

CZU: [338.1:330.15]:664(479.2)

DOI: <https://doi.org/10.53486/dri2022.03>

NATURAL CONDITIONS AND ECONOMIC FACTORS AFFECTING THE TERRITORIAL ORGANIZATION OF FOOD INDUSTRY ENTERPRISES IN NAKHCHIVAN AUTONOMOUS REPUBLIC

MAHAMMAD SULEYMANOV³

Abstract: *In the Nakhchivan Autonomous Republic, the Gross Domestic Product indicator for 2021 has exceeded 3 billion manats, where the highest indicator is related to industrial production with 35%. The development of the industry, which has a large share in the Gross Domestic Product, depends on the efficient and correct organization of industrial areas on the territory, and this plays an important role in the development of the national economy and in ensuring social protection. The correct and efficient location of industrial production ensures the efficient use of natural resources, improvement of the employment level of the population, increase of labor productivity and production efficiency based on economical use of economic resources, optimal socio-economic development of economic regions. The location of the industrial enterprise affects the development of transportation, communication and other areas in the region, the supply of energy and raw materials for production, the complexity of interregional and intersectoral relations, and the increasing importance of environmental protection. As a result of all this, effective placement on the territory plays a positive role in the development of both the society and the country in a certain sense.*

Key words: *food industry, socio-economic development, natural factor, territorial organization*

JEL CLASSIFICATION: L00, L66, O14.

INTRODUCTION

Intensification of production, increasing its efficiency, and raising the material and cultural standard of living of the people based on this form the basis of the economic strategy of any state. The successful solution of these problems in a certain sense depends on the improvement of the correct placement of industrial production on the territory, the further specialization and proportional development of the economies of states and regions, the formation and development of different levels of territorial-production complexes in order to use their local resources more efficiently. Effective placement of industrial production, positive impact on the development of society is primarily due to the essence of industrial production. At the modern stage of economic development, the correct placement of industrial production is of great importance. The successful fulfillment of the tasks ahead in the field of accelerating the socio-economic development of the country on the basis of scientific and technical progress depends in a certain sense on the effective deployment of industrial production. Effective location of industrial production, in turn, interacts with important socio-economic problems of society's development. Effective placement of industrial production ensures the increase of dynamism and efficiency of public production. At the same time, the effective placement of industrial production ensures the efficient development of a region through the efficient

³ Researcher, Ph.D Student, email: mahammad.suleymanov85@gmail.com
ORCID: 0000-0002-9706-3395

use of labor resources and other opportunities, saving public labor. Improving the material well-being of the population plays an important role in eliminating the differences between urban and rural areas, mental labor and physical labor, and cultural-household service level differences. Effective location of industrial production, in turn, interacts with important socio-economic problems of society's development. Effective placement of industrial production ensures the increase of dynamism and efficiency of public production. At the same time, the effective placement of industrial production ensures the efficient development of a region through the efficient use of labor resources and other opportunities, saving public labor. Improving the material well-being of the population plays an important role in eliminating the differences between urban and rural areas, mental labor and physical labor, and cultural-household service level differences.

FACTORS AFFECTING THE LOCATION OF INDUSTRIAL ENTERPRISES ON THE TERRITORY

One of the factors influencing the placement of industrial enterprises on the territory is natural factors. These natural factors include the following - mineral resources of individual regions of the country, geography of population settlement in the regions, possibility of using water energy, availability of natural waterways, quantitative and qualitative characteristics of forest resources, climatic conditions of the region, etc. The forms of the natural factor affecting the placement of industrial production have a unique effect on the placement of individual areas of industry. Thus, natural conditions in productive industries and water power directly affect the construction of enterprises and all technical and economic indicators of their use. The nature of deposits of minerals available in the region, quantitative characteristics of resources, physicochemical properties of minerals determine the level of concentration of extractive industrial enterprises, production methods, and the nature of the primary processing of extracted substances. The quantity of economic efficiency indicators depends on the size of the mining enterprises, the extraction technique, and the properties of the extracted substances.

