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SOCIALLY-ORIENTED MARKET ECONOMY THE BASIS OF DEVELOPMENT OF SOCIAL STATE

Abstract.

While implementation of socially-oriented market economy, first of all, improvement of life quality of population and competitive abilities of human capital, as well as regulation of economic development and its stability, use of natural resources and their preservation for future generations are important conditions. The main aim in implementation of the model is provision of the dynamics of the human capital related with ecological, institutional, economic, informative- technological directions and regulated development of ecosystem.

Characteristic features of national economic development model of Azerbaijan are the followings:

I. In Azerbaijan mixed economy is being formed based on different property and economic forms and an environment is being established for favorable activity of state and private property forms;

II. In Azerbaijan, economy is regulated by the state, favorable condition is set for competitiveness of products both for domestic and foreign markets;

III. Regulation is carried out both on macroeconomic, and microeconomic level;

IV. Development peculiarities of socially-oriented economy, traditions of solution of social problems by the state are compatible with German model;

V. Environment of free competence is conducted by the state and anti-monopoly measures are implemented;

VI. Employment policy and reduction of poverty are integral parts of the social economic policy conducted in Azerbaijan.

As above-noted, socially-oriented market economy forming in Azerbaijan reflects traditions of the western countries, as Azerbaijan has joined social policy program of the European Union and here the legal framework of market economy is based on international laws.

So, national economic development model of Azerbaijan has social nature. Economic policy carrying social nature, on one hand is based on human factor, on another hand, on the practice of the advanced countries of the world developed by the way of development of market economy. At the same time, innovative development of economy and implementation of modernization strategy are priority issues in national economic development model of Azerbaijan.

Key words: national economic, socially-oriented market economy, environment, employment policy, reduction of poverty, competitiveness of products,

Introduction

Analysis of historical development shows that in all periods the people tried to raise the quality of their life and in this regard to acquire a new, more advanced management system. Ideal state conceptions put forward in different periods were first of all, related with welfare

of people and search for the ways of its provision. The social state in post-neocapitalism period, which is characterized as the newest stage of the world history, is related with improvement of life quality of people, provision of social justice, consolidation of social cooperation and mutual social responsibility, elimination of social inequality, provision of all human rights and freedoms and appropriate life conditions and is accepted as a next “ideal management” model. One of the privileges of the social state is related with its being a state structure based on mutual activity, mutual help and support in state-society relations.

Preparation of “Strategic road map over national economic perspective of Azerbaijan Republic” is a significant step in direction of creation of personal development model and this strategy involves the world experience, national development and national security prospective. In this strategic map determined strategic targets are also shown:

1. Consolidation of fiscal sustainability and adoption of sustainable monetary policy;
2. Privatization and implementation of reforms related with state-owned enterprises;
3. Development of human capital;
4. Development of favorable business environment

These targets taking into account the development of social state and socially -oriented market economy covers improvement of quality in all stages of education, increasing labor productivity and stimulation of development of human capital, coordination the role of the state sector in economy and in establishment of business environment, strengthening sustainability of business, successful implementation of privatization, attraction of appropriate investors for foreign investment [Strategic Road Map on national economic perspective of Azerbaijan Republic. Has been confirmed with the Decree of President of Azerbaijan Republic Ilham Aliyev on December, 6, 2016, 6].

Essence of social-oriented market economy

Development of social market economy in the modern time comes out as the foundation of social policy of the advanced world states. The concept of “Social market economy” has been put forward by A.Miller-Armak. He tried “to direct market economy agriculture to social” and to eliminate the distance between individualism and collectivism, as well as between social and state institutions. According to, L.Erhard, social market economy is a special social structure and special thinking form and focuses on provision of “welfare for everybody” [Erhard L. Reflection for half a century: speeches and articles, 1996, p. 123-129]. Social market economy has double nature – tough market mechanism on one hand, and social attitude from another hand. Social market economy transforms and forms leading mechanisms of social policy. This time social field does not become only mission of the state, but also comes out as an operator of social services and undertakes the legislative and mediator role [Poberezhnaya, O.E. The concept of social market economy as the basis of theoretical comprehension of modern social policy. - 2006 , p.267].

