

REPUBLIC OF AZERBAIJAN

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ABSTRACT

of the dissertation for the degree of Doctor of Philosophy

**DIRECTIONS FOR EFFECTIVE USE OF THE POTENTIAL
OF THE TOURISM SECTOR IN AZERBAIJAN**

Speciality: 5312.01 – Field economy

Field of science: Economic sciences

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GENERAL CHARACTERISTICS OF THE STUDY

Relevance and degree of development degree of the research. In the modern era, the effective use of existing resources, their disclosure, effective management of financial and investment flows, use of financial resources for their intended purpose, etc. are of great importance in the balanced development of various sectors of the economy. In particular, in the field of tourism, serious investigation of such issues, drawing appropriate conclusions, making appropriate decisions, and improving control and management mechanisms are important conditions. In view of these conditions, the role of tourism is increasing even more.

It should be noted that the above issues are particularly relevant in Azerbaijan. In recent years, the state has been systematically working to develop the tourism sector in our country and the development of this sector in general. The state allocates sufficient budget resources to this area. It can be said that every year, a significant amount of funds are spent from the state budget on the development of tourism and support for this sector. The scope of measures and support mechanisms aimed at the development of tourism by the state is expanding further. Strengthening the material and technical base in the regions, repairing roads and building new roads, determining subsidies for the tourism and service sectors, taking stimulating measures, etc. require larger investments. Undoubtedly, the role of financial control and management mechanisms in the purposeful and efficient use of these funds is great.

The organizational, legal and management measures taken to strengthen the tourism institute are also noteworthy. The main institution implementing state policy and regulation in the field of tourism in our country is the State Tourism Agency of the Republic of Azerbaijan. This area is regulated by the Law of the Republic of Azerbaijan “On Tourism”. In addition, the “Strategic Roadmap for the Development of Specialized Tourism Industry in the Republic of Azerbaijan”¹ was adopted as the main strategic document for the

¹ Strategic Roadmap for the Development of the Azerbaijani Economy // – Baku: Decree of the President of the Republic of Azerbaijan dated December 26, 2016.

development of tourism in the country and is currently in the implementation stage. Thanks to the attention of the Great Leader Heydar Aliyev, an independent tourism system was formed in Azerbaijan. In order to create a legislative framework for tourism activities and services, the Law of the Republic of Azerbaijan "On Tourism" was adopted in 1999. In 2016, necessary amendments and additions were made to this Law in terms of modern requirements. Thus, a strong legal basis for the development of the tourism institute was created. The President of the Republic of Azerbaijan Ilham Aliyev also attaches great importance to further improving the tourism system and increasing its efficiency, and constantly pays attention to the development of this system.

The mentioned issues and problems require fundamental research. First of all, taking into account economic changes in modern conditions, there is a need to study modern international experience in this field in the development of tourism, to evaluate the role of tourism in the processes of tourism development in our country, and thereby to use the tourism mechanism more effectively. All this indicates the relevance of the topic of the dissertation work.

We would like to pay special attention to one issue. Thus, by the Decree of the President of the country dated November 16, 2022, the "I State Program on the Great Return to the Liberated Territories of the Republic of Azerbaijan"² was adopted, and currently the implementation of this Program is in an intense stage. The main goals are to ensure socio-economic development in post-conflict areas, accelerate the Great Return processes, achieve efficient and transparent economic development, and use the resources of the region productively. The issues of organizing tourism events, evaluating tourism activities, and conducting complex analyses of the projects to be implemented in these processes are coming to the fore as quite relevant.

Regarding the degree of development of the topic, it can be noted that various research works have been conducted by both local and

² "I State Program on the Great Return to the Liberated Territories of the Republic of Azerbaijan" // – Baku: Decree of the President of the Republic of Azerbaijan dated November 16, 2022.

foreign scientists on the directions of effective use of the potential of the tourism sector in Azerbaijan, as well as the role of this sector in the national economy, its importance in regional development and increasing competitiveness. Among the Azerbaijani researchers, academician Samadzade Z.A., Guliyev E.A., Guliyeva A.E., Valiyeva S.I., Ibrahimov I.H., Alirzayev A.G., Azizov A.E., Gafarov N.J., Hasanov A.N., Abadov M.K., Abdullayev K.N., Bagirli S.H., Bilalov B.A., Gulaliyev C.G., Jabbarov A.Kh., Abbasova F.G., Jafarli V.V. and others have examined issues related to the assessment of the country's tourism potential, the role of this sector in the development of the non-oil sector, the establishment of tourism infrastructure in the regions, management of the tourism economy, the formation of marketing and brand policy, strengthening human capital and improving the quality of tourism services. Among foreign scientists, the scientific works of Alekseeva N.P., Birjakov M.B., Volkov Yu.F., Zaripova D.F., Dolnicar S., Brojak-Trzaskovska M., Comfort D., Kumar J., Pendit N., Rahimi M. and others have widely covered topical issues such as the role of tourism in economic development, sustainable and ecological tourism models, the formation of competitive tourism products, the stimulation of regional and rural tourism, public-private partnership in tourism policy and the application of innovative approaches.

