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ECONOMIC ANALYSIS OF THE LEVEL OF INNOVATIVE DEVELOPMENT OF CULTURAL INSTITUTIONS IN AZERBAIJAN

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Formulation of the problem. Existing management mechanisms, such as planning and programming for the development of the cultural sector, despite their complexity and widespread use in the practice of managing the sociocultural sphere, do not provide sustainable results that can be achieved in the cultural sector in the context of the implementation of reforms in the budgetary sector and the use of programmatic financing of culture. It is absolutely necessary to develop and apply innovative technologies in the management process, taking into account the complexity of the tasks facing cultural subjects in connection with the adaptation of self-justifying management mechanisms, as well as taking into account the needs of a post-industrial (information) society, as well as updating the consumer audience of cultural products and services. The use of an integrated approach to the formation of innovative management mechanisms will improve management efficiency, as well as ensure the development of innovative processes both in the sphere of culture in general and in its individual subjects. *The purpose of the article* is to develop scientific and methodological recommendations for innovation models based on the use of integrated approaches in managing cultural enterprises and supporting development, as well as to study theoretical and methodological problems in the systematization of these methods. *The methodological basis of the research* in the article is the scientific work of the authors in the field of economics of culture, innovation management, management in the field of culture, as well as social partnership. The research was carried out on the basis of general scientific methods of research - a systematic approach, analysis and synthesis, methods of typological and comparative analysis, empirical methods. *The object of the study* is the sphere of culture, which needs conditions in which organizational and financial reforms are carried out, as well as the development and application of innovative management methods. *The hypothesis of the study.* In general, there is a great practical demand for research activities aimed at the relevance of the dissertation research topic, the development of the main directions and strategic priorities of the national economy of the cultural sphere of the region. The same can be said about the priorities of strategic management and the main directions of the regional industrial component, that those priorities and directions that we mentioned determine the goal, objectives, subject and object of this research work, presented on the basis of an assessment of the increased effectiveness of the management system for the development of the cultural sector municipal districts of the region. *Presentation of the main material.* The scientific novelty of the results of the research carried out by the authors is as follows: the essence of strategic management of the cultural sphere is determined as a targeted activity to create socio-economic and legal conditions for the regular and balanced development of the cultural space and meeting the needs of the population for cultural services; Methodological recommendations have been developed to improve the effectiveness of the process of strategic management of the regional cultural sector based on the implementation of promising management effects in the process of industry development. *The originality and practical significance of the study.* The practical significance of the article lies in the fact that the developed software-design method and the multidimensional assessment method can be applied in order to increase the innovative effects

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obtained from project activities in the sociocultural sphere. The practical significance of the article is also determined by the use of theoretical and methodological works proposed by state bodies and local governments, as well as the possibility of their use by the heads of economic entities of the specified region in the process of forming measures that can ensure the sustainable development of the cultural sphere of the region. *Conclusions.* The scientific novelty of the research results lies in the fact that scientific and methodological recommendations have been developed for improving and applying models of innovative management in the field of culture, and the use of an appropriate mechanism has been proposed to increase the innovative effect of the project program. Recommendations are given for optimizing management strategies in the field of culture for its further development.

Key words:

cultural sphere, economics, management principles, innovation, management.