Socially –oriented market economy can be accepted as modernization of contemporary market economy. Essence of this process is related with democratization of the society on the basis of mutual activity of state and business [Klemasheva EI,. Gasanov E.A, Klemasheva E.I. Theoretical provisions of socially- oriented neoinustrialization of the Russian economy. Bulletin of Siberian Science. 2015., p.156-161].

The essence of the “Social market economy” model involves the followings:

- Establishment of forms and regulations of economic subjects holds a priority place in the economic policy of the state;

- established activity forms and regulations are focused on formation of free competition opportunities and open market, as well as on stimulation of initiatives of maximum number of particular persons;

- Anti –monopoly policy;
- Support of small and medium business;
- Mutual adaptation of all elements of economic life, i.e. entrepreneurship activity, monetary policy, bank system, etc.;
- Stability of money circulation and economic policy and forecasting conditions for investing;
- Elimination of conservative structure of consumption and establishing conditions for equalizing taxpaying possibilities of all layers of population [Nevostrueva T.L. Social-market model of the economy. 2004, p.45-47].

Socially-oriented market economy functions on the basis of the market economy with adapted freedom principles, social discipline and social progress and leans on the social state related with guaranteed economic freedom, social protection and social justice. On the basis of the socially-oriented market economy stands economic and social discipline [Dikan V.L. Socially-oriented market economy of Ukraine in the conditions of globalization., 2011, p.15-19].

In the market condition the state should release all mentioned fields from market mechanisms and should take care of them. Healthcare, education and culture should be available for everybody and this time, as the basic social values intellectual potential of the health and society are taken into account [Morozova L.A. Theory of State and Law, 2002, p.93-94].

The main principles of the socially-oriented market economy are determined as follows:

1. Change of the structural policy of the state related with the export of raw materials with development of real sector of economy.
2. Formation of income part of the budget not in the account of the sector of raw materials, but in account of internal sources and regulation of the budget policy of the state on these bases. For implementation of this principle abandonment of the flat tax scale is a basic condition.
3. Short-term and strategic planning of exactly determined development directions on the basis of neoindustrial structural changes in the state economy [Klemasheva EI., Gasanov E.A, Klemasheva E.I. Theoretical provisions of socially- oriented neoindustrialization of the Russian economy. Bulletin of Siberian Science. 2015, p.156-161].

Economic constitution of sociality –oriented market economy covers the following principles:

1. Principle of adaptation of the state’s capacities of intervention to the market;
2. Adaptation of restriction of social functions of private property with its protection and guarantee;
3. Establishment of single economic space within the country, at the same time, availability of opportunities of supports of different forms in separate regions to equalize economic development level;
4. Principle of openness of market on the basis of protection and support of national consumer;
5. Principle of equality of subjects in economic field taking into account implementation of functions appropriate to the particular status of the state [Malaeva M.I. Social protection of population: theory and practice. Science plus the publishing house. Makhachkala, 2009, p.44-64].

The main mechanism of formation of socially-oriented market economy is considered market relations based on competition. Competition, besides improving efficiency of social production, also helps to improve welfare of population. The main directions of the regulation of socially-oriented market economy by the state are the followings:

1. Formation of social production in favor of consumption subject and labor means.
2. Determination of general social product between consumption fund and saving fund.
3. Rational policy in the direction of change of export with consumption subjects.
4. Social missions of the state.
5. Tax policy.
6. Development of high-tech production and innovative economy [Popodko G.I. Basic concepts of social market economy, 1999, p.15-24].

In social market economy the citizens come out both as an object and subject of social policy, they can require expansion of volume of social service and improvement of quality. Social market economy leads social insurance to gain a better position as a social support and stimulates development of social cooperation relations [Poberezhnaya, O.E. The concept of social market economy as the basis of theoretical comprehension of modern social policy. 2006., p.267]. In the countries with developed market economy, there exists a social dialogue between labor and capital.