Water resources, one of the forms of the natural factor, have an important influence on the location of many industries, for example, food industry enterprises, hydroelectric power plants, chemical industry and other areas. The lack of sufficient water resources in the region can slow down the work of industrial enterprises. Climatic conditions, like a natural factor, also affect the location of industry in a unique way. Thus, housing, clothing, and food costs are higher in regions with a cold climate than in regions with a warm climate. When building enterprises in regions with a cold climate, capital investments are higher than in regions with a warm climate, and its operating costs are also high. It should be noted that as a result of the high level of scientific and technical progress in modern times, the effect of natural factors affecting the location of industrial production is partially weakened by technical factors. So, if the natural factor makes the location of industrial enterprises dependent on the raw material base, the availability of natural resources, the technical factor, on the contrary, seriously reduces the tension in this issue in many cases. New methods of extraction, refining and processing of mineral raw materials and fuel types allow to successfully attract fields that were previously impossible to use into the scope of industry. It should be noted that scientific and technical progress can only weaken the influence of the natural factor on the location of many areas of industry, but it cannot completely eliminate it. Therefore, in modern conditions, every entrepreneur engaged in state or industrial activity plans the location of the industry he will start working on the selection of the region where the enterprises will be established, production specialization of the regions, and the study and

economic comprehensive characterization of separate deposits of minerals, in order to choose the most economically efficient option, it should give a quantitative economic value to each option. It is impossible to effectively place the industry in individual economic regions of the country without economically assessing the natural conditions and taking into account their impact. For this, it is necessary to have general information about the potential resources of raw materials, fuel and energy in the regions of the country, the degree of their study, the quantitative characteristics of individual resources and the classification of quality properties. As we mentioned, one of the most important factors affecting the location of industrial production is scientific and technical progress. The placement of industrial production is directly influenced by several main directions of scientific and technical progress, electrification, chemicalization, the nature and improvement of technological processes.

Automation and complex mechanization, which are other directions of scientific and technical progress, also have a great impact on the placement of industrial production. Thus, it can weaken the limitation of labor resources existing as a natural factor, and thereby create ample conditions for locating industrial production in regions with limited labor resources. One of the factors that seriously affects the location of industrial production is the transport factor. The amount of cost of products produced in industrial areas also depends on how industrial production is located on the territory of the country. Improving the geographical location of industry makes it possible to reduce the inefficient transportation of raw materials and finished products over long distances. This, in turn, creates ample opportunities to significantly reduce the share of raw materials, material and fuel transportation costs in the cost of individual types of industrial products. Therefore, under the influence of transport, some areas of the industry are located near the sources of raw materials, others at the places of consumption of their products, and other areas are located near cheap sources of energy.

INDICATORS OF FOOD INDUSTRY ENTERPRISES IN NAKHCHIVAN AUTONOMOUS REPUBLIC

Industry is one of the areas where high achievements have been achieved in the Nakhchivan Autonomous Republic. The industry of the Nakhchivan Autonomous Republic has historically occupied one of the leading positions in the economy of Azerbaijan. This important field, which mainly includes food, light and other industries, has entered the path of more intensive development since the middle of the 20th century. In the autonomous republic, in recent years, bakery products, flour, meat and dairy products, poultry, pasta, tea, sugar, salt, sweets, fruit juice, alcoholic beverages, pasteurized and packaged honey, roasted and packaged agricultural products and mineral waters industrial enterprises engaged in production have been commissioned. The graph below shows the industrial products produced in the autonomous republic between 2011 and 2021 in manat according to official data.

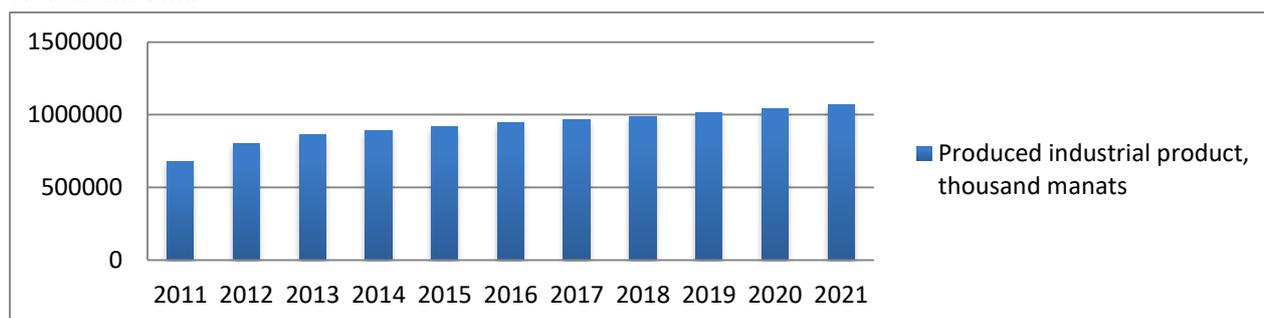


Figure 1. Industrial product produced in Nakhchivan Autonomous Republic, thousand manats

Source. Nakhchivan Autonomous Republic State Statistics Committee

In the research, the industrial products produced in the Nakhchivan Autonomous Republic between 2011 and 2021 are presented graphically. The growth over the years has been a 57% increase from 2011 to 2021. This indicator indicates the development of the industry and its growth from year to year. In 2021, industrial products worth 1 billion 69 million 655 thousand 700 manats were produced in the autonomous republic, which exceeded the previous year by 1.7 percent. 94.6 percent of the production of industrial products was made up of goods and 5.4 percent of services. The share of the private sector in the manufactured industrial product was 92.3 percent. In 2021, production and service facilities for 142 projects in various fields of economic activity were established in the autonomous republic with the support of the state, and the creation of production and service facilities for 52 projects was continued.

