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UNFAIR COMPETITION REGULATION IN AZERBAIJAN

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Açar sözlər: *haqsız rəqabət, dövlət tənzimlənməsi, dövlət siyasəti*

Ключевые слова: *недобросовестная конкуренция, государственное регулирование, государственная политика*

Introduction

Competitiveness improves when productivity rises relative to costs. However, when competitiveness is achieved through cost cutting alone it cannot be sustained for long. Companies and countries which rely on low-cost input find their competitive position challenged by a new low-cost competitor or a new technology. Countries can only continue to offer cheap labor by keeping living standards low. However, rising productivity keeps prices competitive and living standards high. That is why productivity, driven by high skills and advanced technology, is the main paradigm of competitiveness today. Therefore, high competitiveness is the result of the quality of national policies and institutions, which also means that nations do compete. In this context it would be useful to consider the institutional framework for national competitiveness. We will refer to the concept of systemic competitiveness developed by Esser et al. Industrial competitiveness is the result of complex and dynamic interactions between factors at four social and economic levels: the meta, macro, meso and micro levels. At *meta level* are the socio-economic, cultural and political factors essential to competitiveness. These are cultural values such as the social recognition of achievement, positive work ethics, propensity to save, long-term investment in education and training, consensus on the necessity of industrial development and integration into world markets and the ability of the social actors to jointly formulate visions and strategies. At *macro level* it is important to have a stable and predictable macroeconomic framework which creates the goods and capital markets that are essential for an effective and efficient allocation of resources. At *meso level* there should be specific policies and institutions that help industry and create competitive advantages. Such institutions would include National Competitiveness Boards, National Productivity Organizations, National Institutes for Management Development, organizations for small enterprise promotion, industrial associations, employers' organizations and many others. At *micro level* the main factors determining enterprise competitiveness are the organization of production, product and service development, value-chain management systems, cooperative networks and alliances, human resource management, the acquisition, development and retention of intellectual capital including entrepreneurial leadership, and other factors under the control of company management.

Main part

National competitiveness policies

Both national and company competitiveness are the result of government policy and market factors. The necessary foundations are a set of macroeconomic, policy and infrastructure variables that determine an economy's long-term dynamic competitiveness. The critical issue for each economy is whether it is making the best use of available resources. Such resources occur naturally but they also include the ability to build the determinants of government policy [3, p.24]. Short-run competitiveness can be achieved through relative cost advantage, exchange rates, and aggressive export trade development. However, relative cost or price alone does not determine long-term competitiveness. As a rule, countries that gain market share also display faster productivity growth and rapid increases in technological capability.

Similarly, competitiveness policy can be viewed as the sum of policy instruments which may induce more rapid export growth and technological upgrading at enterprise level. Such policy instruments might be tariffs, subsidies, quotas and so on. These policies emphasize free trade and non-intervention, which are not necessarily applicable in the least developed economies [4, p.66].

The major factors determining competitiveness are as follows:

- Economic internationalization and openness; The domestic economy;
- Government involvement and policies (including the legal and
- regulatory environment and civil institutions);

- Financial institutions, including their size and transparency;
- Physical infrastructure, including the environment and energy;
- Management competence;
- Scientific and technological capacity;
- People, including skills and access to education;
- Employment;
- Working hours;
- Welfare and social services;
- Equality of opportunity;
- Quality of life and attitudes to work.

Concerns about competitiveness, productivity, employment and income distribution rank high on the agenda of many countries. One of the most important roles of government is to secure good macroeconomic conditions and a business-friendly environment.

The efficiency of state regulation is also assessed by the intrusiveness of government spending, taxation and regulation of the economy. It is becoming more and more evident that countries with a lower level of government spending and taxation will grow faster than countries with higher levels [5, p.33].

The most competitive countries are also characterized by labor market flexibility and the quality of industrial relations, since flexible labor markets, low labor taxation and harmonious industrial relations all support higher economic growth.

Competitiveness through entrepreneurship development

There is broad agreement that country competitiveness is the sum of the efficiency and dynamism of individual firms, their interaction and synergy, and the markets and institutions they draw upon. Enterprise capacity development means learning how to absorb new technologies and skills, and how to manage continuous change and upgrading. Institutional policy support is needed to help individual firms develop this capability, particularly when markets do not function efficiently. According to the study carried out to reveal the existing situation of this sphere in Azerbaijan, totally 2571 enterprises were engaged in the industrial sector of the country in 2005, where [6, p.22].

- state ownership enterprises accounted 605 (23%),
- non-governmental enterprises - 1966 (76%),
- including:
- private enterprises - 1758 (68%),
- joint ventures - 94 (3%),
- foreign enterprises - 114 (4%).

In this regard, the volume of industrial output accounted 9291 mln.manat was distributed as:

- state production - 2727 mln. manat (30%),
- non-governmental production - 6564 mln. manat (70%),
- including:
- private enterprises - 1392 mln. manat (15%),
- joint ventures - 330,5 (3%),
- foreign enterprises - 4842 mln. manat.

Thus, despite the fact that private enterprises account 68% of total enterprises, their production volume makes only 15% of total output, and vice versa, when foreign enterprises account 4% of total enterprises, their production volume makes 52% of total out put [6, p.34].

Production of oil, tobacco and foodstuffs, garments and leather goods, plastic products and furniture, re-processing of raw materials, production and processing of agricultural products, tourism spheres take the dominant position in the private sector.

