What Have New Jobs Created in the Past 20 Years Changed in Employment?

written by BRI Economic Team BAİ İqtisadi Qrupu

Azerbaijan has a high level of informal employment. Addressing the problems of providing employment to the population and reducing unemployment is a central priority for the Azerbaijani government. Various official strategies that are constantly enacted also confirm that. In 2005, for example, the Employment Strategy covering the years 2006-2015 and two state programs in the subsequent period for the implementation of this strategy (2007-2010 and 2011-2015) were passed by the government. Later, a new 2019/2030 Employment Strategy, as well as the Action Plan for its implementation covering the years 2020-2025 were approved.

Undoubtedly, one of the main objectives in employment strategies and programs is to lower unemployment in the country by almost exclusively creating new jobs. Reports published by the State Statistics Committee (SSC) since 2003 show that up to 3,34 million new jobs have been created in the country over the past 20 years. As of the end of 2003, the working population numbered 3,97 million, according to statistical data. Thus, over the past 20 years new jobs equal to 83 percent of the total job base in 2003 have been created. What changes have occurred in employment patterns as a result of the creation of so many new jobs?

New jobs statistics: a brief overview

Statistics on new jobs created have been kept since the last quarter of 2003. All new jobs in the SSC's publications *Statistical Indicators of Azerbaijan-2023* and the bulletin *New Jobs – January 2024*are divided into three large groups depending on the source of creation: 1) new jobs created by

legal entities; 2) new jobs created by private business entities (this includes newly registered individual entrepreneurs and new jobs created by them); and 3) new jobs created by other activities (this includes international and local projects, improvement works, and seasonal work among others).

The SSC classifies the first two groups as permanent jobs. However, the majority of private business entities registered as self-employed are not active in most cases. For example, as of 1 January 2024, the number of individual entrepreneurs registered for entrepreneurial activity without forming a legal entity was 1.321.000.[1] However, according to data from the State Tax Service as of 1 January 2024, the number of individual and legal entities carrying out activities in the country was 511.400. That is, we can say that only 38,7% of the total registered individual entrepreneurs are active. At the same time, official statistical publications do not disclose statistical data on the number and movement of employees in private business entities.

According to SSC data, 1.040.900 (31,2%) out of 3.336.600 new jobs in the country in 2003-2023 were created by legal entities, while 1.551.400 (46,5%) by private business entities, and the remaining 744.300 (22,3%) were created in connection with international and local projects, improvement works, and seasonal and other temporary work.

If we trace the dynamics of new jobs by year in the country (see Figure 1), it becomes clear that, with the exception of 2009-2011, over 100.000 new jobs were created in the country every year. As can be seen from the figure below, while during the period of relatively stable growth covering the years 2010-2014, the number of newly created jobs in the country was around 100.000 annually, during the period of crisis covering the years 2016-2020, this number even exceeded 200.000 and approached 300.000.

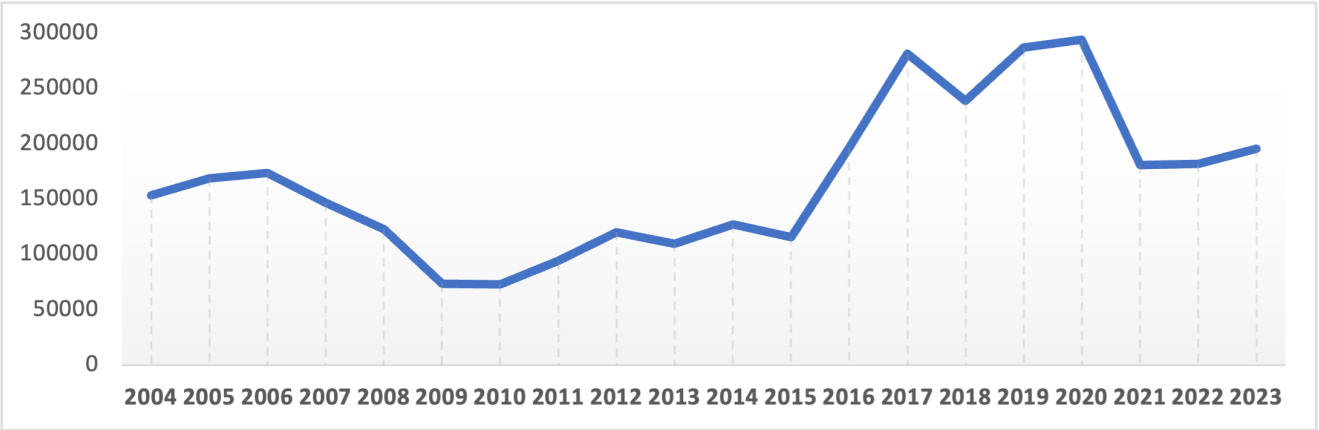


Figure 1. Dynamics of employment across the country by year (in persons)

The annual maximum number of newly created jobs in the country–294.000–was recorded during the first year of the coronavirus pandemic, 2020. 165.100 or 56,1% and 104.900 or 35,7% of these were created by private business entities and legal entities, respectively, and the remaining 24.000 (8,2%) were created on other activities.