Both local and foreign studies show that for the successful development of the tourism sector, it is not enough to have only the existing resource potential, coordinated policy aimed at the effective use of this potential, targeted investments, legal and institutional support, as well as the preparation of professional human resources are also of great importance. In this regard, the topic we are studying acts as one of the relevant and multidisciplinary research directions.

Object and subject of the study. The object of the study is the areas of activity and organizations participating in the development processes of the tourism sector in the Republic of Azerbaijan.

The subject of the study is the effective use of the existing potential in the development of the tourism sector in the modern era, the study of the directions of regulation and improvement of the mechanisms applied in this field, as well as the assessment of the economic and

social impacts of these processes.

Purpose and tasks of the study. The purpose of the dissertation is to analyze the existing opportunities in this field by determining the theoretical foundations of using the potential of the tourism sector of Azerbaijan in modern conditions, assess the state of efficient management of tourism resources, and prepare scientifically substantiated proposals and recommendations for improving the mechanisms for using them in the development of tourism.

The main tasks set in the dissertation are:

- investigation of theoretical approaches to determining the essence of the category of “potential” in the tourism industry;
- identification of directions for the effective use of the potential of the tourism sector in Azerbaijan;
- generalization of methodological principles for the effective use of tourism potential;
- investigation of world experience in the development of the tourism sector;
- analysis of the current state of the effective use of the potential of the tourism industry in the country;
- investigation and assessment of the dynamics of the development of the tourism sector in Azerbaijan;
- consideration of the impact of development potential on the competitiveness of the country's tourism sector;
- investigation of the prospects for the development of the tourism sector of the national economy;
- identification of mechanisms for the development and implementation of tourism in the regions;
- development of ways to improve the management strategy in the tourism industry.

Research methods. In the course of the study, preference was given to the use of a systematic approach, in order to determine the possibilities of effective use of the potential of the tourism sector, analytical and statistical analysis methods, comparative analysis, analysis and synthesis methods, analysis of dynamic series, as well as analytical and computational methods were used. Within the

framework of the study, the role of tourism in the economy and its importance in regional development were assessed on the basis of various indicators, and the existing problems and opportunities in this field were summarized with economic models. During the study of theoretical and methodological issues, reference was made mainly to the scientific works of leading researchers in the field of tourism of Azerbaijan and foreign countries. In addition, during the study, the “Strategic Road Map for the Development of Specialized Tourism Industry in the Republic of Azerbaijan”, the Law of the Republic of Azerbaijan “On Tourism” and other normative and legal acts, analytical and methodological materials of the State Tourism Agency, the State Statistical Committee and relevant international organizations (UNWTO, UNESCO, etc.) were widely used.

The main provisions put forward for defense are:

- Taking into account the current development trends and potential opportunities of the tourism sector in Azerbaijan, it is necessary to analyze and evaluate the scientific and methodological foundations for the effective management and development of this sector, and to prepare a set of appropriate measures;
- In our country, there is a serious need to increase the role and importance of tourism in assessing its financial results as an important sector of the economy and taking effective measures accordingly, and in preparing and implementing programs;
- It is noteworthy that there is a need for a substantiated assessment of the development potential of the tourism sector, taking into account post-conflict areas, to investigate the resource capabilities and identify more efficient areas of activity;
- It may be useful to regulate the existing economic and legal foundations in terms of new requirements in order to increase the role of this sector in achieving the goals set in ensuring the development of the tourism sector;
- Strengthening cooperation and ensuring systematic activity among stakeholders (government, private sector, non-governmental organizations, etc.) in the development of the tourism sector is a very important factor;
- Strategic planning and preparation and implementation of long-

term programs are necessary for the development of the tourism sector.

