

## THE FUNCTIONS OF THE STATE AND IMPROVEMENT OF PUBLIC ADMINISTRATION SYSTEM IN MODERN AGE IN THE REPUBLIC OF AZERBAIJAN

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### Abstract

*As the theories of industrial-type economy in the period of globalization are not able to explain a number of processes and phenomena of the new economic system and the emergence of new guidelines and priorities poses the problems to revise their economic policies and careful choice of mechanisms for the implementation of its directions. In this article we will try to determine the priorities of global economic development and the challenges, state mechanisms and to resolve them.*

**Keywords:** functions of the state, public administration, national economy, economic regulation, civil service

### Introduction

The activity of the State is reflected in its functions, and this reflects the essence of the state activity, the role in country's development, meeting the demands of the community, appears in the main directions of domestic and foreign policy. The state regardless of its political structure, the internal and external politics always carries a certain group of functions which are the implementation of management in the regions, the country's defense and security, as well as keeping in attention and provision of security in

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national and other areas, social security, macroeconomic stability, international cooperation issues.

At the same time, depending on the economic and political structure of the state, the priorities being implemented by the state, has a number of other necessary functions, which are constantly changing and are considered essential in shaping the country's unique socio-economic development model. Thus, depending on being either democratic or totalitarian, unitary or federal system, economically developed or less developed or numerous other factors, functions related to governance that are not always considered as standard are being formed. Namely, these functions demonstrate the diversity of different country models.

### **The need of improving public administration system**

Overall, there are different approaches to the concept of "state governance". Governance is an activity of state that is being approached both law-making and justice judgement, on the other hand can be characterized with the activity of state authority and public entities (legal persons). In other words, "state governance" in a broad sense, covering the activities of legislative, executive and judicial bodies, reflects overall activity of the state, especially the impact on public relations by means of subjects. "State governance" in a narrow meaning is an administrative action and distinguishes with its scale and commonality. In particular, state governance by implementing in economic, socio-cultural, administrative and political spheres, incorporates not only the section of the state, but also, the private sector and the regulation of the activity areas belonging municipality spheres. State governance being executive-distributing branch implemented permanently, continuously and planned, is represented by the state authorities performing on behalf of the state and carrying out functions of state.

The aim of the state governance is to achieve the results set forth on the subjects of management activity, are divided into socio-economic, political, supplement, organizational and legal management objectives. But we should note that the observance of the principles necessary to achieve the desired goal is mandatory. Theoretically, there are legal, political, and organizational-management approaches to the basic principles of state

governance. These principles defined as general and organizational principles are core of any governance. Principles such as democracy, legality, objectivity, scientific, concreteness, power distribution and efficiency as general principles are taken into account in governance of any state.

In the context of globalization openness of national economies are expanding, and its integration into the world economy is intensifying. Increase in the openness of the national economy, in turn, brings to the fore national security problems. In this regard, taking into account the processes occurring in the country's development strategy on an international scale, trends in the national economy and other areas of advanced security, dynamic and balanced effectiveness, competitiveness should be observed, the socio-economic system, ensuring the elimination of contradictions as much as possible and aimed to ensure sustainable development. Contradictions observed in economic system are directly related to economic relations system of society. They are not only related to property forms, the living standards of population, but also with national traditions, ideological views and so on. As a general rule, it is impossible to resolve these new emerging contradictions through compulsory economic and administrative ways, because they can arise and develop through the evolution inside the old economic system. Therefore, changes in the economic system demands to be analyzed and assessed.

In recent decades, the world economic system gets a new look associated under the acute development of information technologies and influence of the realization of globalization processes related to virtual, intangible factors. More information, investment, technology, labor, intellectual and financial resources, management systems, political and in some cases even religious processes act as an object of a new economic system. Fundamental changes require re-evaluation of scientific theories and approaches known so far which is typical for a new economic system.

