

## METHODOLOGICAL ASPECTS OF DEVELOPMENT OF MANAGEMENT IN MODERN AZERBAIJAN

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*Abstract. The article states that all the time of existence of humankind people not only used to dream of the fair and Free State, but also struggled at all costs for its emergence. In this regard, the author strives to describe some methodological instructions on formation of the state that endows its nationals with rights and freedoms. Author emphasizes, that many developed countries along with the policy of the mobile adaptation to real changes and through creation of structures and mechanisms to ensure effective use of social and technological innovations managed to keep the perfect balance of national identity and statehood in its strategic outlook. In the paper author concludes, that the dynamics of economic development is explained by the theories of growth, which are formed on the basis of long-term trends, but with the theory of economic growth is more often used the theory of economic circuit is also widely used.*

*Key words: management, democracy, power, leader, intellectual resources*

### 1. Introduction

From time immemorial to the present days the mankind dreamed of living in a civilized society based on justice, rule of law, in the state capable of providing the inner freedom of each person as well as his/her rights and freedoms. Democritus once stated that "it is much better for him to live in poverty in a democratic state than be happy in the times of the absolute power, since freedom is better than slavery." During the different phases of evolution, people used to reflect on management style based upon domination of the nation over authority and were struggling for personal freedom assurance.

As a specific form of society organization democracy emerged for the first time in ancient Greek cities, later developed as a management system that enables to discuss solution of urgent, aggravated and serious problems altogether and provides alternatives. The management system specifies by:

- enables people to participate in state affairs administration as well as recognizes the peoples as a source of power;
- provides citizens with real freedom and rights;
- upholds the human rights to participate in public administration;
- secures conditions for free expression of opinions and provides opportunities to be heard;
- contributes to the self-expression of people as well as expression of their rights and wishes in legal way,
- generates incentives for the initiatives and free creativity.

Democratic values created by people in the course of centuries of successful experiments and defined in most of countries as a national way of development have been evaluated as the most optimal and harmonious forms of governmental regulation, cohabitation and relations between

citizens and authority. In this regard, democracy-legitimizing freedom means one of the most foremost management systems not only in public administration, but also, in general, in families and society. It is chiefly evaluated as a tool for elimination of different obstacles on the way of development of basic values rather than management method.

In the United States, Japan and in other civilized countries, a stable social and political situation, prosperous life of people, harmony between people, assessment of humans as the most precious resources, civilized relations between citizens and authorities once again testifies optimality of the management system of the present day. At the modern stage of globalization, democracy is seen as a necessary factor in the formation of planetary thinking and bringing social and political processes in line with the universal ideals. One of the major achievements of each state and society of the globalization era is domination of democracy and introduction of democratic values. The new world order defined democracy as a priority development direction and the democratic system as a key aspect of the dialogue among civilizations. This system is depicted as a never-ending process, but in modern period, we can speak of ideal management system availability in a certain state through abstract definitions.

Modern democracy is a brand-new method of new world order shaping that goes beyond definitions of political studies. The world space is purposefully moving towards the creation of a civilized model based on the priority of liberal values, human rights and freedoms, civil society and humanistic identity. For the Republic of Azerbaijan, which has not got a long period of history of independence, formation of democratic values in short term could be explained through real historical basis [1, p.68].

Commitment to universal ideals in the system of national thinking of the Azerbaijani continues to strengthen,

becoming a symbol of independence the nation sought to find for centuries. Located at the intersection of different branches of development and the modernized values, our country after gaining independence decided to get integrated with the global world maintaining, however, its national and cultural divergence. The accomplishments on this way thanks to the courageous steps of our country in democratic development, construction of law-bound state and civil society lie in centuries-long strife of our nation for liberty.

Since the very period of the rule of Javanshir (the head of Caucasian Albania), and Babak (the leader of the national militia known as "Khorramiyeh")-VIII-IX centuries, we can say almost all Azerbaijani thinkers who were praising ideal state models in their works lived and worked with this dream in their mind. Despite of occupation of our homelands by ungrateful neighbors on the one hand, and desire of various mafia and tribalist groups to seize power on the other hand, people the striver selected an independent development model sharing thereby adherence to all-mankind democratic values [2, p.74].

