

Vusal Guliyev

The main forms and directions of state regulation of the private sector

UDC 32

DOI <https://doi.org/10.24195/2414-9616.2022-2.2>

Vusal Guliyev

Ph.D. Student at the Department of Civil Service and Personnel Policy Academy of Public Administration under the President of the Republic of Azerbaijan
74 Lermontov street, Baku, AZ1001, Azerbaijan

The methods of regulating the private sector of the state are multifaceted. In order to regulate the private sector, the state must first have accurate information, analyze it scientifically, and decide on the methods of regulating it after reaching the correct theoretical conclusion about the situation. World experience shows that the state plays a crucial role in ensuring the normal functioning of any economic system. From this point of view, determining the interaction between the state and the private sector, the optimal ratio and limits of state intervention in the economy, is expected to be the main problem of improving state regulation of the economy in modern times. In all economic systems, the state intervenes in the private sector, and this intervention is usually aimed at overcoming the shortcomings of the market. The regulation of the private public sector also seeks to ensure that the system complies with the relevant laws and protects the state and public interests by influencing economic objects and processes and their participants in the form of the state and state bodies. Therefore, state regulation of the economy in a broad sense reflects the principles and mechanisms of forecasting, planning, financing, budgeting, taxation, lending, administration, accounting and control, etc. It is known that the formation of the principles of state regulation of the modern economy has undergone a certain evolutionary process from a historical and theoretical point of view. One of the main tasks of management is a comprehensive review of deviations and problems arising in the course of economic processes, making equivalent decisions and taking the necessary regulatory measures. Subsystems such as self-government and prudent, purposeful management functions are identified, systematic and planned solutions to the problems are identified, measures are taken and strategically defined economic activities are carried out in targeted areas, more effective mechanisms are applied to achieve the set goals.

Key words: public, private, private sector, public regulation, mixed economy.

Introduction. The process of regulating and improving world economic relations is quite complex, especially the application of such mechanisms in the implementation of competitive advantages is explained by a number of factors and for many reasons. In an evolving and globalizing world, the intensification of the development of productive forces and the complexity and diversification of production relations require the formation of a competitive environment in world economic processes, especially in foreign markets, and the improvement of governance mechanisms. Improving and regulating the management system requires a comprehensive approach, in which case the coordination of the interaction of government agencies is based on the principles of a more integrated approach, and mechanisms of state regulation are identified, tools are developed, put into circulation, etc. When talking about the mechanisms of state regulation, it is necessary to clarify the essence of the concept of regulation.

Goals and objectives. Regulation focuses on management strategy and as one of the most important functions of the system. Governance itself, as a system, incorporates measures, mechanisms and attitudes taken to change economic processes and relationships. From this point of view, **the aim of the research** is to determine the economic and legal aspects of the regulation, to study the mechanisms of the state's influence on the private sector.

Methods of analysis, synthesis, induction, deduction, content analysis were used during the writing of the research work. Systematic and functional-analytical approaches have also been applied.

Results. Various political, economic and legal processes in the world in the late twentieth century have led to significant changes in the nature of public administration, as well as in the system of political power, as well as public-private partnerships, and conditioned innovative development in this area. In modern political literature, the term "Public-Private Partnership" (PPP) was introduced in the early 1980s to describe the special relationship between the state and the private sector [7, p. 754].

As a rule, these relations are formed and developed in the field of production and social infrastructure. Examples include roads and railways, airports and seaports, power grids, utilities, telecommunications, education, health and culture. This is characterized by the fact that the emergence of such relations is the result of policies aimed at liberalization and limited state participation in the economy.

There has always been some kind of cooperation between the public and private sectors. In modern conditions, complex forms of economic organization reveal the need for state participation.

The institutional environment in which public-private partnerships have recently taken place, such as the regulatory framework, regulatory mechanisms,

etc., can be considered a new stage in the development of public-business relations. As is well known, major segments of production and social infrastructure were owned by the state or municipalities.

In the late twentieth century, the construction and management of infrastructure in developed and then developing countries was gradually transferred to private entities. Meanwhile, basic property relations did not change in most cases: the state gave the private sector only the right to use, and retained the right to own facilities. At the same time, central authorities and local governments have strengthened the regulatory and supervisory functions of private operators, taking into account the special role of infrastructure facilities as vital life support systems, and have improved the legislative and organizational framework for this.