ЕКОНОМІЧНИЙ АНАЛІЗ РІВНЯ ІННОВАЦІЙНОГО РОЗВИТКУ ЗАКЛАДІВ КУЛЬТУРИ АЗЕРБАЙДЖАНУ

Постановка проблеми. Існуючі управлінські механізми, такі як планування та програмування розвитку сфери культури, незважаючи на їх складність і широке використання в практиці управління соціокультурною сферою, не забезпечують стійких результатів, яких можна досягти в культурній сфері в контексті впровадження реформ у бюджетній сфері та використання програмного фінансування культури. Вкрай необхідно розробляти та застосовувати інноваційні технології в управлінському процесі, враховуючи складність завдань, що постають перед суб'єктами культури у зв'язку з адаптацією самовиправданих механізмів управління, а також враховуючи потреби пост-індустріального (інформаційного) суспільства, а також оновлення споживчої аудиторії культурних продуктів і послуг. Застосування комплексного підходу до формування інноваційних механізмів управління дозволить підвищити ефективність управління, а також забезпечити розвиток інноваційних процесів як у сфері культури загалом, так і в окремих її суб'єктах. *Метою статті* є розробка науково-методичних рекомендацій щодо інноваційних моделей на основі використання комплексних підходів в управлінні підприємствами культури та супроводу розвитку, а також дослідження теоретико-методологічних проблем у систематизації цих методів. *Методологічною основою дослідження* в статті є наукова діяльність авторів у галузі економіки культури, інноваційного менеджменту, менеджменту у сфері культури, а також соціального партнерства. Дослідження виконано на основі загальнонаукових методів дослідження – системного підходу, аналізу та синтезу, методів типологічного та порівняльного аналізу, емпіричних методів. *Об'єктом дослідження* є сфера культури, яка потребує умов, у яких здійснюються організаційні та фінансові реформи, а також розроблення та застосування інноваційних методів управління. *Гіпотеза дослідження.* Загалом існує великий практичний попит на науково-дослідну діяльність, спрямовану на актуальність теми дисертаційного дослідження, розробку основних напрямів і стратегічних пріоритетів національної економіки сфери культури регіону. Те ж саме можна сказати про пріоритети стратегічного управління та основні напрями регіональної промислової складової, що ті пріоритети та напрямки, які ми назвали, визначають мету, завдання, предмет і об'єкт даного дослідження, представленого на основі оцінки підвищення ефективності системи управління розвитком сфери культури муніципальних районів області. *Виклад основного матеріалу.* Наукова новизна результатів проведеного авторами дослідження полягає в тому, що сутність стратегічного управління культурною сферою визначається як цілеспрямована діяльність зі створення соціально-економічних і правових умов для регулярного та збалансованого розвитку культурної сфери. площі та задоволення потреб населення в культурних послугах; Розроблено методичні рекомендації щодо підвищення ефективності процесу стратегічного управління культурною сферою регіону на основі впровадження перспективних управлінських ефектів у процесі розвитку галузі. *Оригінальність і практична значущість дослідження.* Практична значущість статті полягає в тому, що розроблений програмно-дизайнерський метод і метод багатовимірного оцінювання можуть бути застосовані для підвищення інноваційних ефектів, отриманих від проектної діяльності в соціокультурній сфері. Практичне значення статті визначається також використанням теоретико-методичних напрацювань, запропонованих державними органами та органами місцевого самоврядування, а також можливістю їх використання керівниками суб'єктів господарювання зазначеного регіону у процесі формування заходів щодо може забезпечити сталий розвиток культурної сфери регіону. *Висновки.* Наукова новизна результатів дослідження полягає в тому, що розроблено науково-методичні рекомендації щодо вдосконалення та застосування моделей інноваційного менеджменту у сфері культури та запропоновано використання відповідного механізму підвищення інноваційного ефекту програма проекту. Надано рекомендації щодо оптимізації стратегії управління сферою культури для її подальшого розвитку.



Ключові слова:

культурна сфера, економіка, принципи управління, інновації, менеджмент.

Problem statement. Innovation is an integral part of the creative process in the cultural sphere. Creative activity with immanent-innovative properties fundamentally determines the creation of original works in the field of culture. Innovation in the cultural sphere also serves as a positive stimulus for the development of innovation in other areas of social and economic life. Innovation in the cultural sector also stimulates innovation in many other areas of activity, and it should be noted that they directly influence the development of such activities as fashion, publishing, and computer games.

The creation of innovations in culture is carried out either by one creative person or by groups of several creative people. It is no secret that the human factor is the most important feature of the cultural sphere, which significantly distinguishes this sphere from many other spheres of social and economic life. To create a high innovative potential of culture, it is necessary to develop a model of cultural management, based on the specifics of the application of innovations in the cultural sphere. It should be noted that updating the cultural sphere, further strengthening and expanding consolidated efforts to develop and support

innovative processes in the cultural sphere will lead to the formation of an innovative competitive society.

Analysis of the research results. Sections of state statistics on culture contain information about the main, most important government institutions: cinemas, theaters, museums, circuses and cultural and leisure centers.

Analysis of the table shows that the situation with the development of historical museums is more favorable, which, in turn, is an indicator of the development of cultural tourism, based on the historical and cultural attractions of our country.

The purpose of the article is to develop scientific and methodological recommendations for innovation models based on the use of integrated approaches in managing cultural enterprises and supporting development, as well as to study theoretical and methodological problems in the systematization of these methods.

Presentation of the main material. Based on the table. 1, we can state the fact that the museum fund remains in a stable position, which also plays an important role in the interest of society in the cultural fundamental.