The scientific novelty of the research consists of the following:

- An integrated management model that ensures the transformation of tourism potential into economic value in Azerbaijan has been substantiated, the necessity of coordinated cooperation between the state, private sector and other economic sectors in the development of the tourism sector has been scientifically substantiated;
- A conceptual approach that assesses the strategic role of tourism in the development of the non-oil sector has been developed, the impact of tourism investments on employment, infrastructure development and foreign exchange inflows has been systematically determined;
- A regional tourism development model has been proposed for the effective use of the tourism potential of the liberated Karabakh economic region, the prospects of cultural, ecological and health tourism directions in terms of sustainable development have been shown;
- A differential regional development mechanism has been put forward based on the assessment of the existing imbalances in tourism development in the regions of Azerbaijan, the impact of infrastructure, transport and human capital on regional tourism has been comprehensively determined;
- A branding approach based on the completion of the "Take Another Look" national tourism brand with regional sub-brands has been developed, and it has been scientifically noted that regional marketing strategies create a competitive advantage in the international tourism market;
- the interrelationship between human capital development and service quality in the tourism sector has been determined, the impact of the implementation of personnel training and certification systems in accordance with international standards on the competitiveness of the sector has been substantiated;
- a conceptual approach has been developed to improve institutional and legal mechanisms for the development of

sustainable tourism and ecotourism, the impact of environmental certification and protection of natural resources on the sustainability of tourism has been shown;

- an institutional cooperation model that increases the efficiency of public-private partnership in the tourism sector has been developed, and the impact of this model on increasing the competitiveness of tourism products, improving service quality and sustainable development of the sector has been scientifically determined.

Theoretical and practical significance of the research. The scientific results obtained in the dissertation, being a sufficient theoretical basis for future research, can provide scientific support for targeted measures to be implemented in the process of developing the tourism sector in Azerbaijan in a more efficient way and increasing its role in the economy. At the same time, the proposals and recommendations put forward within the framework of the research can be useful in developing tourism as a priority area in state policy, forming strategic planning and investment decisions, as well as preparing regional development programs aimed at the tourism sector. In addition, the theoretical and methodological materials of the dissertation work can be used in higher education institutions in the preparation of lectures, textbooks and teaching aids on subjects such as “Economics of Tourism”, “Tourism Management”, “The Role of Tourism in Regional Development”, “Strategic Planning”.

Approval and application. The applicant's 5 articles and 3 theses on the topic of the dissertation work, including 1 article and 1 thesis abroad, were published in reputable local and foreign journals and conference materials recommended by the Higher Attestation Commission. The main provisions of the research, such as the theses “Contributions of the National Leader Heydar Aliyev to the progress of the tourism industry in Azerbaijan” (Baku, 2025), “Theoretical approaches to determining the essence of the category of “potential” in the tourism industry” (Baku, 2025), “Development prospects of the tourism sector of the national economy” (Penza, 2025), were reflected in international and republican conferences. Also, the applicant's articles on the topic of the research entitled "Principles of the

methodology for maximum use of tourism resources" (Baku, 2024), "The impact of development potential on the competitiveness of the country's tourism sector" (Baku, 2025), "World experience in the development of the tourism sector" (Baku, 2025), "The current state of efficient use of the potential of the tourism industry in Azerbaijan" (Baku, 2025), "Development dynamics of the tourism sector in Azerbaijan" (Moscow, 2025) were published in prestigious journals.

Name of the organization where the dissertation work was performed. Azerbaijan Cooperation University.

Total volume of the dissertation with a mark, indicating the volume of the structural sections of the dissertation separately. The total volume of the introduction (13899 characters), chapter I (69882 characters), chapter II (59377 characters), chapter III (77827 characters), conclusion (9440 characters) and list of used literature (17510 characters) is 260236 characters. 12 tables, 1 scheme and 1 diagram were used in the dissertation. The number of characters of the dissertation excluding tables, figures and list of used literature is 230425 characters.

SUMMARY OF THE RESEARCH

The introductory part of the dissertation work explains the relevance of the topic, the state of study of the problem, the goals and objectives of the research, the object, subject, scientific novelty, theoretical and practical significance, and its approval.

Chapter I of the dissertation work, entitled **“Conceptual foundations of the effective use of the potential of the tourism industry”**, discusses theoretical approaches to determining the essence of the category of “potential” in the tourism industry, methodological principles of the effective use of tourism potential, and the impact of development potential on the competitiveness of the country's tourism sector.

The concept of “potential” in the tourism industry encompasses development, strength, and performance capabilities. In the context of tourism, potential is understood as the ability of a tourism sector

to attract and develop visitors. Nyoman S. Pendit³ defines potential as an innate ability that can be developed through latent opportunities and individual initiative, which indicates a symbiotic relationship between tourists and the tourism industry. The increase in the number of tourists affects the natural development of the attractiveness of the area and the aesthetic and functional development of the tourism industry.

Countries based on tourism revenues invest in national infrastructure to provide safe and advanced facilities for tourists. This leads to the development of roads, parks, airports and social infrastructure, and increases economic and educational opportunities for the local population. Tourism also promotes cultural exchange through exhibitions, conferences and other events. A. Jabbarov⁴ considers tourism an important factor for the development of culture and social progress of individuals, as tourism ensures the preservation of cultural heritage and the sustainable development of local communities.