National identity of the Azerbaijani people, its originality embodied in bringing democratic values to the ideal of ideological concepts and implementation in a particular state model and are associated with the name of hundreds of thousands people that came out to the streets for the protest in the late 1980s. During this period connections of certain political and ideological movements with personalities could be perceived as a strong impact at moral world of our compatriots. Hence, our protesting compatriots paid particular attention to ethnic and national factors in line with their political and moral favors. The factor could more or less play the role of stimulation and behavioral mechanism. It also set such essential factors like economy, social psychology and general culture of the nation in motion. Moral and political heritage of the Azeri was one of the key drivers for independent state shaping. The way for state formation was paved by political heritage of the founders of Azerbaijan Democratic Republic in 1918-1920 (M. Rasulzadeh, A. Huseynzadeh, A. Aghayev, N. Yusifbayli, F. Khoysky and others) [2, p.84]. It was them that laid the foundations of the national entity reflected in conceptual form of present-day model of political and ethnical tolerance as well as democratic management philosophy that goes hand-in-hand with global reality based on the new strategy for social and political development, establishment and feeding into solidarity between the authorities and the general public keeping meanwhile moral values with the particular purpose of mobilization of society's potential for national interest protection.

Historically, we know that many developed countries along with the policy of the mobile adaptation to real changes and through creation of structures and mechanisms to ensure effective use of social and technological innovations managed to keep the perfect balance of national identity and statehood in its strategic outlook. From this perspective, the analysis of the main trends in the socio-political development of the modern world is harmonized with the global processes of

modernity. To identify the place, role, forms of participation and opportunities of Azerbaijan in these complex processes enveloping the entire planet, it is very important to know some of the features of developed countries: strife for integration with global community and ways of drastic changes through reforms [3, p. 93].

Our republic has chosen this path voluntarily, however, it should in no way get satisfied with the positive results that have been achieved thanks to enthusiasm, vice versa, it should objectively assess some challenges to be tackled based upon evolution.

Theories that explain society management development could be split into two directions: economic upswings theories that provide social development and management and the theories of social and political values circuit that provide stability and manageability of society.

The main function of the theory of economic upswings that ensures the development of society and management does not lie in economic growth at the expense of current industrial potential, nor does it lie in ups and downs of economic activity, but rather lie in increase of production output in long-term perspective as a consolidated impact of all productive forces. In this case potential volume of developing production shifts to a different level and becomes the object of study.

## 2. Materials and methods

The essence of real economic growth is to address the economic and limited resources and potential conflicts at a new level. There are two ways to solve this eternal problem of the economy: an increase in production capacity through application of modern management techniques and more efficient use of available resources. Achievements in both fields upon Azerbaijan gaining independence once again prove the reliability of the chosen course. Rich hydrocarbon deposits exploitation does not leave any chance to gain accomplishments on its own. In contrast to Azerbaijan, we could observe a controversial process in countries that much more richly endowed with deposits. The difference could not be explained just by national and cultural values. The basic dissimilarity lies in extensive application of progressive management practices in our country [1, p. 74].

Basically, management entities are struggling to produce an economic breakthrough. However, the real development does not always correspond to the potential capabilities. Overall and integrated purpose of the reforms aims at economic growth and lies in increasing the welfare of the population and strengthening national security.

Goal of increasing welfare of the population is reflected in the following indicators:

- The growth of per capita income - the growth rate of national per capita income.
- Increase of free time reflected in the gross national product or national income. For the purpose of evaluation, generally we take such baseline data as working hours, weeks, length of service before retirement, etc.
- Improving distribution of national income among the various groups of the population. In other words, if

national income growth does not contribute to a better distribution, it cannot be considered adequate.

- Increasing the diversity of products and services to improve their quality. This indicator has an indirect rather than direct impact on the composition of national income through increase in demand.

Because of implementation of the tools above, our country managed to get out of the latest global financial crisis with trivial losses.

There is some contradiction between the quality and the growth of economic development. Despite of the fact that some economists consider it 2-3% sustainable growth per year in Azerbaijan expedient, in recent years these figures account for on average 8-10%. By forms of the influence growth factors are divided into direct and indirect [4, p.71].

