

The Role of Social Policy in the Youth Labor Market in Azerbaijan

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DOI: <https://doi.org/10.15421/172531>**Guliyeva Khanım Hikmat**Ph.D. Student, <https://orcid.org/0000-0002-5973-6181>, x.akberova@gmail.com*Azerbaijan University (Baku, Azerbaijan)*

Abstract

The integration of young people into the labor market is a critical challenge faced by economies around the world, including Azerbaijan. The transition from education to employment is pivotal for the socioeconomic development of a country and the well-being of its population. In Azerbaijan, the youth labor market is influenced by various factors, including economic diversification, the educational system's alignment with labor market needs, and the availability of employment opportunities. The role of social policy in addressing these challenges is indispensable, as it sets the framework for supporting young individuals in acquiring the necessary skills and finding suitable employment. The aim of the article is to examine the impact of social policies on the youth labor market in Azerbaijan, with a focus on identifying effective strategies and measures that can enhance the integration of young people into the workforce. It seeks to analyze the challenges faced by young individuals in securing employment and how various government initiatives, educational reforms, and legislative actions can contribute to creating a more inclusive and dynamic labor market for the youth. The role of social policy in the youth labor market is framed not only as addressing immediate employment challenges but also as investing in the country's future. Developing a well-integrated, skilled, and motivated young workforce is essential for Azerbaijan's aspirations toward economic diversification and sustainable development. This requires collaborative efforts of the government, private sector, educational institutions, and civil society.

This article aims to explore the multifaceted role of social policy in the youth labor market in Azerbaijan. It analyzes how education reforms, vocational training initiatives, employment incentives and legal measures contribute to facilitating the integration of young people into the workforce. The examination of these areas is crucial for understanding the effectiveness of current strategies and identifying potential areas for improvement.

Scientific innovation: The research utilizes historical analysis, emphasizing scientific character and a critical, objective attitude towards historical processes. The aim is to identify effective strategies for enhancing youth employment and integrating them into the labor market, contributing to the socioeconomic development of Azerbaijan.

Keywords: Azerbaijan, Youth Labor Market, Social Policy, Educational Reforms

Роль соціальної політики на ринку праці молоді в Азербайджані

Гулієва Ханім Хікмат*Азербайджанський університет (Баку, Азербайджан)*

Анотація

Інтеграція молодих людей на ринок праці є критичним викликом, з яким стикаються економіки в усьому світі, включно з Азербайджаном. Перехід від освіти до зайнятості має ключове значення для соціально-економічного розвитку країни та добробуту її населення. В Азербайджані на молодіжний ринок праці впливають різні чинники, включаючи економічну диверсифікацію, відповідність освітньої системи потребам ринку праці та наявність можливостей працевлаштування. Роль соціальної політики у вирішенні цих проблем є незамінною, оскільки вона встановлює основу для підтримки молодих людей у набутті необхідних навичок та пошуку відповідної роботи. Метою статті є вивчення впливу соціальної політики на молодіжний ринок праці в Азербайджані з акцентом на визначення ефективних стратегій і заходів, які можуть сприяти інтеграції молодих людей у робочу силу. Він прагне проаналізувати проблеми, з якими стикаються молоді люди під час пошуку роботи, і те, як різні державні ініціативи, освітні реформи та законодавчі дії можуть сприяти створенню більш інклюзивного та динамічного ринку праці для молоді. Роль соціальної політики на ринку праці молоді визначається не лише вирішенням нагальних проблем зайнятості, а й інвестуванням у майбутнє країни. Розвиток добре інтегрованої, кваліфікованої та мотивованої молоді робочої сили має важливе значення для прагнень Азербайджану до економічної диверсифікації та сталого розвитку. Це потребує спільних зусиль уряду, приватного сектору, освітніх закладів та громадянського суспільства.

Ця стаття спрямована на дослідження багатогранної ролі соціальної політики на ринку праці молоді в Азербайджані. Він аналізує, як освітні реформи, ініціативи професійного навчання, стимули до працевлаштування та правові заходи сприяють інтеграції молодих людей у робочу силу. Вивчення цих сфер має вирішальне значення для розуміння ефективності поточних стратегій і визначення потенційних сфер для покращення.

Наукова інновація: дослідження використовує історичний аналіз, підкреслюючи науковий характер і критичне, об'єктивне ставлення до історичних процесів. Метою є визначення ефективних стратегій для підвищення зайнятості молоді та її інтеграції на ринок праці, сприяючи соціально-економічному розвитку Азербайджану.