The main contradiction of the modern management process of the infrastructure complex is that on the one hand, the privatization of these facilities is not considered expedient in many countries due to socio-political reasons – the strong risk of discrimination against the most vulnerable segments of the population. On the other hand, the weakness of state and municipal budgets and growing social obligations in some cases lead to a reduction in infrastructure needs. The elimination of this contradiction is achieved through the application of a special organizational and management system to attract private sector resources for the construction and operation of infrastructure facilities. This system is called "three P" – "Public-Private Partnership" [4, p. 72].

However, in a mixed economy, not every public-private equity relationship can be classified as a public-private partnership. This only applies if the business performs the functions assigned to it by the state at the instruction and support of the state, ie market manifestations are applied to the traditional areas of state activity.

In this regard, the head of the British Public-Private Partnership M. Gerard notes that the partnership is built on the border of public and private sector economy, but the latter is neither nationalized nor privatized. Politically, they embody the third way. Taking advantage of this, governments can provide some public services to the population "[8, p.23]. Thus, it is important to distinguish between public-private partnerships and other public regulatory instruments.

For example, according to the approach adopted in modern Western economics, these features do not apply to the Public-Private Partnership:

- public procurement;
- state lending and subsidies to private companies;
- subsidizing enterprises, banking and the real sector;
- preferential taxation, preferential customs tariffs, etc. [4, p. 73].

But at the same time, public investment programs financed not only from the budget, but also by

the private sector are considered public-private partnerships. Enterprises and concessions in which the state participates in the authorized capital also belong to the public-private partnership.

Theoretically, public-private partnership is beneficial for all parties – the state, business and society. The government is interested in this partnership because it "transfers" the burden of maintaining and investing its assets to the business, and thus hopes to increase the efficiency of that property.

At the same time, through private partnership, the state renounces inefficient forms of economy, gets rid of a number of economic functions, such as construction, operation, maintenance, etc., and manages to alleviate socio-economic problems. The private sector owns state assets for a long time, "wins" a guaranteed market for its products through a long-term contract with the state, guarantees a high probability of "return" of investments, and so on.

The society can expect the establishment of public-private partnership to improve the quality of services and reduce prices. In some cases, this partnership also solves some social problems. The economic benefit to society, as well as the reduction of design and construction time for infrastructure facilities, lies in the rapid pace of construction.

Public-private partnership has two meanings. In theoretical terms, it is a system of relations between the state and business in the form of a contract, which is widely used as a tool for national and international, regional, urban, municipal economic and social development and planning. From a practical point of view, these are specific projects implemented by various government agencies and businesses. Experts from Deloitte, one of the world's largest consulting companies, note that the public-private partnership is "an agreement between a government agency and a private company that allows the latter to expand its participation in public services" [7, p. 34].

In the existing literature in this area, it is possible to identify the features that distinguish public-private partnership from other forms of communication between the state and business:

- the subject of public-private partnership is state and municipal property, as well as services provided by state, municipal bodies and budget organizations;
- The partnership is based on a special agreement between the public and private sector representatives;
- the parties must pool financial resources to meet their interests and achieve the overall goal of the project (in some cases, the project is funded only by the private sector);
- distribution of risks among project participants; the project is for a certain period of time.

There are different approaches to the classification of forms of public-private partnership. As a criterion, issues related to property rights, the level of dependence on the state, etc. are usually taken into

account. It is the most widely used and substantiated classification developed by the World Bank in the world. According to this classification, 4 forms of public-private partnership are distinguished:

- management and lease contracts;
- concession;
- green-field projects;
- Divestiture [6, p. 754].

When concluding management contracts and lease agreements, a private company manages and leases state property for a fixed period. Meanwhile, the investment is made only by the state. In management contracts, the risks are borne by the state, and in the lease agreement, the operational risks are borne by the private company. During the concession, the government gives a private company the right to use the existing facility for a certain amount and on the condition of return. Operational and investment risks fall on the private company. Green-field projects – involves the construction, construction and operation of a new production facility by a private company for the period specified in the contract. Divestiture is calculated when the company acquires a stake in a state-owned facility. Meanwhile, the state sets conditions for how the facility will be improved and how it will serve its citizens.

According to international experience, there are many public, private and non-governmental organizations involved in the development of entrepreneurship in the United States. The main driving force of entrepreneurs in America is small and medium enterprises. Thus, 80-90% of about five million businesses in the country are small and medium-sized businesses. In addition, the vast majority of services are managed by the private sector.

It should be noted that a number of important factors in the selection of these countries as the object of study – the methodology of application of this type of cooperation, the principles of economic management in those countries, geographical location, private sector development rate, financial system, etc., the economic strategy of these countries, the policy aimed at attracting foreign investment, monitoring rules were taken into account.