Table 1 – Dynamics of museum distribution for 2010-2021

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2020	2021
Number of museums - total	226	227	227	228	233	234	236	238	239	240	240
including:											
history museums	67	68	68	73	76	76	77	77	77	76	76
memorial museums	39	39	39	39	40	41	41	42	42	42	42
ethnographic museums	69	69	69	66	67	67	67	67	67	69	69
art museums	39	39	39	39	39	39	40	41	41	41	41
Other museums	12	12	12	11	11	11	11	11	12	12	12
The number of museum visitors is only a thousand people	1804	1846	2084	2212	2531	2578	2697	3003	3171	711	1501
including:											
in history museums	685	735	913	988	1390	1408	1408	1691	1766	411	972
memorial museums	177	189	165	191	203	183	190	183	181	48	95
ethnographic museums	559	541	549	579	519	600	588	573	585	129	256
in art museums	265	268	328	253	280	247	344	369	449	74	140
Other museums	118	113	129	201	139	140	167	187	190	49	38
For every 1000 people	202	204	227	238	269	270	279	309	323	71	150

Source: [5]



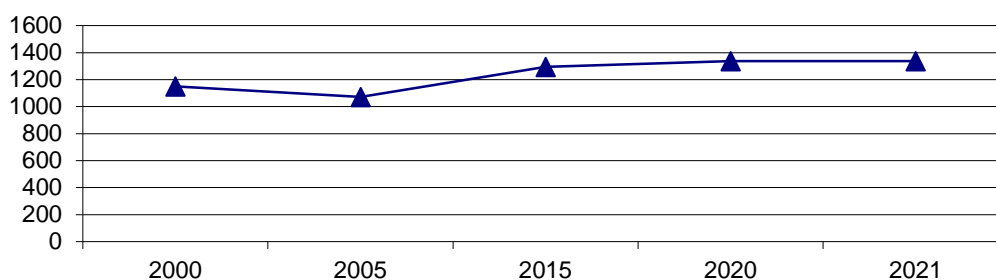


Figure 1 – Museum fund
Source: developed by the authors

Based on the above information, we can say that the number of visits to museum cultural institutions has increased almost 1.1 times over the past ten to eleven years. An analysis of Table 1 also shows that the growth was 2.6 times due to the favorable situation with the development

of historical museums, which, in turn, is a clear example of how cultural and educational tourism is developing in the country. Theaters also show higher growth rates, followed by cinemas and museums.

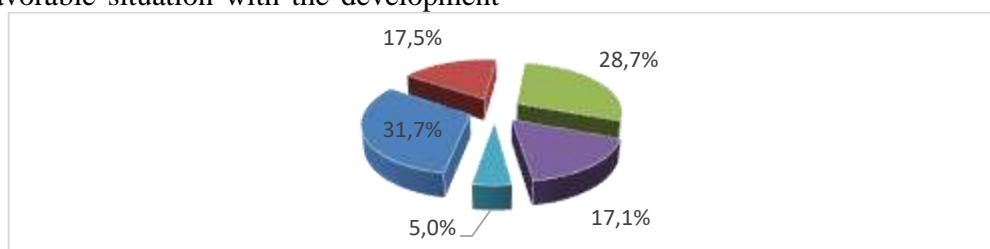


Figure 2 – Percentage of cultural museums
Source: developed by the authors

Visits to historical museums amounted to 31.7% in 2021, while regional history museums accounted for 28.7%, while at the same time cultural art museums are of no small importance.

If we compare the dynamics of the indicator “number of visits per year for large cultural institutions”, we can determine the following relationship: compared to all other cultural institutions, theaters with higher prices have the largest annual increase in audience, which cannot be said about other cultural institutions; on the contrary, museums those with lower prices have had higher annual growth rates over the past decade [5].

We can conclude that the demand of those who are engaged in the consumption of cultural services has a higher price elasticity. Studying the graphs based on the analysis of the dynamics of changes in the main indicators reflecting the activities of organizations of the structural components of the cultural complex allows us to conclude that the general conditions that determine the trend in the share of services in institutions in the past. Therefore, as a result of the analysis of practical results and statistical

data in the field of culture, we can conclude that in modern economic conditions there is a great need for the innovative development of cultural institutions, and an absolute and necessary condition for this development is the formation of financial and human resources. Formation of the industry, as well as successful the functioning of the economy in market conditions becomes one of the primary tasks. However, it should be noted that the process of comprehensive and widespread use of commercial functions in the work of cultural enterprises seems impossible due to the fact that these objects are very different in their “commercial potential” [3].