On one hand, market economy makes necessary elimination of right of each person to have a job (labor right), on another hand provides with insurance for unemployment, re-qualification of the staff related with technologic changes in production and working-age population with job by the state. But provision of full employment is an ideal aim and a number of countries declaring them social states try to manage it, however none of them was able to reach this goal.

In the entire world the level of unemployment is increasing. According to the specialists' opinion, although there exists no universal plan for elimination of unemployment, the state which declared it social, has to focus on the reforms and changes conducted in the country to be in favor of population, to expand social guarantee, and to mitigate social results of its policy in order to protect more vulnerable layer of the society [Morozova L.A. Theory of State and Law, 2002, p.132-139]. In many countries socially-oriented market economy is accepted as the basis of the social state. This time socially –oriented economic system of the social state is evaluated as a special social integration process directed to reduction of social risks. Socially-oriented economy of a social state has the following peculiarities:

Table. Comparative analyses of socially-oriented economy and social state [Moseyko V.V., Frolova E.A. Social state vs social dependency. 2014, p.102-107]

Criteria	Socially-oriented economic system	Social state
Subjects	Large number of subjects of economic activity, including state	The state is a main subject
Mutual influence of economic and social foundations of economic activity	Combination of economic and social foundations of economic activity	Priorities of social field on economic field
Mutual influence of individual and collective interests	Mutual interdependence of individual and collective interests	Privilege of collective interests on individual interests
Mutual influence of social justice and economic	Adaptation of economic efficiency and social justice,	Effort for social justice which is considered a high

efficiency	achieving social peace and stability	value in human relations
Structure of repeated production	Privilege of non-material production field, first of all, social fields	Privilege of non-material field, first of all, social fields organized with support of the state
Principles of management of economic system	Principles of individual independence and responsibility	Social protection principle, i.e. guarantee for provision of individual

As the criteria of realization of economic foundations of the social state mostly the followings are accepted:

- level of poverty;
- relative influence of social programs on the level of poverty;
- outlay taken from GDP for social programs.

The main criteria of the social state are related with the followings:

1. Revenue of distribution of state incomes between police- bureaucratic functions (maintenance of social discipline, provision of national security, expenditures related with maintenance of bureaucratic apparatus, police, army, court, etc.) and social policy.
2. Jini index (comparison of more wealthy layer of population (20% of population) with less wealthy population).
3. Index of human development potential.
4. The average age of sustainability of healthy life
5. Level of poverty.
6. Sen -index (determination of poverty level).
7. V.D.Roik’s social indicators (high incomes, differentiation of population, development of social protection).
8. Method of conditional determination of borders of middle class.
9. Amount of people’s savings.

These indicators can be generalized on the basis of three criteria:

1. Social minimum, or “basic social security” – is designed for provision of a citizen with things and services he is in need of within framework of minimum standards.
2. Labor rights. System of developed labor rights, labor guarantee are the main attributes of the social state.
3. The lowest level of social inequality [Simonov A. Social state: essence, criteria, indicators. 2014, p.145-149].

In leading European countries the followings are taken as the main indicators of the social state: real average salary in comparison with general domestic product, family’s expenditure on food, compliance of rate of minimum old-age pension with minimum living condition, rate of natural dynamic of population (difference between the born and the died), average age limit, etc. Here one of the main indicators is a development of a human index (For example, this indicator in 2005 was 0,95 in Canada, 0,94 in Great Britain, France and Japan, 0,79 in Russia and Brazil) [Koptashkin S.V. Social state. Scientific publications of the KF RSSU, 2008, p.59-67].

Social state and socially-oriented market economy in Azerbaijan

Innovative economic processes in modern globalization condition lead to re-formation of local economy in all countries, including Azerbaijan, to management and development of new mechanisms, so involvement of modern countries to global economic relations is an inevitable process. From the first periods when Azerbaijan gained its independence,

establishment of market economy was chosen as the main direction and in the latest decade the creation of socially –oriented market economy was chosen as the main aim of the state and obtained a juridical status in the Constitution of Azerbaijan Republic. So, in the Constitution of AR it is noted that “Azerbaijan lays ground for establishment of socially-oriented economy on the basis of market relations, provides free entrepreneurship, and does not allow monopoly and unfair competition in economic relations (Article 15.2) [Constitution of Azerbaijan Republic, Baku, Law, 2005]. Development of socially-oriented market economy requires socialization of economy.

