

JEL Classification:

THE MAIN PRINCIPLES OF CUSTOMS INNOVATIVE PROJECTS MANAGEMENT

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Abstract

The paper analyzes the development of the Customs system in the context of modernization. In this regard the author discusses Customs innovative projects as an instrument of modernization and simplification of international trade. The focus is on a project management as a conventional methodology of innovative activity. The author describes the areas of application of Customs innovative projects as well as objects of modernization and typical models of implementation of Customs innovative projects. The main criteria of Customs innovative projects management as well as their innovative potential have been defined.

The author invites to the discussion about global issues that may arise during the process of implementation of Customs innovative projects, which, in his opinion, include the following: a sophisticated business process, the factor of "first-person", psychological barriers of workers, a poor technical task, computer literacy of workers as well as absence of an electronic signature.

Keywords: Customs, innovative project, project management, innovative potential, implementation area, an object of modernization, a model, a criterion.

Introduction

The development of the Customs system in all the directions possible is, like the development of other areas, in the spotlight. The result of such an attention is the dynamic development and implementation of new projects within the Customs Service of the Republic of Azerbaijan.

The Customs Service of the Republic of Azerbaijan in order to modernize business processes and trade facilitation focuses on the introduction of new innovative projects using information and communication technologies (further – ICT). As a result major reforms have been implemented in this area.

On the basis of a number of adopted legal acts related to the development of Customs service of the country, including such regulations concerning the development of ICT as "State Program on development of connections and information technologies in the Republic of Azerbaijan in 2010-2012 (Electronic Azerbaijan)" (Electronic Azerbaijan 2010-2012), "National Strategy for 2014-2020 related to Development of Information Society in Azerbaijan" (National Strategy for 2014-2020), electronic Customs service has been created and presented to the

participants of foreign economic activity.

Innovative projects created for Customs service aimed at modernization and trade facilitation in the country provide favorable conditions for foreign trade participants.

The project management is carried out in the Customs area under the following conditions:

1. Political will. This matter is governed by a presidential decree or a decision of the legislative body. For example, to perform the tasks arising from the presidential decree "Some measures in the field of provision of electronic services by public authorities" from May 23, 2011 (Presidential Decree 2011) the main task of the State Customs Committee of the Azerbaijan Republic (further – the State Customs Committee) is to increase efficiency of the Customs service, ensuring transparency, increased use of ICT and their modernization.

2. Creating an appropriate mechanism, a flowsheet development and modernization of the business process within the Customs authorities.

3. Creating a Unified Automated Management System (further – UAMS) within the Customs based on the new business process.

4. Implementation of a paperless technology based on UAMS. Introduction of a paperless environment is achieved in stages within the state program "Electronic Azerbaijan". At the first stage, all the procedures are carried out both in paper and electronic form. At the second stage "Customs-Business" cooperation is implemented both in paper and electronic form and "Customs-Customs" cooperation – only in electronic form. The third stage begins after the introduction of an electronic signature, and all procedures are carried out electronically.

An implementation area of innovative projects in the Customs covers the entire cycle of the Customs procedures starting from the crossing the border by goods and vehicles to their release to the client, including the number of beneficiaries of the project, such as international freight carriers, importers, exporters, Customs brokers, related government agencies, banks, Customs authorities, terminals, ports.

The objects of modernization are Customs control, customs clearance, combating Customs fraud and smuggling, financial activities, statistical analysis, Enterprise Resource Management (ERM), risk management, document management and registry.

The main criteria of the Customs innovative projects management include:

1. Definition of project objectives. In our case, the goal is the following: trade facilitation, elimination of subjective factors, rapid exchange of information and ensuring transparency in the Customs service.

2. Defining conditions for the project. For example, the system must operate within the existing laws in accordance with the actual situation and must take into account four main criteria:

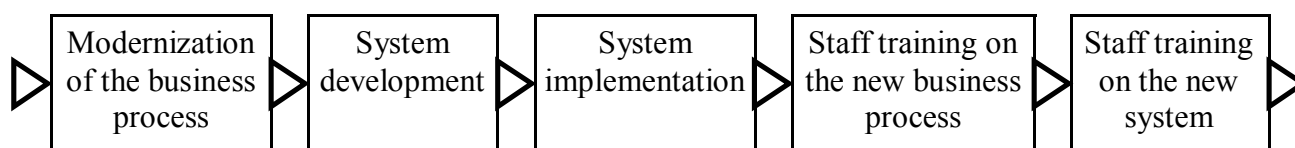
- a legislative and regulatory framework;
- economic indicators;
- a geography of the country and its location, borders, border states;
- a national culture, tradition, calendar etc.

3. The system must comply with the dynamic development of technology, that is, it must be constructed in such a way that the development of technology has the ability to constantly upgrade the system.