Ключові слова: Азербайджан, ринок праці молоді, соціальна політика, освітні реформи

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Introduction.

Azerbaijan, with its strategic location at the crossroads of Eastern Europe and Western Asia, has experienced significant economic growth and transformation over the past few decades. However, despite these achievements, the country faces the persistent issue of youth unemployment and underemployment. The government of Azerbaijan has recognized the importance of addressing this issue and has implemented a range of social policies aimed at improving the labor market outcomes for young people.

The youth labor market in Azerbaijan presents both opportunities and challenges. On one hand, the country's economic diversification efforts offer new prospects for employment beyond the traditional oil and gas sectors. Addressing these challenges requires a comprehensive approach that combines education, training, and employment policies with broader economic and social strategies.

In conclusion, the introduction sets the stage for a detailed exploration of the impact of social policy on the youth labor market in Azerbaijan. By examining the current state of youth employment, the strategies implemented by the government, and the ongoing challenges, this article aims to contribute to the discourse on effective policymaking for the integration of young people into the labor market.

The purpose of the research. The purpose of exploring the role of social policy in the youth labor market in Azerbaijan is to understand how government policies and initiatives shape the employment opportunities, skills development, and overall integration of young people into the labor market. Specifically, this topic aims to: Examine how Azerbaijan's social policies influence youth employment rates, job quality, and access to social protection services, as well as how these policies are addressing the specific needs of young workers. Highlight any challenges or gaps in current social policies that hinder the effective inclusion of youth in the labor market, such as inadequate training programs,

insufficient job creation, or barriers to accessing social services.

Methods: During the research process, historicity, scientific character, an objective and critical attitude to historical processes, and their comparative analysis were chosen as the main research methods.

Practical significance: The study highlights the government's efforts to enhance the employability of its youth through educational reforms, vocational training, employment incentives, and support programs. These initiatives aim to provide young Azerbaijanis with the necessary skills, knowledge, and opportunities to succeed in a competitive and globalized job market.

Analysis of previous research and publications. Azerbaijan's approach to educational reforms and vocational training is a central pillar in its strategy to enhance the youth labor market. Recognizing the critical link between education and employment, the government has embarked on a series of reforms aimed at aligning the educational system with the evolving needs of the economy. This alignment is crucial for equipping young Azerbaijanis with the skills and knowledge required to succeed in a competitive and globalized job market (Aliyev, 2022).

The educational reforms in Azerbaijan have focused on improving the quality and relevance of education at all levels. The Ministry of Education has implemented various initiatives to modernize curricula, improve teacher training, and promote the use of technology in classrooms (Jafarova, 2022). One of the landmark programs is the State Program for the Education of Azerbaijani Youth Abroad, launched to enhance the global competitiveness of Azerbaijani students. By providing scholarships for study at top universities worldwide, the program aims to bring back valuable skills and knowledge to the local economy (Ministry of Education, Azerbaijan). When those graduates return, they are employed in the civil service. It is mandatory to work for 5 years in the jobs they are provided with (Ministry of Education of Azerbaijan, 2020).

Table 1.

Levels of public-private partnerships in vocational education

Partnership	Examples	
	Basic/Secondary Education	TVET
Infrastructure PPPs	Private Finance Initiative, UK PPPs for new school property, NZ Alberta Schools Alternative Procurement/New Schools Project, Alberta, Canada New Schools PPP, NSW, Australia PPP for School Infrastructure Project, Philippines	Southbank Institute of Technology, Queensland, Australia ITE College West, Singapore Build-Transfer-Lease Program, South Korea Lao National Institute of Hospitality and Tourism, Lao PDR (Proposed)
Voucher/Subsidy Programs	PACES voucher program, Colombia Voucher scheme, Chile Voucher Scheme, Qatar Senior High School Voucher Program, Philippines (Proposed)	Training Assistance Voucher Program, Lao PDR (ADB Project)

Moreover, Azerbaijan has placed a strong emphasis on STEM education, recognizing the importance of science, technology, engineering, and mathematics as drivers of innovation and economic growth. Efforts to integrate STEM subjects more effectively into the school curriculum are underway, aiming to foster an interest in these fields from an early age and to build a solid foundation for future specialists in sectors critical to the country's development agenda (Aliyev, 2022).

