

IMPROVING BUSINESS PROCESS MANAGEMENT IN THE OIL AND GAS INDUSTRY OF THE REPUBLIC OF AZERBAIJAN

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Oil and gas companies are part of a complex economic system that includes a multi-stage production cycle. Therefore, its development indicators should be divided into two groups: indicators characterizing the production activity and indicators of the economic development of the oil company. When reviewing oil and gas companies in terms of a single technological period, the necessity of studying the system of indicators characterizing the production activity of the oil-producing enterprise at the initial stage becomes clear. The main element of the activities of the relevant companies is the oil production process. In this respect, by considering the possible changes in production and technological nature, the prediction of the volume of oil production seems to be the most important factor.

It should be mentioned that one of the significant factors to be considered in the management of oil and gas industry companies in the prospective period, including tasks that remain relevant, is the stimulation of the use of the associated gas coming out during the oil extraction.

The following can be defined as economic directions on increasing the level of its utilization: application of the intensified depreciation method to the fixed assets for the use of associated gas; promotion of the relevant entities using modern technology and equipment in order to increase the rate of use of natural gas in terms of tax payments; application of a quota redistribution mechanism based on the amount of flaring in excess of the specified demand in different authorized spheres within a certain company in the utilization of natural gas in newly developed oil and gas fields [5].

The goal of any company in its activity is to constantly meet the needs of partners and generate profit for the management as well as shareholders. Therefore, the set of activities that make it up should be understood as business processes in organizational processes. They are characterized as a group of related activities that use human resources, information, and any other assets to add value to real and potential customers. Processes provide inputs and outputs, beginning and ending, and time and space that form relationships between customers and organizational structures.

In the oil and gas industry, business process management is defined as supporting business processes using methods, techniques, and software to design,

enable, control, and analyze operational processes involving people, organizations, programs, documents, and other data sources. Process management provides coordination mechanisms, promotes organizational learning, and complements traditional hierarchical training. If we take into account that the focus is on functions rather than processes, the change in organizational structure takes place from vertical to horizontal which requires major changes in corporate structure and management policy of the oil and gas industry.

The studies demonstrate that nowadays, business process management in the oil and gas industry has the following shortcomings: lack of efficiently coordinated internal management in a company; complicated decision chain; lack of authority and influence of the manager; lack of connection between structures; a corporate culture that neglects energy and environmental aspects; organizational inertness to change the existing situation; clash of different interests.

Though additionally, there are broader reasons related to crude oil shocks and volatile crude oil prices on a global scale, most are quantitative changes based solely on the effects of increases and decreases in crude oil prices. It is reasonable to relate fluctuating crude oil prices to the revenues and profitability of individual major oil and gas companies. Despite that, for the business to consistently meet or exceed corporate goals, business leaders should gain new skills and competencies as part of their strategy. Along with that, regardless of those skills, sometimes the “bright” leaders of the market fail. As a result, the entire industry encounters financial and production problems.

Against the background of uncertainty and fluctuating crude oil prices, knowledge of operational criticality can be crucial for ensuring income and profitability through cost control and human resource management.

The correct coordination of economic processes depends on the timely analysis of field indicators. A number of components allow the proper organization of economic processes, which are expressed as follows [4, p. 40]:

- consecutive scientification of the organizational and technical activities carried out by an oil and gas enterprise;
- the sequence of economic calculations made in connection with the development of new wells and sea depths;
- the process of improving means and ways to achieve significant goals set.

By observing the mentioned relevant components, the movement of technical and economic indicators is explained. The changes in the indicators assist in determining the level of correlation of existing development periods in the oil and gas industry.

Significant issues related to the management of business processes in the oil and gas industry of Azerbaijan were also explained in the State Program on the

Industrial Development in the Republic of Azerbaijan for 2015-2020, which also determines principal directions. Moreover, the State Program notes the necessity of developing competitive heavy industry at the country level based on national production for the use of local production equipment in the process of organizing the activities of relevant enterprises [2].

The conducted research determined that along with positive trends in all fields of oil and gas complex in Azerbaijan, there are certain shortcomings, starting from oil production to the sale of oil products. Accordingly, ensuring its competitiveness in the domestic and foreign energy markets in the medium and long term is considered one of the tasks that the national oil and gas complex must solve.

The oil and gas production, as well as the oil refining industries, shall undergo high-quality modernization. Thus, it is necessary to pay serious attention to the modernization of production capacities and renewal of the main funds of enterprises, comprehensive development of transport infrastructure in regions where oil and gas production entities are concentrated, increasing the efficiency of field development and exploration by applying innovative technologies, including the application of technologies in the field of exploration, extraction, and processing of oil and gas resources.

By considering the characteristics and needs of enterprises in various industrial areas, as well as the general strategic directions of the development of vertically integrated companies, restructuring of the main, auxiliary, and management business processes should be carried out in the hierarchical structures of oil and gas corporations. This includes a flexible communication structure of an organization, timely response to changes in the external environment, and an increase in the efficiency of existing business processes.

It is necessary to improve everything available for the management of oil and gas companies consolidated in the context of oil and gas companies integration, including the development and application of new equipment and technologies and the development of a qualitatively new management model taking into account current economic realities. Also, the development trends of the oil-gas complex at the macroeconomic level should be considered.

Allowing for the scale of activities of local enterprises and the new needs of the industry in information and technical support, the following shall be provided: complex modernization of the information technology infrastructure of the oil and gas complex; formation of a single database in this field; organization of effective management of oil and gas enterprises and effective interaction between the structures of vertically integrated companies.

The need to eliminate the consequences of the global financial crisis in certain periods, as well as directing Azerbaijan's economy to the path of innovative

development significantly affects the operating conditions of local enterprises in the oil and gas complex, which requires adequate changes in this complex [1, 3]. It is important to search for new methods and tools for increasing the efficiency of management of energy enterprises within the existing economic model, as well as their production and organizational structure. Currently, the operation and development of integrated corporate structures is the main form of adaptation of oil and gas enterprises to the changing conditions of the world energy market. It is crucial to mention that in modern economic realities, the integration of economic entities means the implementation of the adaptive response of separate economic entities to globalization processes, which is mainly characterized by a parallel growth of economic integration, i.e. growth of international trade and internationalization. The increase in the role of productive systems and transnational corporations and, as a result, the increase in global competition has been the main trend characterizing the development of the world economy at different levels of the integrative hierarchy in recent decades. This determines the importance of a more detailed study of the multidimensional environment for the activities of enterprises and associations of the local oil and gas complex in order to select and develop tools and technologies for the formation of mechanisms that can activate technological production and modernization of oil and gas complexes. The matter is that the organizational processes ensure the flexibility and adaptability of the oil and gas complex enterprises to maintain a stable competitive position in the new macroeconomic conditions. In conclusion, it is significant to mention that one of the priority tasks for the development of the energy sector of the Republic of Azerbaijan is to prepare and implement a long-term state strategy for the effective management of business processes in the oil and gas industry in accordance with national priorities.

References.

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