The economic impact of tourism is measured through direct, indirect and induced impacts. For this, Tourism Satellite Account, Input-Output models, Social Accounting Matrix and Computable General Equilibrium Models are used. These methodologies allow us to assess the contribution of tourism to the national and regional economy, jobs, infrastructure development and people's living standards.

International experience shows that tourism development should be based not only on infrastructure and marketing, but also on the resource potential of the country and its individual policies. Spain and Thailand succeed with scale and accessibility, and Iceland and New Zealand with sustainable and culturally integrated approaches. Promoting tourism creates new jobs in the regions, reduces unemployment, increases consumption and GDP, and improves social well-being and quality of life. Thus, tourism is an industry of strategic importance for countries in terms of economy, culture, social development and environmental sustainability. To increase

³ Pandit N.S. The Ramayana. Gramedia Pustaka Utama, - 2006, - 361 p.

⁴ Jabbarov, A. Economic foundations of tourism / A. Jabbarov – Baku: ADPU Publishing House, - 2015, – 267 p.

competitiveness, Azerbaijan should expand integration with regional and international markets, diversify tourist flows and differentiate tourism products - health, business, cultural, rural and sports tourism. Measures such as balancing infrastructure, bringing tourism education to the international level, integrating the Karabakh region, developing new brands and routes, and stimulating public-private partnerships allow the development potential to be transformed into real economic results. As a result, these strategies can make a significant contribution to the national economy by making the tourism sector of Azerbaijan more competitive and sustainable.

In Chapter II of the dissertation entitled “**Analysis and Assessment of the Current State of Effective Use of the Potential of the Tourism Sector in Azerbaijan**”, the current state of effective use of the potential of the tourism industry in Azerbaijan, the dynamics of the development of the tourism sector in Azerbaijan and the impact of development potential on the competitiveness of the country's tourism sector were investigated and analyzed.

The tourism industry of Azerbaijan has rich natural, geographical and cultural resources, creating favorable opportunities for development in health, ecotourism, adventure, gastronomy and other areas. In recent years, tourist arrivals have reached 2.6 million and revenues have increased, but the potential is not yet fully utilized. The main problems are related to the uneven level of infrastructure, the quality of service does not meet international standards, the lack of human capital and the ineffectiveness of marketing strategies (Table 1).

As can be seen from Table 1, a significant increase was observed in the number and geography of foreign citizens visiting Azerbaijan in 2024. The country sending the most tourists was Russia, with 731,942 arrivals, an increase of 17.09% compared to 2023. Turkey, which came in second place, received 425,981 tourists, an increase of 12.63%. The highest growth was recorded in the markets of India, China and South Korea, which showed that Azerbaijan's tourism relations with Asian countries were strengthening. A significant increase in the flow of tourists from Central Asian countries such as Kazakhstan and Pakistan also demonstrates the formation of new tourism markets.

Table 1.

Number of foreign citizens arriving in the country (2023-2024)

Country	2023 (person)	2024 (person)	2024/2023 (%)
Russia	625 106	731 942	+17.09
Turkey	378 204	425 981	+12.63
India	117 302	243 633	+107.70
Iran	165 346	210 081	+27.06
Georgia	104 473	111 300	+6.54
Saudi Arabia	79 082	96 153	+21.59
Kazakhstan	58 072	86 302	+48.61
Pakistan	55 161	80 919	+46.70
United Arab Emirates	39 963	46 731	+16.93
Uzbekistan	39 652	46 391	+17.00
China	23 804	44 798	+88.20
Turkmenistan	28 137	35 728	+26.98
Kuwait	25 663	31 369	+22.23
Israel	23 408	28 954	+23.69
Belarus	21 790	26 308	+20.73
Great Britain	21 559	25 693	+19.18
Oman	17 053	24 144	+41.58
USA	16 965	22 927	+35.14
Germany	17 062	21 731	+27.36
South Korea	7 983	15 004	+87.95
Other countries	220 005	270 590	+22.99
Total	2.085.790	2 626 679	+25.93

Source: Prepared by the author based on data from the SSC
<https://www.stat.gov.az/source/tourism/?lang=en>

At the same time, positive dynamics were also observed in Middle Eastern countries such as Saudi Arabia, Kuwait and the UAE. The increase in the number of tourists from European and North American countries indicates that Azerbaijan's competitiveness in the international tourism market has increased. Overall, the results confirm the effectiveness of the tourism policy implemented in the country and the successful diversification of markets.