According to our estimates based on SSC data, out of 1040.900 new jobs created in the economy from the last quarter of 2004 to the end of 2023, 712.100 (68,4%) were created by existing enterprises and organizations, 299.500 (28,8%) by newly created enterprises and organizations and 29.200 (2,4%) by reestablished enterprises and organizations.

Number of new jobs by economic activity

In the above-mentioned sources of information, the SSC only provides the distribution of newly created jobs in legal entities by economic activity.

The five-year distribution of newly created jobs in legal entities by economic activity from the last quarter of 2003 to the end of 2023 is presented in the following table (see Table 1). As can be seen from the table, and as we have already noted above, over the last 20 years, only 1.040.900 new jobs have been created by legal entities, with 2019-2023, the last five years, accounting for the bulk of those jobs.

Table 1: Number of new jobs by five-year economic activities created in legal entities from 2004 to 2023, (in persons)

Economic activities	2003-2008	2009-2013	2014-2018	2019-2023	2004-2023
Agriculture, forestry and fishing	61305	4302	7069	16102	**88780**
Mining	793	1219	1937	4325	**8274**
Manufacturing	3680	11757	22095	38136	**75668**
Electricity, gas and steam production, distribution and supply	47484	2340	3140	2177	**55141**
Water supply; waste treatment and disposal	5531	2093	9969	2419	**20012**
Construction	49538	20411	34932	91138	**196019**
Trade; repair of transportation means	46195	14712	32140	62529	**155576**
Transportation and storage	2516	3292	6705	14977	**27490**
Accommodation and food service activities	8477	1464	5385	19312	**34638**

Information and communication	4406	1187	2269	8059	**15921**
Financial and insurance activities	15560	4232	2911	6998	**29701**
Real estate activities	11963	485	5327	6044	**23819**
Professional, scientific and technical activities	3116	3490	9329	21431	**37366**
Administrative and support service activities	4192	2541	6000	90230	**102963**
Public administration and defense; social security	8004	9890	18157	6526	**42577**
Education	89	1699	5051	14122	**20961**
Human health and social work activities	5	3390	4938	16926	**25259**
Art, entertainment and recreation	–	1844	2112	4301	**8257**
Other service activities	–	7219	8439	7226	**22884**

In ministries, committee, companies, joint stock companyies and other central organizations	45762	3831			**49593**
Total	**318616**	**101398**	**187905**	**432978**	**1040897**

(Source: Based on data provided by SSC)

A noteworthy point in the table at first glance is the presence of “In ministries, committee, companies, joint stock companies and other central organizations.” Interestingly, data on this type of activity was available only in the statistics released by the SSC until 2010. But the SSC does not clarify why such jobs were not divided by types of economic activity.

In turn, when looking at the distribution of new jobs by economic activity created by legal entities from 2003 to 2023, the five leading sectors were construction, trade and agriculture, which are the traditional mainstay of the Azerbaijani economy.

Table 2: The five types of economic activities generating the largest number of jobs in legal entities from 2004 to 2023

Types of economic activities	Number of employment(jobs)	Share in the total number of jobs (%)
Total number of jobs in legal entities	1040897	100
Construction	196019	18,8
Trade, vehicle repair	155576	14,9
Administrative and support services	102963	9,9

Agriculture, forestry and fishing	88780	8,5
Manufacturing	75668	7,5
Total	**619006**	**59,6**

The increase in the number of new jobs in manufacturing can be regarded as a positive trend.

The type of activity called “Administrative and Support Services” is of interest here: It added 90.200 new jobs in the last 5 years (2019-2023). Statistical data from the SSC showed that the bulk of the jobs (88,5%) in this field was created in 2019 and 2020—49.400 and 30.400, respectively. Interestingly, the SSC’s employment data indicate that the number of employed in this sector was 59.500 at the end of 2018 and 96.800 at the end of 2023: that is, during this period, the sphere’s legal entities added 90.200 new jobs, but the number of people employed in this sector grew by only 37.300.

Impact of new jobs on employment structure

The total workforce in Azerbaijan according to the SSC increased from 4.373.500 people at the end of 2003 to 5.249.700 people at the end of 2023, an increase of 876.200 people. During the same period, the number of employed in all sectors of the economy increased by 990.700 people (from 3.972.600 to 4.963.300), while the number of wage-earning jobs in all sectors of the economy by 515.200 people (from 1226.600 to 1741.800). The number of unemployed for the same period fell by 113.500 from 400.900 to 286.400. By comparison, the SSC reports that 2.592.300 new permanent jobs were generated during the same period, including 1.040.900 jobs given by legal entities. Since no statistical data on the number of job closures by year are disclosed, the capacity to conduct deeper cross-analysis of this data is limited.