Changes in global economic development paradigm came to the fore as a result of the global economic crisis is not just an update of production methods and models of economic growth, but also the entire economic modes renewal, which makes it necessary for changes covering all areas starting from economic organization to the management. The theoretical results and postulates specific to the type of industrial economies is not able to explain a number of processes and circumstances of the new

economic system in the period of globalization and establishment of new landmarks and priorities put the duties for the government to revise its economic policy and precise selection of implementation mechanisms.

The difference in development of post-industrial and industrial economy is mainly characterized with the obligations and position of the government, in the form of acting in economy. If the responsibilities of the state in industrial economic development are to determine the direction of institutional changes while retaining supremacy of decisions on liberalization of market in their own hands, then in post-industrial economic development these responsibilities are replaced with non-interference in the market priorities but trying to make economic environment and interaction environment favorable, and the states not functioning as an equal partner. At this time operating form in economy transfers from vertical-horizontal relationships to a form of horizontal-network connections. Thus, a new economic system formed nowadays in the world should be able to cope with a number of duties. "Main trends and developments in Public Administration and Public Sector:

1) *Leadership and professionalism.* Knowledge, skills, abilities and attitudes of future leaders are essential to the development of public policies. Their implementation and the development of administration must be in line with contemporary problems. Training and professionalism of future leaders are at the heart of our reflection. There is no single model for the future leaders because each country has its own values which guide the public sector, and the management systems are different from one country to another.

As we focus on the development of the leadership, we discuss about interactions between the concepts of leadership and innovation. Especially, we investigate how future leaders can lead (introduce), guide, manage and develop innovation in the public sector.

2) *Innovation in the public sector.* The "innovative practices" in the public sector refers to the definition of problems and challenges, the development of new and creative ideas, but also to the selection and implementation of new solutions. Delivering innovative services in the

public sector should be considered as an opportunity to solve the political deadlock, reduce costs and improve services for citizens".<sup>1</sup>

Historically, systematic changes happening in every society are seen changes of economic thinking of public institutions, ideology and people. The main character of the correct assessment of these problems is their substantiation on objective facts.

### **Improvement directions of forms and methods of state regulation of economic system**

Depending on concrete historical situation in individual countries, the state regulation of national realities and methods differ from each other, their general principles remained the same. To perform effectively its economic regulatory functions the state, first of all, should possess enough regulatory resources, secondly, they should have a clear understanding of the opportunities and finally, should see in advance their socio-economic consequences. Therefore, the relationship between political and economic decisions should be taken into consideration, coordinated the formation of state policy. In this case, country's development level and conjuncture should be taken into account. In this regard, analysis of the factors influencing the decision-making and formation of economic policy is important. National economic interests changes dynamically, and depends on economics, especially the country's economic resources, its income level, military, policy and so on. The country's national economic interests in all cases are directed to the development of society, to ensure economic growth, macroeconomic stability, and achieving efficient use of the existing potential, aimed at improving the welfare of the population. National interests of states change depending on the impact of a variety of time and development factors. In this respect, optimal maximum and minimum limits of the state intervention to the economy must be defined for each phase of development. So, too high and too low level of government intervention in the economy is equally harmful. At the same time two key strategic elements should be focused on. These are compliance of the state functions with its potential and strengthening the state potential through

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<sup>1</sup> Rolet Loretan, "International Institute of Administrative Sciences: A world wide platform for administration", in *Regional Hub of civil service's e-journal - Modernisation of civil service: increasing the efficiency for sustainable development*, no 1<sup>st</sup> Oct., 2013, p. 32.

the activation of public institutions. But it creates a number of problems in practice. So, desire to do a lot of work with very limited resources can affect adversely to the quality and other indicators and as a result can lead to the loss. Therefore, if the state has limited capacity, its intervention to the processes of its economic trends, its forms and tools particularly needs to be carefully identified and substantiated. State institutions of each country can not be fully released while in decision-making and managing the impact of the economy on the regulatory impact assessment as a result of information and technology changes, socio-economic proportion changes in the world and impact of globalization in the world economy. They have to consider and compare the impact of variety of international institutions, public organizations, transnational capital and others to all economic relations. In accordance with this, understanding of state's economic role and functions periodically happen again.