Moreover, the private enterprises employed 2,6 mln. employees, which made 68% of total employees.

During January-July, 2006 the country's foreign trade turnover accounted 5898,7 mln. USD, including export 3290,8 mln. and import 2607,9 mln. USD. The export products included 83,8% minerals, 4,9% foodstuffs, 3,5% chemical products, etc., when import products 32,8% cars and mechanisms, electrical equipment, 17,4% mineral products, 11,2% inferior metals, 10,9% foodstuffs, 8,7% land, air and water travel facilities, etc.[7, p.45].

The Azerbaijan Republic's GDP accounted 10 296,7 mln. manat in January-August, 2006, where 76% of them fell to the share of private sector[7,48].

As are obvious, mineral products, i.e. oil and oil products hold the decided superiority in the export structure, where the second important position falls at foodstuffs. But, as a whole, the country's export structure covers the very scanty range of goods. All these testify to what extent the productivity and competitiveness make a significant impact on the country economy, the existence of certain problems, the urgent necessity to develop and implement the national policy on productivity and competitiveness.

Thus, relevant state authorities, as Azerbaijan Chamber of Commerce and Industry, Entrepreneurship Development Department at the Ministry of Economic Development, National Fund for Support Entrepreneurship, Azerbaijan Export and Investment Promotion Foundation (AZPROMO), etc. were established to support employers and develop entrepreneurship, pursue a relevant state policy. Moreover, series of public unions, experienced associations and regional unions of entrepreneurs operate in the republic, where the most of them are the members of the National Confederation of Entrepreneurs (Employers') Organizations of Azerbaijan Republic [8, p.45].

National Legislation on Productivity and Competitiveness

Sound competition policy and environment are both fundamental conditions and factors of efficient market economy. Constitution of Azerbaijan Republic laying the basis of legal system of the Azerbaijan Republic disapproves monopoly and unfair competition considering this obligation to be a component of state priorities regulating economy.

Constitution of the Azerbaijan Republic

Economic development and state

- Economic development based on different forms of property serves for improvement of the people's welfare in the Azerbaijan Republic.
- The Azerbaijan State on the basis of market relations creates opportunities for economic development, guarantees free entrepreneurship, doesn't allow monopoly and unfair competition in the economic relations.

One of the indispensable conditions for the establishment of sound national economy is the efficiency and quality should cover all its activity spheres, which, first of all, should account for rational use of natural, economic and labor resources, dynamic development, requirements of mass extended reproduction, right solution of progressive structural problems arising in national economy, especially industry, quality of stocks of materials and capital equipment and their approach and compliance with the world standards and thus, competitiveness, etc.

Today the Azerbaijan government has its main task to more strengthen the achievements of macro-economic development won since 1995. Though the stability of recent years was achieved through flexible and safe use of fiscal and monetary policy, now the government is obliged to create condition for balanced economic growth [9, p.33]. Therefore, the government draws special attention to the expansion and development of entrepreneurial activity with the purpose to create opportunities for employment and acquisition of income. At the same time, it, aimed at creating new jobs and providing regional development, considers very important achievement of balanced economic growth and encouragement of non-oil sector development. From this point of view, the government approved the encouragement of creation of favorable condition for the opening new jobs, but not their direct creation to be of priority direction. The encouragement of opening new jobs is carried out by means of various tools of economic policy as investment policy, regional development programs, privatization, development of finance and bank sector, and small and medium-sized enterprises' (SME) development incentive.

Conclusion

Unfair competition is one of the challenges that many developing countries are facing nowadays. Unfair competition is also problematic in the Republic of Azerbaijan since many people take advantage of this condition due to lack of access in urban places in the Republic. Although there are many measures taken in order to overcome this dilemma at governmental level. There are articles in the constitution of Azerbaijan severely banning monopoly and the government is attempting to overcome this obstacle by making many implementations. Reasonably, governmental effort is not sufficient; many entrepreneurs need to show efforts in this term. Unfair competition not only slows the economy of the country but also decreases the revenue of international and local companies in the long run. Undoubtedly, the country and nation face the biggest damage in this sense.

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Haqsız Rəqabətin Tənzimlənməsi

Xülasə

Məqalədə haqsız rəqabətin tənzimlənməsi haqqında məlumat verilmişdir. Haqsız rəqabətin növləri və məsələləri göstərilmişdir. Bir çox beynəlxalq təcrübənin faydalarından danışılmış və eyni təcrübələrin Azərbaycanada səmərəli istifadə olunmasına biləcəyi qeyd olunmuşdur. Əlavə olaraq, məqalədə Azərbaycan konstitusiyasındakı maddələrdən hansini ki inhisarçılığı ciddi şəkildə qadağan edir, bəhs edilir. Məqalədə mövzu ilə bağlı dövlət siyasətinin uğurları göstərilir. Məqalədə ədalətli rəqabətin ölkə üçün faydaları uzunmüddətli perspektivdə göstərilir.

Регулирование Недобросовестной Конкуренции

Резюме

В статье представлена информация о регулировании недобросовестной конкуренции. Указаны виды и масштабы недобросовестной конкуренции. Говорилось о пользе многих международных практик и было отмечено, что тот же опыт может быть эффективно использован в Азербайджане. Кроме того, в статье говорится о том, что из статей Конституции Азербайджана строго запрещаются какие-либо монополии. В статье показаны успехи государственной политики в связи с темой. В статье показаны преимущества справедливой конкуренции для страны в долгосрочной перспективе.

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