In addition, the types and mechanisms of partnership between the public and private sectors, their strengths and weaknesses, the development of the private sector in the management of public companies, strengthening the neoliberal position of international financial institutions to reduce the role of the public sector in the national economy.

Researchers conducted a comparative analysis of the obtained results, made forecasts and recommendations on the impact of the application of this experience in Azerbaijan on the development of the local economy [1, p.34].

At the same time, the current state of public-private partnership in Azerbaijan, its shortcomings

and advantages, as well as which sectors of the economy are involved in these principles were studied. At a time when oil prices are low and the development of the non-oil sector is targeted, the effective implementation of public-private partnership in our country and the creation of a favorable environment for this should always be in the spotlight.

Looking at the experience of countries that have undergone significant development in the world, public-private partnership has always been of special importance as a broad parametric topic. Public-private relations are a priority topic and reflect economic, social, legal, cultural, political and other nuances. Here, the state assistance to the private sector, the formation of legislation, the provision of financial resources, corporate social responsibility of the private sector, etc. can characterize this attitude. These relations can be parallel from top to bottom, ie from the state to the private sector, from the bottom up – from the private sector to the state. But the main problem here and its solution at the level of modern requirements depends on the development of relations between the public and private sectors.

When studying the relationship between the private sector and government, most authors, both foreign and Azerbaijani scholars, use generalized concepts of the private sector and government.

The description of the relationship takes place in the context of specific socio-political and socio-economic processes. The current study uses the terms "private structures" and "public authorities" as independent entities.

The nature of the relationship between the private sector and public authorities is an important indicator of the state of the state and society. The relations between them determine the directions of social development, influence the nature of government, methods and technologies of governance.

Partnerships between private entities and public authorities are not easily formed. In the West, it took decades, but in Azerbaijan it is still in its infancy. Involvement of private structures in cooperation with the state always faces serious problems. These problems include shortcomings in the legal framework that define the rights and responsibilities of the parties; insufficient improvement of forms and methods of realization of partnership relations; in the absence of competitive conditions for effective cooperation; lack of development of investment and innovation environment, etc.

The main feature of the modern system of representation of the interests of private structures is its dual nature. On the one hand, there are legal mechanisms for the process of mutual connection of mutual interests. This takes the form of a dialogue between representatives of the private sector and public authorities through private associations.

On the other hand, there is no doubt that there is a wide range of interactions between interest groups of the private sector and public authorities in the process of non-public bargaining, informal agreements. However, there is still no consensus. It is proposed to consider the relationship between the private sector and the government in part in the context of the dynamics of the relationship between the ruling elite.

Another aspect of such research is the analysis of the interaction of leaders at the level of specific forces and public authorities. Some of the research focuses on the characteristics of the concept of "Azerbaijani oligarchy". All these studies do not reflect the whole picture, but only partially touch upon the problem of interaction between the private sector and public authorities.

At present, the problem of interaction between the private sector and public authorities has risen to one of the leading positions in political systems. The role of political factors in the system of interaction between the private sector and public authorities is predominant, with public authorities taking a dominant position.

Characterizing the evolution of these relations, it can be seen as a transition from the state's "privatization" model of the 1990s to the formula of "state corporateism", in which the government does not select preferential partners for dialogue, but to some extent controls the articulation of their demands.

Significant strengthening of the political role of the state in relations with the private sector in modern Azerbaijan can be considered a feature of state corporateism. Therefore, along with the state, entrepreneurship is now considered as a driving force for the development of the national economy, providing economic conditions for development, improving the welfare of citizens and creating new jobs. This is undoubtedly the main condition for overcoming the global financial crisis.

Concerns that the existing private structures and public administration will not be able to withstand changes in the global economy, even in industrialized countries, force our country to reconsider the role of the private sector and government, as well as the political aspects of their relationship in the new socio-economic reality. is. Therefore, today the society has begun to determine the dynamics of the process of interaction between the private sector and public authorities. Society demands that the private sector change and not become part of the state's problems, but become an integral part of their solution.

The study of the modern model of interaction would not be perfect without the analysis of private structures and private associations.

At the present stage of development, a multi-layered market economy is characterized by many forms of ownership as a result of socio-economic

changes in the field of change and development of property and management relations. The economy of any country consists of the interaction of numerous private structures that produce goods and services, created within different organizational and legal forms. The main task of such economic entities is to receive and distribute income within the interests of its participants.

Private structures operating in the Azerbaijani economy differ in many respects, such as organizational and legal structure, activity profile, nature and purpose of activity.

In accordance with the Civil Code of the Republic of Azerbaijan, legal entities that are commercial organizations may be established in the form of business associations and societies, business partners, production cooperatives, state and municipal unitary enterprises.