Direct factors consist of five groups that determine the cumulative production and the dynamics of the demand:

- Increasing quantity and quality of human resources;
- Improving quality of the volume and composition of capital;
- Improvement of production technologies and organization;
- Improved quality and quantity of natural resources involved in economic circulation;
- Increasing entrepreneurial potential in the community.

Indirect factors affecting growth are the following: reducing the level of monopolization of the market; reduction of production costs; reduction of income taxes, increased access to credit. Among indirect factors affecting the growth of the economy it is very important to highlight the structure of demand and nature of market process [5, p. 112].

### 3. Results

In the composition of demand consumption, investment and government expenditure as well as the competitiveness of imported products are important.

If the increase in demand leads to decrease in real rate and lagging development as well as to reduction of growth rate, it should be considered as development gap.

The ratio between the growth rate and volume of production of the entire production process depends on type of growth. From a theoretical point of view, economic growth and its direct factors can be of two types: intensive or extensive.

In fact, in practice there are no pure types of growth. Since growth factors enhancement happens thanks to implementation of scientific and technical progress. Moreover, it means investing in either means of production or in labor force. That means improvement of the result and the absolute value. Studies of real economic processes chiefly determine the type of growth.

While defining elements of growth in the global experience, intensive factors are taken into account in growth rate of real GDP. If the proportion of these factors will be more than 50%, the economic growth should be considered intensive; otherwise, it should be stated as extensive.

For example, in 1970-1980's of the last century in the USSR, the share of intensive factors in the growth of national income was 20-30% in contrast to 50% in developed capitalist world. Growth problems are studied for long-term and very-long-term periods. In the latter case, the most used theory is called the concept of 'economic growth phases'. The core essence of the theory lies in evaluation of qualitative evolution in development of society and the overall purpose of each phase is to determine the features of the development of society. There are two well-known concepts in definition of economic growth phases [6, p. 132].

In the "formational concept" by Karl Marx, the basic idea is to match productive forces and productive relations at every single level. Mutual harmony of these two categories creates a 'mode of production', and the socio-political superstructure is formed over the economic basis of the society [7, p.255].

The most distinguished feature of this theory is the definition of development. That is why Karl Marx tried to justify the transition from one formation to another via revolution and finalized his theory with the upcoming communist era.

On the contrary, Rostow, W. justifies the concept of "economic growth phases" through evolutionary aspects.

Rostow, W. affirms three general factors underlie economic development history as follows:

- State of the art;
- The rate of cumulative economic growth;
- Rate of consumption.

Rostow divides economic development history on five phases by qualitative differences [8, p. 28].

1) Traditional or class society. Its main features: predominance of agriculture, static equilibrium in the economy, low savings rate, rejection of scientific advance by manufacturers, high population growth. Low economic growth and high population growth rates lead to the stabilization of population and income.

2) Arrangement of conditions for the highest growth. This period is characterized by the gradual creation of conditions for effective economic growth.

3) Period of economic advance (recovery). Its main features are the following: increase in rate of accumulation in national income, the elimination of obstacles to progress posed by government institutions and traditions through application of scientific advance accomplishments, etc.

4) Formation-based development period. Accelerated economic growth. Expansion of production exceeds growth rate of population and results in increase of living standard of population.

5) High-quality society of mass consumption. At this stage, production growth-boostered problem of resource scarcity disappears. On the contrary, there are problems of environmental cleanliness and consumption; people upgrade their requirements about value and long-term service of consumer goods and services.

Most recently, the concept of "industrial and postindustrial society" is widely discussed. The author of this concept is Galbraith. The essence is the prospect of the structure of modern production [9, p. 134].

#### 4. Concluding remarks

In general, the dynamics of economic development, as noted above, is explained by the theories of growth, which are formed on the basis of long-term trends. However, along with the theory of economic growth is more often used the theory of economic circuit is also widely used. This theory is considered to be a variation of economic activity.

The theory of economic circuit and public management coupled with a set of indicators that characterize the balance of economic development allow estimating the "economic situation".

The theory of circuit of development as a basis for global development of the world of science has been known since the time of Ancient Greece and China (especially in the works of the Chinese Taoist).

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