Proceeding from this thought, it should be noted that, the state acts effectively for expansion and implementation of measures related with social-economic development in Azerbaijan. So, “consolidation and further development of positive tendencies observed in economy and acceleration of solution of the faced problems” are shown as the main aims in President of Azerbaijan Republic Ilham Aliyev’s decree dated on November, 24, 2003 related with social-economic development. In the decree when it is said solution of problems, first of all, it is meant solution of such problems as “reduction of unemployment and increase of useful labor engagement of population, especially the youth” , “construction of temporary settlements and houses for refugees and IDPs , improvement of their living conditions and increase of employment”, “social-economic development of the regions taking into account local resources and other factors”, “use and development of alternative energy sources” , “provision of rapid development of non-oil sector”, “stimulation of production and export”, “production and provision of export of high- quality products and medicines”, “beginning of the second stage of reforms in agrarian sector”, “improvement of salary and pension system” [Decree of President of Azerbaijan Republic on measures accelerating social-economic development in Azerbaijan Republic. President of Azerbaijan Republic Ilham Aliyev. November, 24, 2003].

Azerbaijan Republic which entered to market economy relations after getting independence had to undergo transition stage covering all social institutions of the society of Azerbaijan Republic entering to market economy relations. At the result of the conducted economic reforms and innovative measures, economic transition continuing for 15 years has already come to an end and the process of establishment of socially-oriented economy has begun.

On November, 2, 2009, in the ceremony dedicated to the 90th anniversary of the Baku State University, President of Azerbaijan Republic Ilham Aliyev said “we have already completed transition period in the economic field” [A solemn ceremony dedicated to the 90th anniversary of the Baku State University, Azerbaijan President Ilham Aliyev attended the ceremony, 2009, p.1-2].

In Azerbaijan, which stepped into a new economic development stage, the main features characterizing transition period from the point of quality are establishment of appropriate legislative framework, formation of the institute of entrepreneurs, provision of multi-type property, establishment of appropriate legislative basis about privatization, implementation of agrarian reforms, restriction of the role of state in economic activity of enterprises, formation of market economy, liberalization of internal and external economic activity, determination of prices by the market, generally, minimization of state’s intervention to economy, conduction of institutional reforms and other issues of this type [Nabiyev R. “ Social market economy in Azerbaijan”. Azerbaijan.2011., p.10].

Establishment of economy in the direction of social market relations is accompanied with solution of the problems existing in social field, improvement of quality of social services and determination of new directions, and as the result, relatively improvement of

people's welfare. It should be noted that the reforms conducted in the modern time takes into account provision of social-economic welfare of society members.

Under social –economic welfare, on one hand it is meant objective assessment of financial condition of individuals, the state of health of population and environment, on another hand, subjective satisfaction, i.e. the person's attitude to the financial condition he achieved, development of his social mutual relations, his satisfaction with the state of his health and environment [Klemasheva EI., Gasanov E.A, Klemasheva E.I. Theoretical provisions of socially- oriented neoinustrialization of the Russian economy. 2015., p.156-161]. From another point of view, in the structure of social well-being structure the factors as physical welfare, social welfare, emotional welfare, welfare related with profession are distinguished [Kostina E.Y. Social welfare and social security in the context of the globalization of modern society // Universum: Social Sciences:virt. scientific. journal. 2015.]. Provision of social welfare of people, first of all, is related with directing development of economy to social spheres, or with development of social economy. Analyses conducted on existing state of Azerbaijan economy show that in the latest decade as one of the countries with the rapidest economic increase tempo Azerbaijan economy stepped into a new stage from the point of view of quality. It is not accidental that according to the "Doing Business" report of the World Bank, in 2009 Azerbaijan was assessed as the "Leader reforming state". Economic policy conducted in the country led to expansion of economy, improvement of people's social welfare and complete modernization of social –economic infrastructure [Strategic Road Map on national economic perspective of Azerbaijan Republic., 2016.].