There is a gradual transition to new technologies in museums, libraries and restoration work. The cultural sector is gaining increasing international recognition as an area with great development potential. In the modern information age, human resources and, accordingly, investments in human capital are gradually becoming increasingly important, and in such a period the cultural sphere can give a new impetus to the development of society [4].



Consequently, for the correct understanding and solution of this strategic task, cultural study and creative use of the historical experience of economically developed countries in Azerbaijan is becoming increasingly important. In this regard, the laws and decrees signed by the President of the Republic of Azerbaijan Ilham Aliyev gave new impetus to the development of

libraries in various regions of the country, which, in turn, is an important factor. Therefore, libraries have a significant impact on further increasing the intellectual and cultural potential of the socio-economic regions of the country (Table 2). Thus, it is necessary to look at the main indicators in the field of culture in the Republic of Azerbaijan in 2015-2021.

Table 2 – Dynamics of development of the largest cultural institutions in 2015-2021

	2015	2016	2017	2018	2019	2020 ²⁾	2021
Number of public libraries	3291	3242	3088	2978	2942	2922	2915
Number of club establishments	2729	2650	2539	2370	2319	2231	2221
Number of cinemas	7	10	11	9	7	5	5
Number of professional theaters	28	28	28	28	28	29	29
Number of concert halls	14	14	15	15	15	16	16
Number of museums	233	234	236	238	239	240	240
Number of circuses	1	1	1	1	1	1	1
Number of zoos	1	1	1	1	1	1	1
Number of cultural and recreation parks	347	347	348	348	348	351	351
Number of historical, cultural, architectural, artistic and ethnographic reserves	28	28	28	28	28	25	25
Number of immovable historical and cultural monuments	6308	6308	5363	5363	5363	5693	5496
Number of children's music, art and painting schools (at the beginning of the school year)	237	238	240	239	237	236	236

Source: [5]

As can be seen from the table, from 2015 to 2021 there is a downward trend in the number of public libraries to 376 units, the dynamics of the number of club premises is 508 units, but the number of museums increased by 7 units, and concert venues - 2 units. As for circuses, professional theaters, historical and ethnographic reserves, their number is quite stable.

In our opinion, this trend is due to a decrease in demand for the services of state cinemas, especially in the regions. The problem is that cinemas in the regions are not equipped with digital equipment, which lags behind world and domestic premieres in terms of repertoire and, as a result, closes them due to unprofitability. This trend is also observed in club establishments.

The analysis of the composition of the creative industries proposed in the UN report allows us to conclude that new areas of creative activity, which, first of all, connect the public with the creative industries sector, are based on and interconnected with traditional cultural institutions engaged in the preservation of cultural heritage and are necessary platform for generating content for innovative creative products. The task of stimulating the creation, production, distribution and consumption of

innovative products and services of the creative industries unites not only all stakeholders in the cultural sector, but also representatives of government and business. To take concerted action to develop the creative industries, it is necessary to study this sector of the economy, consisting of state cultural institutions, non-state or independent commercial and non-profit organizations, as well as individual entrepreneurs. For example, the situation with the development of creative industries using the example of Sheki, which, due to its status as a cultural life, attractive for cultural tourism, having a rich palette of cultural events and long-term programs of cultural cooperation with national and foreign regions, is of significant interest for studying the composition and situation creative industries organizations. Project activity, thus, becomes a catalyst for the introduction of market mechanisms in the field of culture, developing and complementing the creative product, which are works of art of different genres, with a system of management, marketing and distribution. In connection with the above, we consider project directions for the development of creative industries as innovative forms of existence of the cultural sphere in market conditions.



Table 3 – Types of cultural activities classified by the UN as creative industries

Groups	Types of cultural activities
Group 1. Cultural heritage	Cultural objects: archaeological excavations, museums, libraries, exhibitions; Traditional culture: folk art and crafts, festivals and holidays.
Group 2. Art	Fine arts: painting, sculpture, photography, antiques; Performing arts: music, theater, dance, opera, puppet theater.
Group 3. Media	Publishing and media: books, press, publications; Audiovisual arts: cinema, television, radio, other broadcast media.
Group 4. Functional creativity	Design: interior and graphic design, fashion, jewelry, toys; New media: software, video and computer games, digital content; Creative services: architecture, advertising, research activities in the field culture, entertainment industry.