The development of tourism in Azerbaijan is one of the priority directions of state policy. A number of strategic programs and initiatives have been implemented in this area. The declaration of

2011 as the “Year of Tourism” gave a strong impetus to this area. The law “On Tourism” adopted in 1999 defined the legal basis of the sector.

The introduction of the “ASAN Visa” system has significantly facilitated the arrival of tourists to the country and has had a positive impact on the flow of tourists. The “Socio-Economic Development Strategy of the Republic of Azerbaijan” approved for 2022-2026 identifies nine basic priorities for the development of tourism. These priorities take into account such generalizing factors as sustainability, security, involvement of the private sector, accessibility and inclusiveness. The results of this process are more clearly reflected in the diagram. The diagram presents a comparative assessment of the main factors affecting the development of the tourism industry, visually demonstrating the role of state support, tourism infrastructure, transport, digitalization and human resources in the development of the sector.

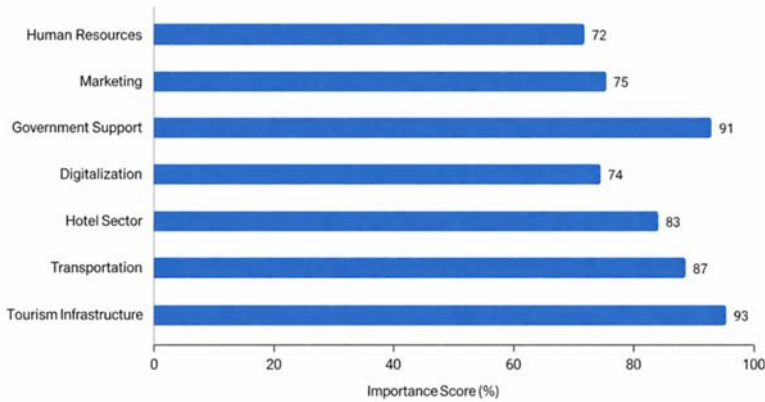


Diagram. Assessment of tourism industry development indicators by factors (2024)

Source: Prepared by the author based on data from the SSC <https://www.stat.gov.az/source/tourism/?lang=en>

Analysis of the diagram shows that state support (91 points) and tourism infrastructure (88 points) are the most highly rated factors in

the development of the tourism sector. State programs implemented in recent years, tourism strategies, implementation of infrastructure projects in the regions and investment promotion have had a significant impact on the development of the sector. Transport infrastructure (84 points) and the hotel sector (81 points) also demonstrate high indicators, which is associated with the expansion of international air connections, the commissioning of new hotels and improving the quality of service. On the other hand, although development has been observed in digitalization (76 points) and marketing activities (73 points), additional measures are needed to increase international competitiveness in these areas. The lowest indicator was recorded in human resources (69 points), which indicates the importance of further improving professional staff training, foreign language skills and service culture. Overall, the assessment results show that a solid institutional base has been formed for the development of Azerbaijan's tourism industry, but the application of digital technologies, expansion of marketing activities and increased investment in human capital are priorities for ensuring the sustainable development of the sector.

The Azerbaijan Tourism Bureau (ATB) has created new tourism experiences by leveraging the country's existing assets. These include the opening of 16 new hiking routes, the introduction of the "Slow Food Travel" model, the development of tourism zones for bird watching and the laying of the foundation of the Mud Volcanoes Tourism Complex. Also, Azerbaijan's joining the "Global Tourism Plastic Initiative" demonstrates the sector's commitment to the environment. Within the framework of regional development policy, Tourism Information Centers are being transformed into regional offices, and the Center for the Protection and Management of Cultural Heritage (CPM) is implementing public-private partnership projects at cultural heritage sites. These initiatives are aimed at the comprehensive development of the tourism sector. Although Azerbaijan's tourism potential is huge, there are a number of serious challenges that prevent its full and effective use. These challenges limit the competitiveness and sustainable development of the sector.

Table 2.

Number and capacity of hotels and hotel-type establishments in Azerbaijan (2004-2024)

Indicator	2004	2024	Change (times)
Number of hotels and hotel-type establishments (units)	111	859	7.7
Single occupancy (thousand places)	11.0	67.4	6.1

Source: Prepared by the author based on data from the SSC <https://www.stat.gov.az/source/tourism/?lang=en>