Alongside reforms in general education, vocational training has received significant attention as a means to directly link education with employment. The establishment of vocational education and training (VET) centers across the country is a testament to Azerbaijan's commitment to enhancing the vocational skills of its youth. These centers offer specialized programs tailored to the needs of the local and international labor markets, providing practical and applicable skills in areas such as agriculture, tourism, information technology, and more. The Azerbaijani government, in collaboration with international organizations such as the European Training

Foundation (ETF) and the United Nations Development Programme (UNDP), has worked to modernize and expand vocational education. Projects focusing on the development of new VET curricula, teacher training, and the improvement of VET center infrastructures are essential components of this collaboration. The goal is to ensure that vocational training in Azerbaijan meets international standards and adequately prepares students for employment (European Training Foundation).

Employment Incentives and Support Programs

Azerbaijan has implemented a range of employment incentives and support programs aimed at enhancing the employability of its youth and facilitating their entry into the labor market. These initiatives represent a crucial aspect of the country's social policy, addressing the challenge of youth unemployment and underemployment. By providing financial incentives to employers, offering skill development opportunities, and supporting entrepreneurial ventures, the Azerbaijani government seeks to create a more inclusive and dynamic labor market for young people (Ismayilova, 2021).

Table 2.

The Strategies Employed by Azerbaijan to Enhance Youth Employability and Facilitate their Entry into the Labor Market

Strategy	Description	Objective
Financial Incentives to Employers	Tax breaks or subsidies for companies that hire young graduates, aiming to lower the cost barrier for employers and encourage the hiring of inexperienced workers.	Ease the transition of young people from education to employment by incentivizing employers to offer more positions to inexperienced workers.
Internship and Apprenticeship Programs	Programs providing practical work experience to bridge the gap between theoretical knowledge and workplace skills, available in both public and private sectors.	Allow young individuals to gain valuable experience, enhance their resumes, and increase their employability in a competitive job market.
Support Programs for Young Entrepreneurs	Financial grants, business development services, and mentorship opportunities aimed at fostering entrepreneurship among youth, supported by the Youth Foundation and other organizations.	Encourage innovation and self-employment among young people, contributing to economic diversification and job creation.

One of the key strategies employed by the Azerbaijani government to encourage the hiring of young job seekers is the provision of financial incentives to employers. These incentives often take the form of tax breaks or subsidies for companies that hire young graduates. The rationale behind this approach is to lower the cost barrier for employers and incentivize them to offer more positions to inexperienced workers, thereby easing the transition of young people from education to employment.

Internship and apprenticeship programs have been established to provide young individuals with practical work experience and to bridge the gap between theoretical knowledge acquired in educational institutions and the skills required in the workplace. These programs are designed to offer on-the-job training and can be found in both the public and private sectors. They serve as an

important stepping stone for young people, allowing them to gain valuable experience, enhance their resumes, and increase their employability in a competitive job market (Huseynov, & Mirzayev, 2019).

Recognizing the potential of young entrepreneurs to contribute to economic diversification and job creation, Azerbaijan has launched various support programs aimed at fostering entrepreneurship among its youth. These programs include financial grants, business development services, and mentorship opportunities provided by the Youth Foundation under the President of the Republic of Azerbaijan and other governmental and non-governmental organizations. Such initiatives not only encourage innovation and self-employment among young people but also contribute to the overall dynamism of the economy.

Legislative Measures and Labor Market Integration

Legislative measures play a pivotal role in shaping the labor market and facilitating the integration of young people into the workforce in Azerbaijan. The government has enacted several laws and regulations aimed at creating a conducive environment for youth

employment, addressing both the demand and supply sides of the labor market. These legislative actions are designed to protect the rights of young workers, promote employment opportunities, and ensure that the labor market is adaptable to the needs of a changing economy.

Table 3.

Legislative Measures in Azerbaijan Aimed at Facilitating the Integration of Young People into the Workforce

Legislative Measure	Key Features	Impact on Youth Employment
Labor Code Amendments	Introduction of flexible employment arrangements such as part-time work and teleworking.	Greater flexibility for young people to combine work with education or training.
Laws Supporting SMEs	Tax incentives, simplified registration procedures, and access to finance for SMEs.	Encouragement of youth entrepreneurship and job creation in sectors like technology and services.
Support for Vulnerable Groups	Quotas for the employment of individuals with disabilities and vocational training programs.	Improved access to employment opportunities and protection from discrimination for vulnerable youth.
International Collaboration	Membership in the International Labour Organization (ILO) and ratification of international labor conventions.	Alignment of Azerbaijan's labor laws and practices with global standards, enhancing labor market outcomes.

One of the significant legislative frameworks in Azerbaijan that impacts youth employment is the Labor Code, which provides comprehensive regulations on employment relations, including contracts, working hours, leave entitlements, and termination procedures. Amendments to the Labor Code have been made to introduce more flexible employment arrangements, such as part-time work and teleworking. These amendments are particularly beneficial for young people, offering them greater flexibility to combine work with education or training (Ministry of Education of Azerbaijan, 2020).