In 2023, as in 2003, agriculture, forestry and fishing saw the largest employment growth in the economy with a share of

35,8%: The number of employed in this sector surged by 231.300 people (15,0%), yet its share in total employment has shrunk by 3,3% over the last 20 years. The second in terms of share in total employment in 2023, as in 2003, is occupied by trade and vehicle repair: The number of people employed in this sphere has increased by 78.000 people (12,4%) over the past 20 years, but also shrunk by 1,6%in total employment to 14,2% from its 15,8% in 2003.

The third in terms of share in 2023 total employment—7,8%—is occupied by construction: The number of people employed in this sphere has increased by 185.800 people (91,6%) over the past 20 years, which increased its share in total employment by 1,3%. The number of people employed in manufacturing in that same period grew by 92.700 people (48,2%) from 192.300 to 285.000 people. That grew manufacturing's share in total employment by about 1%.

The number of employed persons in tourist accommodation and catering activities increased 4,3-fold or by 73.200 people. This accounts for a 1,3% increase in its share in total employment. Administrative and support services grew by 2,7 times or 61.400 people and accounts for a 1,1% increase in share of total employment. Financial and insurance activities grew by 2,3 times or 20.800 people and accounts for a 0,4% increase in share of total employment. Information and communications jobs increased about 2 times or by 29.200 people and accounts for a 0,4% increase in share of total employment. And finally, employment in professional, scientific and technical activity grew by 59,2% or 24.800 people and accounts for a 0,25% increase in share of total employment.

Although the number of employees in education increased by 32.500 during the period of our assessment, its share in total employment decreased from 8,6% to 7,6%. During this period, the share of employment healthcare and social services saw its share in total employment decreased by 0,8%, whereas real

estate business saw a decrease of 0,4% and the mining industry by 0,25%. The number of employed persons in public administration and defense increased from 248.900 to 287.300 (an increase of 38.400) between 2003 and 2015, but then decreased to 230.500, a loss of 56.800, by the end of 2023. That sector's share in total employment fell from 6,3% in 2003 to 4,6% in 2023.

According to our calculations, the share of the non-agricultural sector employment in total employment grew by 3,1%, that is, from61,1% in 2003 to 64,2% in 2023.

From 2004 to 2023, the total workforce employed in all sectors of the economy increased by 515,200 or 42%. Compared to 2003, the number of employees in the commercial sector in 2023 touched 87.300 (+37,0%), 81.700 (+16,6-fold) in administrative and support services, 62.500 (+2,3-fold) in public administration and defense, 57.300 (+2-fold) in construction, 37.500 (+6,8-fold) in tourist accommodation and catering, 32.200 (+33,3%) in manufacturing, 29.900 (+85,4%) in professional, scientific and technical employment, and 28.700 (+4,3-fold) in finance and insurance.

In 2023, some 52,8% of the population, as compared to 48,7% in 2003, were employed in the non-agricultural sector. This means that, over the last 20 years, new jobs have contributed to a 4,1% rise in the employment rate

The regional breakdown of job creation

The SSC reveals the regional breakdown of newly created jobs in the sources described above. Recall that the committee defines permanent jobs as new jobs created by legal entities and individual entrepreneurs. Without going into details on the economic regions provided by the SSC, I believe it necessary to capture a few important points that deserve attention:

1) About 30% of the country's workforce is located within the

Baku-Absheron zone (Baku city and the Absheron-Khizi Economic Region). 25% are in Baku, 5% in Absheron-Khizi, and the remaining 70% in other regions across the country. Nevertheless, more than 38% of the permanent jobs created in the country between 2003 and 2008, 44,3% in 2009-2013, 47% in 2014-2018, and 71,8% in 2019–2023, were registered in Baku and Absheron, including 32%, 37,3%, 38,4% and 68,4%, respectively, in Baku city. In addition, the share of new permanent jobs created in this territory has increased with each subsequent five-year period. Baku and Absheron account for roughly half of the permanent new jobs created in the country over 20 years;

2) In contrast to the Baku-Absheron zone, the number of newly created jobs is higher than temporary jobs in other areas of the country (by economic region): The permanent jobs by country accounted for 65-75% of the total amount of new jobs created during the five-year period. The share of permanent jobs in Baku and Absheron accounted for 90-95% of the total amount of new job, while 50-60% were recorded in the regions, and even 40% in some regions;

3) As we noted above, the number of wage earners in the country is growing, but this growth is mainly located in Baku and the Baku-Absheron zone. According to 2015/2022 data provided by the SSC, the number of wage earners in the country's economy during the same period increased by 236.200 people, of which Baku accounts for 91,6% (216.400). In that same timeframe, the number of employees in the Absheron-Khizi Economic Region increased by 21.000 people. The Guba-Khashmaz and Nakhchivan economic regions also saw increases in the number of hired workers, yet the Karabakh, Gazakh-Tovuz, Ganja-Dashkasan, Lankaran-Astara and Central Aran economic regions recorded decreases in that number.

---

[1] SSC's "Social, Economic Development" monthly publication,

Jan–Dec 2023.
https://stat.gov.az/news/source/doklad_2023-12.pdf p.112