One of the most important requirements is establishment of the state functioning on the basis of the constitution and able to conduct adequate policy to the terms. Due to the development of the economy, as well as the entrepreneurship, also determination of "game rules" by market-oriented subjects requires the creation of the relevant legislation base. One of the important conditions for the transition to a new economic system is related to the establishment of proper modern democratic institutions, with the formation of the ways of economic thinking and the mentality of the population matching with new requirements. The nature of the economic reforms carried out in Azerbaijan, scale, speed, stages, direction and implementation mechanism of these measures in the country enabled the creation of the social-oriented, regulated development model of market economy meeting the national interests of the general public.

At present, the Republic of Azerbaijan has stepped to a new stage of the building of a democratic state and socio-economic development. Changes in the international arena require improvement of the public administration system and developed into a system in line with changing circumstances. Our state has joined to international initiatives on the promotion of proper governance and is trying to take advantages of the best practices of the world in this field. The continuation of the measures implemented on building a democratic and legal state stimulates development of state management system, increases public confidence to

the civil service system. Requirements set forth in the "State Program on Poverty Reduction and Sustainable Development of the Republic of Azerbaijan in 2008-2015", "National Action Plan for Promotion of Open Government in 2012-2015" and "National Action Plan on Combating Corruption in 2012-2015" serve to the improvement of public administration and civil service system. The principles of public administration such as the rule of law, equality and unacceptable discrimination ensure citizens' close participation in governance, efficiency and consensus inclination, productivity and efficiency, transparency and accountability.<sup>2</sup>

At present, the requirements of these principles suggest improvement of legislation, expanding public participation in the activity of state bodies and close cooperation with civil society, increase in governance and anti-corruption culture, application of innovative technologies. During the period of independence of the Republic of Azerbaijan the performance of the civil service as a system directs to the development of state-building, coordination between interests of individuals, society and state at all levels, towards the elimination of contradictions.

Main duties of civil service based on Constitution of the Republic of Azerbaijan and other legislative acts are to provide citizens' rights and freedoms, preparation and adoption of decisions, execution of these decisions and control over this execution within the authorities of state bodies, ensuring effective action of the state bodies and realization job authorities by civil servants. In modern period, in which, the formation of society based on knowledge and information, also during the increase of democratization processes professionalism, being initiative, loyalty of civil servants on development direction determined for state reflects in all levels of public administration, as well as influence to the development in different fields.<sup>3</sup>

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<sup>2</sup> Ilham Aliyev, "State Program on Poverty Reduction and Sustainable Development of the Republic of Azerbaijan in 2008-2015", *Decree #3043 of the President of the Republic of Azerbaijan*, September 15, 2008. Available: <http://www.refworld.org/pdfid/548eb7034.pdf>

<sup>3</sup> \*\*\*, "National Action Plan for Promotion of Open Government in 2012-2015" Available: <http://antikorrupsiya.gov.az/upload/file/OGP%20AP%20Azerbaijan%202012-2015%20Eng.pdf>

## **Reforms in civil service field: theoretical and practical approach**

A number of successful reforms in civil service system of the Republic of Azerbaijan have been carried out and the country's unique civil service system was formed taking the advantages of the international experience. As a result of reforms in public administration and civil service systems following successful results were achieved:

- Legal and regulatory framework in civil service was established;
- The scope of civil servants was defined;
- Categories of state bodies were classified taking into account their status, hierarchy and jurisdiction;
- Civil service positions were divided on their types and classifications;
- Civil service qualification rank system was formed;
- Procedures and mechanisms of civil service recruitment and holding vacant civil service positions were established;
- Civil servants attestation, service performance appraisal, compensation, discipline, responsibility and other issues were regulated by legislation;
- Ethics conduct rules in civil service were defined;
- Rules of formation of reserve staff system for holding senior manager positions of civil service in state bodies were determined;
- Institutions specialized in the field of civil service were established and began to operate;
- Civil Servants Registry Information System (CSRIS) was formed;
- A number of international projects in civil service system were implemented.