The real growth rate of GDP in 2013 was 5,8% [Social-economic development of Azerbaijan Republic, 2015], in 2014 2,8% [Social –economic development, 2014], in 2015 1,1% [Social-economic development of Azerbaijan Republic, 2015], and in 2016 reduced up to 3,8% [Reference on social –economic development of Azerbaijan Republic in 2016]. GDP per capita in 2013 was 6207,3 manat (7912.5 USD) [Social-economic development of Azerbaijan Republic,2013], in 2014 - 6264,1 manat (7985,9 USD) [17], in 2015 - 5703,7 manat (5558,7 USD) [Social-economic development of Azerbaijan Republic, 2015], in 2016 - 6223,8 manat (3899,9 USD) [Reference on social –economic development of Azerbaijan Republic in 2016] .

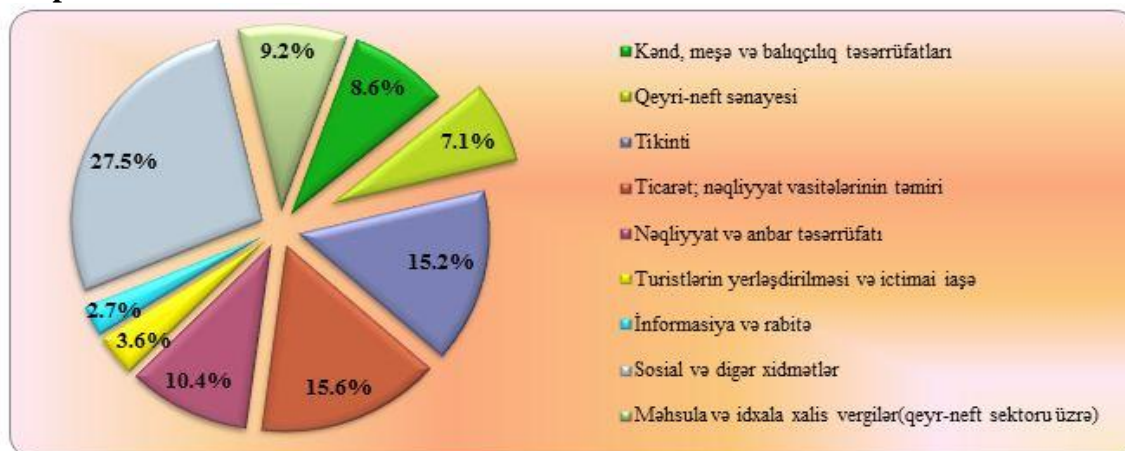
During 2004-2015 years averagely 10,6% economic growth rate was observed, nominal volume of GDP increased by 7,6. During the period, the volume of GDP per capita grew up to 6,5% and it raised Azerbaijan from the 134th position to the 79th position among the world countries, social well-being of the population significantly improved. Poverty level decreased from 40,2 percent that was in 2004 to 4,9 percent [Strategic Road Map on national economic perspective of Azerbaijan Republic. Has been confirmed with the Decree of President of Azerbaijan Republic Ilham Aliyev on December, 6, 2016].

In 2013 17872,1 mln. manat, in 2014 17615,8 mln.manat, in 2015 15957,0 mln.manat and in 2016 14903,4 mln. manat was invested to development of economic and social spheres in account of all financial sources. In 2013, 76,7 % of the investment made on the main capital was in account of domestic investments,

23, 3% in account of foreign investments. In 2016, 40,5 % of the investment made on the main capital was in account of domestic investments, 59,5 % in account of foreign investments. In 2013, 13047,3 million manat (73,0 %), in 2014 11651,6 million manat (66,1%), in 2015 8796,3 million manat (55,1%), in 2016 6286,0 million manat (42,2%) of the general investment directed to main capital was used on non-oil sector [Hamidli G. Legal support to development of entrepreneurship is one of the priority directions of the state policy. Was published in the newspaper "Azerbaijan" on 31.07.2014]. During January-December months of 2016 added value in the amount of 39,4 milliard manat was created in non-oil

sector of economy and generally, 58,4 % of it was in the share of construction, social and other services, in the fields of trade and repair of transport means.