Here, according to the classification of international economic activities, the work of the industry is shown in the table.

Table 1. The work of the industry according to the classification of the types of international economic activity

Types of activities \ Years	2011	2013	2015	2017	2019	2021
In Total	680921,2	862870,5	916817,9	967060,0	1014971,5	1069655,7
Mining industry	826,6	964,7	1016,0	1024,1	1118,2	1145,2
Manufacturing	626928,1	799024,5	875208,0	918228,6	955707,3	989221,5
Of which:						
Food industry	397382,6	503258,0	535339,3	551289,6	575288,6	598861,0
Manufacturing of textiles and wearing apparel	32156,5	39323,1	41615,1	45465,3	48176,1	49263,6
Manufacture of leather and related products	786,3	926,9	1053,0	1141,1	1237,0	1309,9
Manufacture of wood and woodwork	33547,2	39794,1	42896,6	44070,1	45724,0	46670,1
Manufacture of paper and printing production	4562,3	5252,8	7148,3	10028,1	10182,1	10494,8
Chemical industry	6584,8	105,1	105,8	292,2	560,5	520,6
Manufacture of rubber and plastic products	47896,4	64992,1	76345,1	79703,4	81437,1	82954,3
Other industrial sectors	157178,5	208253,7	211298,6	234046,1	251247,9	279581,4

Source. Nakhchivan Autonomous Republic State Statistics Committee

The table shows the growth trend over the years. In 2021, the production of 1 billion 69 million 655 thousand 700 manats was recorded as the main indicator reflecting the overall development of the industry in the autonomous republic, which is 10.6 percent more than the corresponding indicator in 2017 and exceeded the previous year by 1.7 percent. In 2021, the production of products registered in the processing industry exceeded the corresponding indicator in 2017 by 7.7 percent. The processing industry is the area where the products obtained from agriculture and the mining industry are processed and made ready for use and plays an important role in providing employment.

CONCLUSION

The effective placement of industrial enterprises on the country scale is one of the important economic measures that can ensure the development of the national economy and social progress, being an aspect of the territorial organization of productive forces. Efficient placement of industrial production ensures efficient use of natural resources, improvement of the employment level of the

population, increase of labor productivity and efficiency of production based on economical use of economic resources, optimal socio-economic development of economic regions. The location of the industrial enterprise contributes to the development of transport, communication and other areas in the region, the supply of energy and raw materials for production, the complexity of interregional and intersectoral relations, the increasing importance of environmental protection, etc. has an effect. As a result of all this, effective placement on the territory plays a positive role in the development of both the society and the country in a certain sense. It is known from the conducted research that despite the fact that each region of our republic has strong potential opportunities (industrially important natural resources, cheap labor force), currently the level of location of industrial enterprises on the territory of the country does not correspond to the existence of these potential opportunities. In modern times, the existing inequality in the territorial structure of the country's industry necessitates state regulation of the optimal location of the industry on the territory. The economic experience of developed countries shows that the development of productive forces cannot be successfully implemented without the legal basis of regional development - the regional policy of the state. One of the forms of stimulating the efficient location of industrial facilities on the territory is industrial projects based on contracts between state, local and foreign investors. The purpose of these projects may be deepening the level of processing of raw materials and materials produced in the country, increasing their quality, reconstruction and modernization of existing industrial enterprises in the regions. Realization of such projects will allow to increase the technical and economic level of industrial production and increase the local components in the finished product. It is advisable for the government to finance up to 25 percent of the cost of such projects. This will stimulate the attraction of foreign investors to different regions of the country.

In order to improve the territorial organization of the industry, it is also necessary to improve the credit policy of the state. Thus, for the formation of newly created industrial enterprises in the remote regions of the country, the state can undertake a certain part of the financing of those enterprises for several years at the expense of a concessional loan. At the same time, the state can provide loans on favorable terms to expand and modernize production to industrial enterprises that have a significant impact on the improvement of the territorial structure of industry.

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