Formation of economic thinking way relevant to the scientific-technical progress exists as an important problem of the society of each country. Basically, the main driving force of new systems based on increasing productivity is high-skilled staffs who are potential carriers of innovation. But we must take into account that in the context of the globalization of capital and main production networks majority of the labor forces in the world remain outside the process in accordance with local nature. As the majority of the work force remain outside of the globalization requires development of new theoretical approaches in the field of governance.



The experience of some countries shows that economic development can be achieved not only through strengthening its material base, but also at the expense of significant changes in people's thoughts, behavior, and their methods of communicating with each other. Thus, sometimes refusal from existing customs and traditions, sometimes, on the contrary, their existence can turn into a significant initial factor of economic development.

Incentives such as "Serving to state, community and citizens", "Civil Service reputation", "Interesting work" indicate satisfaction from civil service position, serving in civil service and serving to community, relationship between chosen work and knowledge, professionals, development opportunities within the system.<sup>4</sup>

To reduce the direct relations between officials and citizens, the implementation of the legal norms (in our case maturity) are organized on the principle of "one-stop shop". Decree of the President of the Republic of Azerbaijan "On elimination of interventions preventing the development of entrepreneurship" and Order "On measures to ensure the organization of the activities of business entities based on "one-stop-shop "principle were adopted.

In addition to the achievements, gaps in the system of the civil service legislation, the civil service system management methodology, in the direction of the increase the professionalism of civil servants, promotion and development of service performance existence of deficiencies are observed. There are a number of factors in civil service, which are the absence of satisfactory level of salary, working conditions and promotion in career.

During the transformation period of the civil service system in accordance with the requirements of the modern era, above-mentioned problems make it inevitable of public service improvement, selection of strategic development lines on increasing professionalism, efficiency and rationality, transition of quantitative indicators to the quality parameters. Optimizing the number of state bodies in civil service system, eliminating duplication in their authority and functions, strengthening the material-technical base, switching to the advanced management methods, improving control mechanisms are considered as important factors.

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<sup>4</sup> I.R Kurnysheva, *Macroeconomic development: Trends and Prospects*, Baku: M. Science, 2005, p. 40.

Improvement of civil service requires implementation of measures for increasing the prestige of civil service, enhancement of professionalism and application of more transparent procedures related to career opportunities and development in entire system, involvement of qualified and professional personnel to civil service, improvement of motivation and social security. Experience shows that improving of any element or subsystem of the civil service is directly linked to the reform of that institute.

In general, improvement of legislation and institutional capacity building were selected among proposed priorities as a target goal of "Azerbaijan 2020: Vision to future" Concept. However, determination of the priority development goals, primarily the priority development goals and strategic plans on activity fields of government agencies and enterprises, harmonization of these goals to the relevant state programs are key steps in this direction.<sup>5</sup>

On the other hand, in order to ensure sustainable development in the context of globalization the state's regulatory role in management of strategic and important areas should be strengthened. To ensure the sustainable development of the country today increase the state's institutional functions developed into necessary.

In order to achieve the goal of improving legislation, institutional capacity building, there is a need to improve state regulation. Improvement of the state regulation makes necessary to ensure the principle of effective state regulation.<sup>6</sup>

## **Conclusion**

Following issues are necessary for civil service system to be more effective and reliable:

– Measures to increase control over the implementation of the civil service legislation should be continued, law enforcement oversight mechanisms should be improved with the legislation.