According to the data presented in Table 2, the number of hotels and hotel-type establishments in Azerbaijan increased from 111 units to 859 units, an increase of approximately 7.7 times in 2004–2024. Over the same period, the capacity of one-time accommodation increased from 11.0 thousand places to 67.4 thousand places, an increase of 6.1 times. This dynamics reflects the rapid development of tourism infrastructure in the country, increased investments in the tourism sector, and the expansion of demand for accommodation services. The construction of new hotels, especially in Baku and the regions, holding international events, and support for tourism development by the state were the main factors of this growth. This trend has significantly contributed to the strengthening of Azerbaijan's tourism potential and the increasing role of the tourism sector in economic development. In 2024, the tourism potential in the regions of Azerbaijan developed significantly. In addition to Baku, regions such as Gabala, Sheki-Zagatala, and Guba-Khachmaz are rich in tourism facilities. For the development of regional tourism, airports and transport infrastructure should be improved, and accessibility for tourists should be increased. The government and the private sector are working together to improve the quality of hotels, restaurants and entertainment venues, and strengthen the provision of services such as water, electricity and internet. The Azerbaijan State Tourism Agency and the Tourism Bureau are actively promoting the country's tourism opportunities in the CIS, European, Asian and Middle Eastern markets. State support, tax

incentives and the Law on Tourism strengthen the legal and economic foundations of the sector. Tourism education and vocational training are important for the provision of qualified personnel, and the Gastrotourism Academy in Sumgayit is an example in this area.

As for employment, in 2019, 45 thousand people worked in the tourism sector of Azerbaijan. Of these, 30 thousand worked in hotels and restaurants, 8 thousand in rural tourism, and 7 thousand in other areas. In 2020, the total number of employment decreased to 38 thousand people due to the impact of the pandemic. However, starting in 2021, there was an increase in the employment level, reaching 44 thousand by 2023 and 46 thousand in 2024 (table 3).

Table 3.

The specific weight of the tourism sector in GDP and employment in Azerbaijan (2019-2024)

Year	Tourism GDP share (%)	Total employment in tourism	Total employment in hotels and restaurants	Total employment in rural tourism	Other employment numbers
2019	3.5	45.000	30.000	8.000	7.000
2020	2.2 (pandemic impact)	38.000	25.000	6.000	7.000
2021	2.5% (recovery phase)	40.000	26.000	7.000	7.000
2022	3.0% (recovery ongoing)	42.000	28.000	7.000	7.000
2023	3.4% (recovery ongoing, growth)	44.000	30.000	8.000	6.000
2024	4%–4.7% (estimated high)	46.000	33.000	10.000	9.000

Source: Prepared by the author based on data from the SSC
<https://www.stat.gov.az/source/tourism/?lang=en>

Azerbaijan hosts international events and, in cooperation with UNWTO, implements the “Initiative to Strengthen Climate Action in Tourism”, ensuring the promotion of sustainable tourism. The recovery after COVID-19, especially the rapid growth of domestic tourism, demonstrates the resilience of the sector. Diversification of source markets, balanced development of high-end and budget hotels, improvement of service quality and promotion of events support sustainable and inclusive growth. In the medium term, it is projected to receive 4 million foreign and 6 million domestic tourists, which requires targeted investments in infrastructure, human capital and international promotion. Azerbaijani tourism is of strategic importance in terms of economic growth, job creation and strengthening the country's international image.

One of the key trends in 2024 is the increase in the number of visitors to protected natural areas. This indicates a growing demand for environmentally friendly tourism experiences and a gradual diversification of Azerbaijan's tourism structure beyond urban and cultural tourism (table 4).

Table 4.

**Number of visitors to National Parks in Azerbaijan
(2022-2023-2024)**

Indicators	2022	2023	2024
Total number of visitors to national parks (persons)	276 703	223 549	224 638
Most visited national parks	Goygol, Shahdag, Absheron	Goygol, Shahdag, Absheron	Goygol, Shahdag, Absheron
Key environmental initiative by year	Biodiversity conservation and ecotourism development	Expanding ecotourism infrastructure in national parks	Promotion of ecological tourism within the framework of the “ Year of Solidarity for a Green World ”

Source: Prepared by the author based on data from <https://tourism.gov.az/en/page/statistics>

Data shows that in 2022, 276,703 people visited national parks in Azerbaijan. In 2023, this figure decreased to 223,549 people, a decrease of approximately 19.2%. In 2024, interest in national parks increased again and the number of visitors reached 224,638 people. Although the increase was not large (0.5%), the development of ecotourism, the international promotion of national parks and the measures implemented within the framework of the "Year of Solidarity for a Green World" created conditions for the formation of positive dynamics in this area. In all three years, Goygol, Shahdag and Absheron national parks were the most visited natural areas.

Table 5.