Graphic 1. Sectoral distribution of added value in non-oil sector



- Rural economy, forestry and fish farms
- Non-oil sector industry
- Construction
- Trade; repair of transport means
- Transport and storage
- Placement of tourists and public catering
- Information and communication
- Social and other services
- Net taxes on products and import (on non-oil sector)

In January- December months of 2016 the added value of GDP in non-oil sector of the economy of the country was 65,7% [On development of non-oil sector in January- December of 2016].

By September, 1, 2016, number of population increased by 70,1 thousand persons or 0,7% percent , i.e. 9775,7 thousand persons. Density of population per a square kilometer was 113 persons. 53,1 % of population was urban, 46,9 % was rural, 49,8 % were men, 50,2 % were women. According to the information by October, 1, 2016, number of economically active people was 4978,3 thousand, 4731,4 thousand of them were the people engaged in economic labor activity.

By October, 1, 2016, the number of the persons who have been officially given the status of unemployed by the employment agencies was 33,8 thousand, 37,9 percent of them were women. Average amount of unemployment benefit was 247.3 manat [. Development of social spheres, 2016].

According to the “Global competitive report on 2016-2017 years” of the World Economic Forum, Azerbaijan, in comparison with the 2006th year stepped up 27 positions among 138 countries standing on the 37th position. According to this report, Azerbaijan is in the 39th position according to the indicator of quality of macroeconomic environment, in the 26th position according to efficiency of labor market, in the 37th position according to the ratio of national income to GDP, in the 55th position according to the quality of infrastructure [Strategic Road Map on national economic perspective of Azerbaijan Republic. Has been confirmed with the Decree of President of Azerbaijan Republic Ilham Aliyev on December, 6, 2016].

Policy of development of entrepreneurship is particularly significant in constant social-economic development of country. Improvement of business environment,

establishment of favorable condition for entrepreneurs and measures for sustainable development of the field of entrepreneurship are of strategic significance from the point of view of economic development of the country [Development dynamics of entrepreneurship in Azerbaijan over 6 months of 2016.]. In the condition when free competence, one of the integral attributes of market economy, is established, rapidly developing entrepreneurship plays a particularly important role in development of not only society, but also in the development of a certain community or an individual. For every state implementing the way of economic rise under the condition of free market relations development of the institute of entrepreneurship is of particular importance, becoming one of the most significant parts of economic policy strategy [Hamidli G. Legal support to development of entrepreneurship is one of the priority directions of the state policy. Was published in the newspaper “Azerbaijan” on 31.07.2014].

Taking into account special position of entrepreneurship activity in development of socially-oriented market economy, Azerbaijan government, consolidating legal framework of entrepreneurship activity adopted a series of laws, decrees and orders in this direction. In the law of Azerbaijan Republic “On entrepreneurship activity” it is noted that “not depending on the form of property, type and field of activity the relations on entrepreneurship are regulated by the Constitution of Azerbaijan Republic, Constitution act “On independence of Azerbaijan Republic”, Constitution law “On economic independence of Azerbaijan Republic”, Civil Code of Azerbaijan Republic, Law of Azerbaijan Republic “On regulation of inspections conducted in the field of entrepreneurship and protection of the interest of entrepreneurs” [Law of Azerbaijan Republic “On Entrepreneurship activity”. President of Azerbaijan Republic Abulfaz Elchibay. Baku, December, 15, 1992,], Decree of the President of Azerbaijan Republic on additional measures related with increase of favorableness of business environment and improvement of position of our country in international ratings [Decree of President of Azerbaijan Republic on measures for improvement of business environment and position of our country in international ratings. 2016] and other legislative acts adopted on the basis of the above-mentioned .