Furthermore, the Azerbaijani government has passed specific laws aimed at promoting youth employment. For instance, laws that support the creation and development of small and medium-sized enterprises (SMEs) indirectly benefit young entrepreneurs by providing tax incentives, simplified registration procedures, and access to finance. SMEs are a crucial part of the economy and a significant source of employment for young people, especially in sectors such as technology, services, and creative industries.

Legislative measures in Azerbaijan also focus on supporting vulnerable groups within the youth population, such as young people with disabilities or those from disadvantaged backgrounds. Laws ensure that these groups have access to employment opportunities and are protected from discrimination in the workplace. This includes quotas for the employment of individuals with disabilities and programs designed to improve their employability through vocational training and rehabilitation services.

Azerbaijan has engaged in international collaboration to align its labor laws and practices with global standards. The country is a member of the International Labour Organization (ILO) and has ratified several international labor conventions, which guide its policies and legislation regarding labor rights, employment promotion, and social protection. This international engagement underscores Azerbaijan's commitment to improving labor market outcomes for its youth in line with established international norms and practices (United Nations Development Programme, 2020).

Challenges and Future Directions

The role of social policy in shaping the youth labor market in Azerbaijan has seen significant progress through educational reforms, vocational training, employment incentives, and legislative measures. Despite these efforts, challenges persist, necessitating a strategic reevaluation and the adoption of future-oriented policies. This section discusses the current challenges and outlines potential future directions for enhancing the effectiveness of social policy in the youth labor market in Azerbaijan (Rahimov, & Abbasova, 2021).

There are notable disparities in employment opportunities between urban and rural areas, with young people in rural regions facing limited access to quality education, vocational training, and job opportunities. This geographical imbalance exacerbates social and economic inequalities.

The table provides unemployment rates across various economic regions and administrative territorial units of the Azerbaijan Republic from 2015 to 2022,

Table 4.

**Unemployment level of the population
by economic regions and administrative territorial units**

	2015	2019	2020	2021	2022
Azerbaijan Republic	5,0	5,0	7,2	6,0	5,6
Baku city - total	6,0	4,7	7,0	6,0	5,7
Nakhchivan Autonomous Republic - total	-	0,0	0,1	0,1	0,1
Absheron-Khizi economic district - total	5,2	4,9	7,4	6,2	5,8
Nagorno-Karabakh Shirvan economic district - total	4,6	4,7	6,8	5,5	5,1
Ganja-Dashkasan economic district - total	5,3	5,9	8,6	7,3	6,8
Karabakh economic region - total	5,0	5,6	8,2	6,8	6,3
Gazakh-Tovuz economic district - total	4,6	4,6	6,6	5,3	5,0
Guba-Khachmaz economic district - total	4,4	6,1	8,8	7,2	6,7
Lankaran-Astara economic district - total	4,8	5,8	8,0	6,7	6,2
Central Aran economic region - total	5,7	6,4	8,9	7,3	6,8
Mil-Mugan economic district - total	4,5	5,4	7,6	6,1	5,7
Sheki-Zagatala economic district - total	4,4	3,9	5,8	4,7	4,4
East Zangezur economic district - total	6,0	6,8	9,9	8,4	7,9
Shirvan-Salyan economic district - total	4,9	6,1	8,6	7,1	6,7

Source: (State Statistical Committee, 2022)

reflecting changes over time. The unemployment rate in the Azerbaijan Republic and its economic regions generally increased from 2015 to 2020, which could be attributed to economic challenges or external factors such as the COVID-19 pandemic affecting global and local economies in 2020. However, from 2020 to 2022, there's a noticeable decrease in unemployment rates across most regions, indicating a recovery or improvement in economic conditions.

Baku, the capital city, experienced a decrease in unemployment from 6.0% in 2015 to 4.7% in 2019, before rising to 7.0% in 2020, likely due to the pandemic's impact. Subsequent years show a recovery, aligning with the overall trend. Economic districts such as Ganja-Dashkasan and East Zangezur exhibit higher unemployment rates, especially in 2020, pointing to regional disparities in economic conditions within the country. These regions might face unique economic challenges or structural issues affecting employment.

Regions like the Central Aran economic region and the Guba-Khachmaz economic district experienced significant unemployment rates in 2020 but showed notable improvements by 2022, suggesting effective

interventions or economic resilience. The Sheki-Zagatala economic district demonstrates relative stability and low unemployment rates compared to other regions, maintaining the lowest unemployment rate across the observed period. This might indicate a robust local economy or effective employment policies.