**Key indicators of tourism development in Azerbaijan
(2022-2023-2024)**

Indicators	2022	2023	2024
Number of foreign citizens (persons)	1 602 600	2 086 548	2 626 838
Annual growth rate (%)	102.0	30.2	25.09
Number of overnight stays (million)	3.14	3.42	4.28
Revenue of hotels and hotel-type facilities (mln AZN)	450.6	488.9	694.2
Average occupancy rate of hotels (%)	18.02	20.1	24.0
Number of visitors to national parks (persons)	276 703	223 549	224 638
Revenue of travel agencies (mln AZN)	72.8	91.5	118.4
Number of people employed in the tourism sector (thousand people)	48.6	51.9	55.3

Source: Prepared by the author based on data from <https://stat.gov.az/news/index.php?id=6164&lang=en>

Analysis of Table 5 shows that in 2022–2024, the tourism sector in Azerbaijan entered a dynamic development phase. While the number of foreign citizens was 1.6 million in 2022, it increased to 2.08 million in 2023 and 2.6 million in 2024. This increase can be assessed as a positive result of the tourism policy implemented in the country, international marketing activities and the expansion of air transport connections. At the same time, the number of overnight stays in hotels increased from 3.14 million to 4.28 million, and hotel revenues increased from 450.6 million manat to 694.2 million manat. The increase in the average occupancy rate of hotels from 18.2% to 24.0%

indicates a more efficient use of the existing tourism infrastructure. Although the number of visitors to national parks decreased slightly in 2023, it increased again in 2024. In addition, the increase in the income of travel agencies and the number of people employed in the sector confirms that tourism has made a significant contribution to the expansion of economic activity in the non-oil sector. Overall, the analysis shows that the positive results achieved in the tourism sector in 2022–2024 indicate that Azerbaijan's competitiveness in the international tourism market has increased and tourism has become one of the important directions of sustainable economic development.

The development potential of a country's tourism sector has a direct and multidimensional impact on its competitiveness. Natural and cultural resources, infrastructure, human capital, institutional frameworks, sustainability practices and marketing strategies together determine how effectively a country can position itself in the global tourism market. However, potential alone does not guarantee success; it must be effectively managed, strategically developed and sustainably exploited. Countries that successfully integrate these dimensions into a coherent tourism development strategy are more likely to achieve long-term competitiveness, economic growth and international recognition in the tourism industry.

Chapter III of the dissertation, entitled **“Directions for the Prospective Development and Increasing the Efficiency of the Tourism Industry of Azerbaijan”** comments on the development prospects of the tourism sector of the national economy, the mechanisms for the development and implementation of tourism in the regions, including the liberated territories, and ways to improve the management strategy in the tourism industry.

Azerbaijan's rich natural and cultural heritage, strategic location, and modern infrastructure create a solid foundation for the tourism sector to become a driving force of the national economy. Sustained investments, strategic planning, and innovative approaches will enable this potential to be realized (Table 3).

The tourism sector in Azerbaijan is largely seasonal, with most activity concentrated in the summer months. This situation leads to an increase in prices during the peak season and a weakening of the

activity of tourism enterprises during other periods. Although winter tourism centers have modern infrastructure, high prices lead to local tourists using these services less. As a result, many citizens are turning to countries such as Turkey and Georgia due to more affordable prices and quality of service. To address this problem, the government has adopted a tourism strategy for 2023-2026. The strategy is based on priorities such as improving public administration, diversifying tourism products, digitalization, increasing investments, and developing human resources. These measures are aimed at ensuring sustainable development of tourism.

Table 6.
Main tourism regions and specializations of Azerbaijan

Tourism region	Main types of tourism	Unique attractions
Baku-Absheron	Cognitive tourism, medical-health, sports, business	Icherisheher (UNESCO), Maiden's Tower, Palace of the Shirvanshahs, Ateshgah, Yanardagh, Gobustan, Caspian beaches, modern Olympic complexes
Guba-Khachmaz	Leisure-entertainment, cognitive tourism, sports	Shahdagh, Tufandagh (mountain peaks), Shahdagh National Park, Tengealti Gorge, Afurja Waterfall, Yalama and Nabran beaches, Chiraggala, Beshbarmag Rock
South (Lankaran-Masalli)	Leisure-treatment, cognitive tourism	Subtropical climate, Istisu mineral waters, Gizilaghaj DTG, Hirkan MP, Babek Castle, mountain tourism potential in Lerik
Sheki-Zagatala	Cognitive tourism, ecotourism, adventure	Great Caucasus Mountains, mineral springs, mountain lakes, waterfalls, Sheki Khan Palace, Kish Temple, caravanserais, Gelarsan-Gorasean Castle
West (Ganja-Gazakh)	Historical, cultural, ecotourism	Historical monuments of Ganja, Goygol National Park, different climatic zones

Source: prepared by the author.⁵

⁵ Mammadov, Z.S. *Problems of economic development of regions* / Z.S. Mammadov – Baku: Elm, – 2017. – 465 p.