At the result of improvement of small and medium entrepreneurship and business environment, simplification of procedures on starting a business, provision of healthy competence, strengthening the state support to entrepreneurship, education of entrepreneurs, improvement of legislative basis and implementation of other measures according to the Decree of the President of Azerbaijan Republic [Decree of President of Azerbaijan Republic on a number of measures related with development of entrepreneurship in Azerbaijan Republic. 2007.] on a number of measures related with the development of entrepreneurship, the share of private sector in the volume of General Domestic Product was 81,2% in 2016. 86,2 percent of total production was established in account of industrial products, 13,8 percent in account of industrial services. 36,1 percent of entrepreneurs registered until July, 1, 2016 was registered in Baku and 63,9 percent was registered in the regions. According to total distribution of entrepreneurs, approximately 14,6 % of them were legal entities and 85,4 percent were private persons [Development dynamics of entrepreneurship in Azerbaijan over 6 months of 2016.]. In 1999 for regulation of entrepreneurship activity National Confederation of Entrepreneurs (Employers) Organizations of Azerbaijan Republic was established in Azerbaijan. The main activity of the organization is related with protecting rights, property and other legitimate profits of entrepreneur subjects, consolidation of market infrastructure and development of entrepreneurship, support of formation of healthy business environment, etc. As it is already noted, “Confederation involves more than 6000 entrepreneurship subjects, including up to 70 economic- and socially- oriented associations and alliances. The confederation has regional representatives in 10 regions of Azerbaijan.”

[National Confederation of Entrepreneurs (Employers) Organizations of Azerbaijan Republic, 2018].

According to the information of the Ministry of Economy of AR, totally 715585 entrepreneurs function in our country and 611394 of them are private entrepreneurs. This case also indicates development of non-oil sector in the regions.

Almost half of the entrepreneurs, i.e. 257859 function in Baku. Additionally, number of entrepreneurs functioning in Aran region (137250 persons) and in Gazakh-Ganja region (87893 persons) draws attention.

Regional distribution of entrepreneurs (by 01.07.2016) [Development dynamics of entrepreneurship in Azerbaijan over 6 months of 2016.]:

	Number of entrepreneurs and organizations	Number of private entrepreneurs	Total entrepreneurs
Total	104191	611394	715585
Baku	55943	201916	257859
Absheron	6637	30597	37234
Ganja- Gazakh	7087	80806	87893
Shaki-Zagatala	4410	39052	43462
Lankaran	6274	45828	52102
Guba-Khachmaz	3146	33857	37003
Aran	14086	123164	137250
Upper Garabagh	2078	15037	17115
Kalbajar -Lachin	698	2538	3236
Mountonous Shrivan	1965	17591	19556
Nakhchivan Autonomous Republic	1867	21008	22875

According to the information of the Ministry of Economy of Azerbaijan Republic, entrepreneurship activity is mostly spread in agriculture (114663), in forestry and fishing, trade, repair of transport means (201621), in construction (5568), in processing industry (16043), and in professional, scientific and technical activity (11954).

Distribution of entrepreneurs in accordance with activities (by 01.07.2016) [Development dynamics of entrepreneurship in Azerbaijan over 6 months of 2016.]:

Types of activity	Organizations and enterprises	Private entrepreneurs	Total entrepreneurs
TOTAL	104191	611394	715585
including:			

Agriculture, forestry and fishing	9782	114663	124445
Mining	799	685	1484
Processing industry	5963	16043	22006
Production, distribution and supply of electricity, gas and steam	304	61	365
Water supply; cleaning and processing wastes	479	234	713
Construction	11000	5568	16568
Trade; repair of transport means	27039	201621	228660
Transport and storage	2036	72224	74260
Placement of tourists and public catering	1637	35664	37301
Information and communication	2581	6200	8781
Financial and insurance activity	1622	1476	3098
Real estate transactions	1267	11368	12635
Professional, scientific and technical activity	7004	11954	18958
Administrative and support services	3788	2557	6345
Education	3446	3994	7440
Human health and social services	1702	2455	4157
Activity in leisure, entertainment and art fields	1630	9345	10975
Other service activities	17135	95229	112364
Household activities; activity related with production of goods and services for individual consumption		20053	20053
State administration and protection; social security	4883		4883
Activity of organizations with immunity	94		94

In “Doing business-2017” report published in October, 2016 by the World Bank and International Financial Corporation Azerbaijan is in the 65th position among 190 countries according to the level of favorability of business environment. In this report our country has entered to the first 40 positions according to 4 indicators:

1. in the 5th position according to the indicator of “starting a business”,
2. in the 22nd position according to the indicator of “registration of a business”,
3. in the 32nd position according to the indicator of “protection of investors”,
4. in the 40th position according to the indicator of “payment of taxes”.