It is also allowed to establish associations of commercial organizations in the form of associations and unions. The current study will understand the association of commercial organizations established in the form of associations and unions under the name of business associations, as well as chambers of commerce and industry in order to represent the interests of business structures in interaction with public authorities.

Under the name of business structures, we will understand commercial organizations of various forms of ownership created by legal entities. The concept of "model" is also used in the study. In our study, the concept of "model" is understood as the current practice of interaction between private structures and public authorities, both abroad and in the Republic of Azerbaijan.

Models can be classified according to various characteristics:

- time factor,
- areas of knowledge,
- form of representation,
- according to the sign of realization.

Conclusion. The models analyzed are static due to the time factor, in other words, they describe the state of the interaction at a given instant. A period of time from 2020 to 2023 is understood as the period in which the research was conducted. The distinguished models belong to the socio-humanitarian field of knowledge, as they describe the socio-political processes and the interaction of interest groups.

The models presented in the study are abstract or intangible in terms of the form of representation, as they are not actually embodied, they are based on information. According to the sign of realization, the models can be applied to information models, because the information collected about the object reflects the more important and important features of the object.

BIBLIOGRAPHY:

1. Azərbaycan 2020: inkişafın yeni hədəfləri. Bakı, Azərneşr, 2012.
2. Ələkbərov U.K. İnsan inkişafının əsasları. Ali məktəblər üçün dərslik. Bakı, "Aspoliqraf" nəşriyyatı, 2016, 280 səh.
3. Ələkbərov U.K. Davamlı inkişaf və ekoloji sivilizasiyanın idarə edilməsinin əsasları. Bakı: Təhsil 2017. 176 səh.
4. Həbibova Z.Z. Abdullayeva M.V. Dəyişikliklərin idarə olunması və dövlət idarəçiliyi. Bakı: Təhsil 2018. 200 səh.
5. Dövlət idarəçilik nəzəriyyəsi. Dərslik – Bakı, Elm və təhsil, 2010.
6. Burnes Bernard (2017). «Organizational Choice and Organizational Change», Management Decision, Vol. 35, № 10, p. 753–759.
7. Buzan Tony, Dotinno Tony and Israel Richard (2011). Akıllı Lider, (çev. Serdar Uçar), Alfa Yayınları, İstanbul. s.34-38.
8. Cornell G. John (2016). «Aspects of the Management of Change», Journal of Management in Medicine, Vol. 10, № 2, p. 23–30.

Основні форми та напрямки державного регулювання приватного сектору

Вусал Гулієв

аспірант кафедри державної служби та кадрової політики
Академії державного управління при Президентові Азербайджанської Республіки
вул. М. Лермонтова, 74, Баку, AZ1001, Азербайджан

Методи регулювання приватного сектору держави багатогранні. Для того, щоб регулювати приватний сектор, держава повинна спочатку мати достовірну інформацію, науково проаналізувати її та визначитися з методами його регулювання після досягнення правильного теоретичного висновку про ситуацію. Світовий досвід свідчить, що держава відіграє вирішальну роль у забезпеченні нормального функціонування будь-якої економічної системи. З цієї точки зору, визначення взаємодії держави та приватного сектору, оптимального співвідношення та меж державного втручання в економіку, очікується, стане основною проблемою вдосконалення державного регулювання економіки в сучасний час. У всіх економічних системах держава втручається в приватний сектор, і це втручання зазвичай спрямоване на подолання недоліків ринку. Регулювання приватного державного сектору також має на меті забезпечити відповідність системи відповідним законам та захист державних і громадських інтересів шляхом впливу на економічні об'єкти та процеси та їх учасників у формі держави та державних органів. Тому державне регулювання економіки в широкому сенсі відображає принципи та механізми прогнозування, планування, фінансування, бюджетування, оподаткування, кредитування, адміністрування, обліку та контролю тощо. Відомо, що формування принципів державного регулювання економіки сучасна економіка пройшла певний еволюційний процес з історико-теоретичної точки зору. Одним із головних завдань менеджменту є всебічний огляд відхилень і проблем, що виникають у ході економічних процесів, прийняття рівноцінних рішень та вжиття необхідних заходів регулювання. Визначаються такі підсистеми, як самоврядування та розумні, цілеспрямовані функції управління, визначаються системні та планомірні рішення проблем, вживаються заходи та стратегічно визначена економічна діяльність у цільових сферах, застосовуються ефективніші механізми досягнення поставлених цілей.

Ключові слова: державний, приватний, приватний сектор, державне регулювання, змішана економіка.