowed on the domestic market by issuing and selling bonds to the population (the country's authorities annually reduce the percentage of external public debt to GDP); 30 – on the efficiency of the labor market, as well as 44th place – on the degree of development of innovation [12].

In the world economic forum's global competitiveness ranking for 2019, Azerbaijan took the 58th position in the overall list of 141 countries covered by the study.

With a total score of 62.7 points, the country improved its position in the ranking by 11 positions and 2.7 points compared to last year. Last year, Azerbaijan ranked 69th out of 140 countries.

IV. CONCLUSION

Based on the conducted analysis, it is possible to note that in the 2019 ranking, Azerbaijan showed improvement in such

indicators as the labor market, business dynamism, food market, infrastructure, skills, public institutions, market scale, and innovation potential.

The country's position has become weaker in terms of indicators such as IT capacity and healthcare. There are no changes in the financial sector since last year.

In terms of macroeconomic stability, there was a slight increase, which was influenced by low inflation and a low level of external debt. However, despite this, the country is still at the bottom of the rating (103rd place).

Azerbaijan is next in the ranking to countries such as Kazakhstan, Colombia, Greece, South Africa, Turkey and Costa Rica.

If we consider the development of Azerbaijan's competitiveness within the Eurasian region, then the country's position is closest to Kazakhstan, which took the 55th place in the rating, also showing growth compared to last year.

WEF experts believe that countries in the region should pay more attention to financial sector development and innovation in order to improve their competitiveness. This will also help advance structural changes. The Russian Federation remains the leader in the Eurasia region, taking the 43rd position in the rating.

WEF assesses the competitiveness of countries based on 12 indicators, including infrastructure, macroeconomic stability, health, commodity market productivity, labor market productivity, financial sector development, technology development, innovation potential, etc.

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