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<sup>5</sup> Ilham Alyev, "Development Concept Azerbaijan - 2020: Outlook For The Future", in *Azerbaijan 2020: Vision to future*, Available: [https://www.president.az/files/future\\_en.pdf](https://www.president.az/files/future_en.pdf)

<sup>6</sup> Jeffrey D. Saks, *End of poverty. Economic Possibilities of our time*, NY: Gaidar Institute, 2011, pp. 397-401.

–Strategic plans of state authorities must comply with the development concept and strategy of the state and adopted relevant state programs;

–To increase the quality of the activities of state bodies, current management methods and mechanisms should be improved, new ones must be applied, support to initiative and innovations should be increased;

–The strategic nature of the civil service system, optimization and approximation of the functions of public authorities, number of state authorities and civil servants to the modern requirements and conditions should continue;

–Use of resources in civil service should be analyzed and saving measures should be expanded;

–In order to implement more effective public services by public authorities some of the services should be outsourced to the private sector;

–Different types of civil service positions, professional ranks, special and military ranks, length of service should be brought in line with the legislation. Legal basis for the terms of rotation between public authorities, guarantees on rotation, guarantee mechanisms and so on should be determined;

–Mechanism for determination of risks in civil service and protection of civil servants from these risks must be enhanced. Minimum and maximum service periods (on a specific position by taking into account that long time serving in position leads to the risk of corruption) should be identified in a number of strategic positions (by identifying the list of those positions at all levels) due to the reason that HR fluctuation causes decline in the quality of the work. Protection mechanism for civil servants from the risk of termination from civil service under the change of the head of state body and structural changes;

–Ensuring the principles of transparency and openness in state bodies should be improved. Complex measures should be continued on easy and free access to the services provided by public authorities. The study of public opinion on the activity of state bodies and civil servants should continue. Interaction of civil society institutions and mass media with state bodies should be improved and cooperation should be expanded. The quality and number of services offered by electronic means should be increased and access to information about the activity of state

bodies should be expanded and facilitated. Use opportunities of innovative information technologies in state bodies should be increased and internet information resources should be developed and structural units responsible for providing information improved;

– HR policy should become an integral part of the general policy of the state body and should be carried out jointly with this policy. HR policy should be based on the principles of rule of law, respect for human and civil rights and freedoms, meritocracy, equality, transparency, accountability, systematic character, planning, sustainability and efficiency. Heads of state must accept HR policy formulation and implementation as one of the priority areas of their activity and must provide senior officials under the supervision to pay more attention to working with human resources. Personnel policy of state bodies should be carried out in a planned manner. Necessary organizational and methodological assistance to state authorities related to the development and implementation of HR policy must be provided.

– To provide implementation of goal, duties and functions of state body in high level and to achieve strategic targets, knowledge, abilities and competences of personnel must be determined, learning and provision of education and training needs must be directly related to results of performance appraisal and personal career plan of civil servants. Potentials and experiences of civil servants must be used effectively not only for one state body, but also for goals of civil service. Civil servant must be approached not as an employer of any entity, but as personnel of civil service. During human resources management issues as revealing potential of civil servants, potential development by purposely investing, using of personnel rationally, stimulation of motivation and creativity, cohering their interests with their personal career plans must be taken into account in formation and implementation of career policy of state bodies. For increasing role of youth and women in the activity of state body systematic actions must be implemented. Heads of state bodies take the necessary measures to overcome the difficulties that could arise during the service of youth and women;

– The motivation in civil service should be improved, and new incentives should be formed. Different incentives (material and non-material) should be formed in accordance with the volume and results of

the work of civil servants and new mechanisms should be applied to increase the efficiency of civil servants' performance.

– The issues such as continuing complex measures on a simple, easy and free use of services by citizens and organizations, to improve cooperation between the state and civil society institutions, to modernize the relationship between them, the achievement of more effective mechanisms of cooperation, in general, to ensure the active participation of NGOs in the work of the state commissions should be in the focus of attention.

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