In the report, Azerbaijan entered to the 1st 20s according to the sub-indicators as the “number of procedures starting a business” (3rd place), “number of days for starting a business” (9th place) [Azerbaijan in international reports. 2018].

In recent years, financial- economic crisis that even economically developed countries of the world faced, caused discussions on “Azerbaijan model of development”.

One of the main factors providing durability and stability of development processes in every country is conduction of economic reforms on scientific bases, prediction of mutual relations of these fields in a futurological plan, preparation of scientific-theoretical and philosophical fundamentals [Nabiyev R. “ Social market economy in Azerbaijan”. Azerbaijan.2011, p.10].

According to A.R.Babayev, who identified modern social-economic state of Azerbaijan as “a mixed economic system”, this “economic development model has been formed within the system as “socially-oriented market economy regulated in accordance with a plan” and to his opinion, “while establishment of national economic model of Azerbaijan, economic development models of a number of world countries have been used” [Babayev A.P From economic development to modernization . “Oghuz eli” Baku-2013, p.144-157].

We also should note that the main features of a real capitalist system is namely related with the mixed economy (privilege of private property), distribution of goods and services in accordance with market mechanisms (income for capitalists, salary for workers, prices for consumers), including capitalization of incomes on a high level (“human capital” related with improvement of material, financial, intellectual and education level) [World economy: global trends for 100 years. 2003, p.155-162].

Modern social economic development model of Azerbaijan involves national traditions and new economic development rules and relations. Under new economic development rules and relations we mean socially-oriented economic policy directed to trying to provide social demands of the society and social stability. Mobilization of general potential of the society for national goals ensured dynamism and expediency in development process and made possible solution of upcoming tasks. Social market economy in Azerbaijan is established on necessary institutional fundamentals.

It should be noted that the main feature of the socially –oriented market economy is related with active participation of the state here. The main aim of the state is maintenance of economic stability of the country, provision of maximum high level of welfare, social progress, preservation of social values, environment, competence, personal initiative. In socially-oriented market economy, besides macro-economic achievements (a certain level of employment, stability of prices, balanced economy, etc.), social goals are also set before the state, and its activity is related with elimination of imperfection of the market, as well as provision it with social orientation [Dikan V.L. Socially-oriented market economy of Ukraine in the conditions of globalization. 2011, p.15-19].

Although modern economic development model of Azerbaijan has been determined as socially-oriented market economy, it should be noted that development model of each country differs from others as it is affected by both general and local peculiarities. From this point of view, the followings can be shown as the main factors influencing on formation of socially-oriented market economy of Azerbaijan model: number of economically active people, quality of environment, scientific-technical development level, quality of social institutions and influences of globalization, internal externalities (development of shadow economy,

expansion of corruption, etc.), development of GDP, life quality, development of competitive abilities of the country, the value of life, quality of rest and level of culture, economic development, provision of human rights and freedoms, development of healthcare, security of life activity, usage of natural resources, natural gas reserves, etc.

The followings can be determined as the main factors influencing on use of the above-mentioned indicators:

I. Territorial - spatial peculiarities: regional, national, megaregional, international and global.

II. Time settings: short-, medium- and long-term impact.

III. Impact areas: political, military, moral, cultural, informative, and economic.

IV. According to spheres: financial sphere, consumption sphere, service sphere, trade sphere

V. Economic security: energy, ecological, social, demographic, innovative-technological, consumption and finance [Fleischuk M.I. Fundamentals of formation of a model of social -economic development for the post-Soviet countries. 2011, s.108].

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