Gender disparities in the labor market also present a challenge, with women facing higher rates of unemployment and underemployment. Addressing gender-specific barriers and promoting equal opportunities is crucial for harnessing the full potential of the youth labor force (Kazimov, & Alieva, 2020).

To address the skills mismatch, Azerbaijan needs to further align its educational and vocational training programs with the evolving needs of the economy. Emphasis should be placed on digital literacy, critical thinking, and lifelong learning initiatives to prepare young people for a rapidly changing work environment. Strategies to formalize the informal economy should be prioritized, including incentives for businesses to register and comply with labor laws, coupled with stronger enforcement mechanisms. This would improve working

conditions and ensure social protection for young workers.

To mitigate regional disparities, targeted investments in infrastructure, education, and job creation are needed in rural and underdeveloped areas. Encouraging entrepreneurship and supporting SMEs in these regions can stimulate local economies and create employment opportunities. Implementing gender-sensitive policies and programs that address the specific challenges faced by young women in the labor market is essential. This includes promoting STEM education for girls, supporting women entrepreneurs, and ensuring equal pay and opportunities for advancement (Mammadov, 2018).

Embracing technological advancements and innovation can open new pathways for youth employment. Policies that support the digital economy, encourage startups, and foster an entrepreneurial ecosystem can drive economic growth and job creation (State Statistical Committee of the Republic of Azerbaijan, 2022).

Enhancing the involvement of all stakeholders, including government, employers, workers, and civil society, in the formulation and implementation of social policies can ensure that they are responsive to the needs of the youth labor market (International Labour Organization, 2019).

In conclusion, the challenges facing the youth labor market in Azerbaijan are multifaceted, requiring a holistic and adaptive approach to social policy. By focusing on skill development, formalizing the informal sector, addressing regional and gender disparities, leveraging technology, and fostering inclusive social dialogue, Azerbaijan can build a more resilient and inclusive labor market that fully engages its young population. The success of these efforts will contribute significantly to the country's social and economic development in the years to come.

Conclusions.

The exploration of social policy's role in shaping the youth labor market in Azerbaijan has underscored the multifaceted efforts undertaken by the government to address the challenges of youth employment. Through educational reforms, vocational training, employment incentives, and legislative measures, Azerbaijan has laid a foundation aimed at integrating young people into a dynamic and evolving labor market. These initiatives reflect a comprehensive approach, addressing both the supply and demand aspects of the labor market, and are geared towards equipping young people with the necessary skills, opportunities, and protections to navigate the complexities of the modern economy.

Despite these efforts, challenges such as skill mismatches, the prevalence of the informal economy, regional disparities, and gender inequality remain barriers to achieving full labor market integration for Azerbaijani youth. These challenges highlight the need for ongoing policy adaptation and innovation, ensuring that social policies are responsive to the changing economic landscape and the diverse needs of young people.

The study emphasizes the diverse efforts made by the Azerbaijani government through educational reforms, vocational training, employment incentives, and legislative measures to integrate young people into a dynamic and evolving labor market. These initiatives are comprehensive, targeting both supply and demand aspects of the labor market to equip youth with necessary skills, opportunities, and protections.

Looking to the future, Azerbaijan stands at a critical juncture. The country has the opportunity to further refine its social policies to create a more inclusive, equitable, and sustainable labor market. By prioritizing skill development aligned with future labor market demands, formalizing the informal sector, addressing regional and gender disparities, and leveraging technology and innovation, Azerbaijan can enhance the employability and employment prospects of its youth. Moreover, fostering a culture of continuous learning, entrepreneurship, and innovation among young people will be key to sustaining economic growth and social cohesion (Quliyev and Hasanov, 2021).

The role of social policy in the youth labor market in Azerbaijan is not just about addressing immediate employment challenges but also about investing in the country's future. A well-integrated, skilled, and motivated young workforce is essential for Azerbaijan's aspirations towards economic diversification and sustainable development. In this endeavor, the collaborative efforts of the government, private sector, educational institutions, and civil society are crucial. Together, they can create a labor market that not only meets the needs of young people today but also anticipates and prepares for the challenges and opportunities of tomorrow.

In conclusion, the journey of integrating young people into the labor market in Azerbaijan is ongoing. The successes achieved thus far provide a solid foundation, but the road ahead requires continued commitment, innovation, and collaboration. By doing so, Azerbaijan can ensure that its most valuable asset—its youth—plays a central role in shaping a prosperous and resilient future for the country.

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