Source: developed by the authors

The creation of new models in the field of culture is also determined by the expansion of the range of tasks of cultural institutions, including: “solving social problems, developing social communication, stimulating creativity, attracting investment and increasing the competitiveness of the region.” These tasks, in many ways, determine the directions of project activities in the field of culture, forming a platform for interaction between government and non-government organizations and stimulating the development of instruments of state support for the cultural sector as a whole.

Thus, insufficient access to space, low level of awareness of the population about places where cultural values are presented, lack of skills in possession and correct interpretation of cultural values, inconsistency of cultural products with modern trends and requirements, increased level of competition between the public and commercial sectors of culture. In the global network of the Internet, television, leisure, a high level of attraction among the population, especially young people, and other economic and social factors are beginning to play an increasingly important role in people's lives. The results of the impact of the above factors on the cultural sphere are reflected in statistics. The decrease in the share of cultural services in the overall structure of paid services to the population indicates that cultural services are gradually becoming a smaller part of paid services provided to the population. One of the reasons for this is the strong development of the service sector in the Republic of Azerbaijan as a whole and, as a result, the increase in the variety of paid services provided to the population. It is no coincidence that in this case competition between various branches of the service sector is sharply increasing, as a result of which cultural

services continue to lose their positions. However, if we characterize the effective demand of the population for cultural services, or more precisely the dynamics of the share of cultural institutions in the structure of consumer expenditures of households, then we should note the presence of dynamics towards an increase in expenditures on culture. Thus, it can be noted that culture as an object of state cultural policy in the Republic of Azerbaijan means a set of state institutions for the moral education of the population, such as museums, exhibition halls, theaters and cinemas, cultural centers and palaces. The activities of these institutions are mainly aimed at preserving cultural heritage, as well as supporting various folk professions and arts [7]. In other words, for the public administration of the Republic of Azerbaijan, culture remains an element of social policy, requiring constant allocation of subsidies from the state budget, and at the same time has a relatively low level of profitability (in many cases, no income). Management of this area is carried out in a targeted manner and essentially consists of two main directions: legislative regulation and budgetary financing, which, first of all, are aimed at implementing the threats provided for in the target programs being developed. The cultural sector is mainly represented by state-owned enterprises traditional for the cultural sector.

State programs for the protection and development of culture, embodying the implementation of cultural policy, are developed by the Government of the Republic of Azerbaijan. The first target program was approved on December 21, 2012 by Government Decree No. 506-IVQ. Currently, the Law of the Azerbaijan Republic No. 1256-VQD dated October 1, 2018 is in force (Azerbaijan





newspaper, November 9, 2018, No. 253, Collection of Legislation of the Azerbaijan Republic) [8].

The list of World Cultural Heritage sites is constantly expanding. As of 2012, the World Heritage List includes 962 properties (745 cultural, 188 natural and 29 mixed). On average, 28 properties were added to the list each year from 1978 to 2012. Every year, the number of objects recognized as universal cultural values fluctuates significantly from year to year, but never falls to zero. As of 2019, the World Heritage List includes 1,121 properties, of which 869 are cultural, 213 natural and 39 mixed, in the 167 countries of the UNESCO Convention Concerning the Protection of the World Cultural and Natural Heritage. Each object has its own identification number. In order to reflect the degree of development of economic and social relations in society, government expenditures on social protection were chosen as an indicator. When calculating this indicator, the costs of solving problems facing the population, such as illness, disability, old age, alimony, unemployment, and financial difficulties are taken into account.

Conclusion and prospects for further research. Looking at the current state of the cultural sphere, we can conclude that culture makes an important contribution to the formation of human capital, the quality of labor resources, the creation of a favorable economic climate in the region, as well as increasing the prestige of the country at the international level. In modern conditions, the role of the cultural sector as an important component of the service sector is increasing. Culture is one of the key elements of human relations, which is becoming increasingly prominent in the globalized business world. The results of the implementation of reforms in the field of culture, first of all, affect the sustainability of these enterprises, as well as the financial security of organizations. If innovative management methods are not applied in a timely manner, these results will lead to the unprofitability of the existing cultural provision system and the effectiveness of cultural institutions. At the stage of independent development, the progress of society was more pronounced in all areas of cultural activity, creative pursuits and tendencies to experiment.

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Thus, effective management of the cultural sector in new conditions is characterized by the modernization of existing methods of work of cultural institutions and the use of innovative methods, reform of the budget system, changes in the institutional space of culture, strengthening the managerial role of organizations.

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