4. The system should have a simple user interface, i.e. a new product should not cause any problems for users.

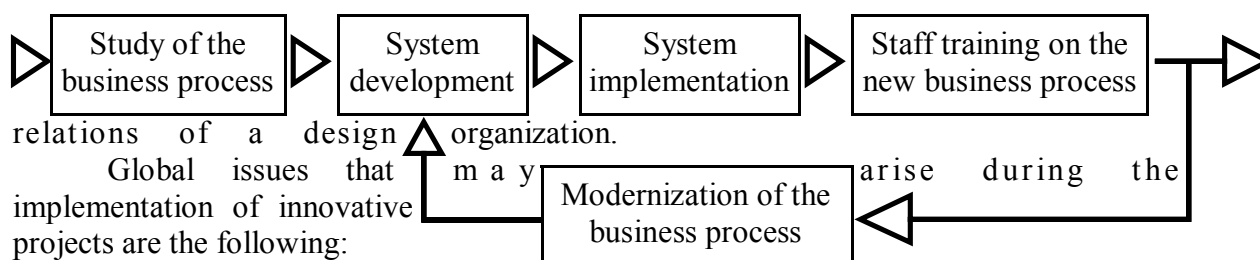
5. Ensuring information security.

1) Model "Development and consequent ICT"



Implementation of innovative projects into any field of activity of the country creates certain problems a solution of which depends on the further development of this field. Global problems are generated in the process of integration and the uneven development of different areas and contradictions caused by the socio-economic, political, ideological, socio-natural and other

2) Model "Development through ICT"



relations of a design organization.

Global issues that arise during the implementation of innovative projects are the following:

- **Advanced business process:** registration and formalization of business processes today is one of the key factors in the success of any organization. For each business process it is necessary to identify its complexity. Any Customs administration is working in a dynamically changing environment and therefore the business process in this area is constantly subject to change. As a result, the business process of Customs services is complicated.

- **The factor of "First person":** the main objective of the head of an organization is to consider the problems in all aspects and make timely decisions to eliminate them. The head is a key link of a human resources system.

- **Psychological barriers of employees:** an important psychological moment, able to slow down the process of innovation, is the rejection of innovations. This can be regarded as a resistance to change. Thus, any barrier to innovative projects should be examined in each case.

- **A weak technical task:** lack of technical specifications or absence of its professional fulfillment in customer-performer relations is unlawful. And lawlessness always leads to chaos. It hides the lack of experience and poor perception of the essence of the matter which the developer takes up. This makes it possible to delay the development, increase the budget and reduce the quality of the product.

- **Computer illiteracy of employees:** introduction of innovative technologies in the field of Customs as well as the use of their products is not possible without the application of information technologies. Therefore, computer technologies take one of the most important places in the development of an organization and, in general, in the life of a modern man. Ability to work on a computer together with knowledge of basic user programs is a sign of competence and professionalism of any specialist in any sphere of activity.

- **Lack of electronic signature:** an electronic signature is a fundamental and key element of the implementation of innovative projects using ICT. It gives the opportunity to introduce and expand the scope of electronic Customs services, as it can help to identify users and sign electronic

documents and applications. Lack of electronic signature complicates implementation of electronic service systems, which are an integral part of innovative projects.

The process of implementation of innovative projects goes by means of the application of project management concepts. Today project management has been recognized in all the developed countries as a methodology of innovative activity. At the same time, project managers must carefully consider the selection of methods of innovation projects management in order to achieve a positive effect in result of their implementation, i.e. to select the most suitable of them corresponding to new strategies to ensure minimum costs and maximum effect. For example, ICT-projects as innovative are implemented using one of the following two models:

As it can be seen from the scheme, primarily the business process is improved and at the subsequent stages on the basis of this business process an automated system is developed, then the system is implemented and staff training on the new business processes and the new automated system begins.

As it can be seen from this scheme, primarily an existing business process is analyzed and studied, at the next stage (based on the existing business process) the automated management system (further – AMS) is developed and implemented, and then to acquaint staff with the newly developed system some trainings are conducted and the system is brought into action. At the subsequent stages the AMS affects the business process and leads to its improvement, i.e. the AMS users are offered to make suggestions in order to improve the business process. Further, some changes in the business process are introduced, then the AMS adapts to the business process. Eventually, in order to improve the business process again new proposals are received, and thus the business process is periodically upgraded and the AMS adjusts to it. The result is the new business process and the new AMS.

Summary and concluding remarks

The advantage of the second model is that the new system is created with the gradual destruction of the old system. Staff training is held during the process of creating. This in turn helps to overcome psychological barriers of the staff mentioned above, thus the project becomes ready for an early application.

The implementation of any innovation project can not be made without economic justification. It is necessary to correctly assess the available material, labor and financial resources in terms of their rational use in the future. Therefore, to implement innovative projects the following factors, which can be called an innovative potential, should be present, namely:

1. **Infrastructure:** a design organization should have an adequate infrastructure for