As can be seen from Table 6, the country's tourism potential has been formed in different directions by region. The Absheron Peninsula specializes in business and cultural tourism, the Guba-Khachmaz and Sheki-Zagatala regions in ecotourism and mountain tourism, Lankaran-Astara in health and ecological tourism, and Nakhchivan in medical and historical-cultural tourism. In recent years, in order to more effectively use this potential, the development of tourism infrastructure in the regions, improving the quality of services and implementing investment projects have been one of the priority directions.

Tourism development has become an important component of state policy, especially in the liberated Karabakh and East Zangezur economic regions. The construction of international airports, highways, hotels and other tourism facilities in these areas has created favorable conditions for the restoration of tourism activities. The rich natural and landscape resources, mineral water sources, historical and cultural heritage of Shusha, Lachin, Kalbajar and Zangilan provide broad opportunities for the development of ecological, health, winter and cultural tourism. At the same time, expanding public-private partnerships, introducing digital tourism services, integrating into international tourism routes, and engaging local people in tourism activities are key mechanisms for developing sustainable tourism in the regions. These measures not only accelerate the socio-economic development of the regions, but also significantly contribute to increasing the competitiveness of the Azerbaijani tourism sector. As a result, the future of the tourism sector depends on a holistic management approach based on sustainability, the application of technology, personalized services, resilience to crises, and stakeholder cooperation.

CONCLUSION

The results of the dissertation work we have completed, new scientific approaches, proposals and recommendations are summarized as follows.

1. Azerbaijan has a high tourism potential, having extensive natural and geographical opportunities, rich cultural heritage and favorable

climatic conditions. However, the availability of resources alone is not enough to transform this potential into real economic value - for this, strategic planning, inter-sectoral coordination and institutional cooperation are necessary. Successful organization of tourism activities should be developed in parallel and in conjunction with transport, culture, ecology, agriculture, infrastructure and other areas. Tourism policy should not be limited only to the authority of the relevant agency, but should be formed on the basis of a comprehensive approach with the active participation of other institutions and the private sector. Only in this case can the country's extensive tourism opportunities become a sustainable source of income for the national economy.

2. The tourism sector is considered one of the priority areas in terms of diversifying the national economy of Azerbaijan and plays an important role in increasing non-oil revenues. As part of the economic reforms carried out in the country, the government has been paying special attention to the development of non-oil sectors, especially tourism, in recent years. As a result of public and private investments in this area, new jobs are being created, the service and infrastructure sector is expanding, and foreign currency inflows are also increasing. The fact that more than 2 million tourists visited Azerbaijan in 2024 shows that tourism has become a strategic tool that is not only cultural and social, but also of serious economic importance. For this trend to be sustainable, tourism policy should be based more on the principles of innovation, sustainability and competitiveness, and the economic efficiency of the sector should be further increased.

3. The liberation of the Karabakh region from occupation has created conditions for the beginning of a completely new stage in the tourism sector of Azerbaijan and significantly expanded the scope of the country's tourism map. Shusha, Lachin, Kalbajar, Zangilan and other liberated territories offer wide opportunities for cultural, ecotourism and health tourism with their rich natural resources, cultural-historical heritage and healing climatic conditions. The integration of these regions into the tourism cycle should not be limited only to infrastructure construction and security measures, but should also be accompanied by the creation of tourism brands that

reflect the unique characteristics of the territories and their international promotion. The formation of tourism activities in Karabakh can become an important tool for both economic revival and social rehabilitation in the post-conflict period. In this regard, the foundations of sustainable tourism should be established in the region, the integration of local communities into this process and the protection of natural and cultural resources should be ensured.

4. The level of tourism development in Azerbaijan is not equal across regions, and this difference seriously affects the effective use of the country's overall tourism potential. While Baku city has a modern tourism infrastructure, high quality of service, and professional staff, serious deficiencies are observed in most regions in these areas. Poor quality roads, a lack of hotels and guest houses, poor development of public transport, as well as a shortage of professional labor in the service sector make it difficult for tourists to visit the regions. These factors not only hinder the expansion of domestic tourism, but also limit the direction of foreign tourists to the regions. To solve the problem, targeted infrastructure projects should be implemented in the regions, access roads to tourism facilities should be renovated, and training and incentive programs should be organized for service personnel. This approach will create conditions for the revival of regional tourism and the balanced development of the country's tourism sector in general.

5. Currently, the tourism products offered in Azerbaijan are not differentiated in a way that fully meets the needs of various audiences, and this negatively affects the competitiveness of the sector. Although there is tourism potential in cultural, health, rural, ecotourism and other areas, the specific and targeted product line in these areas is not sufficiently developed. Most tourism packages are presented in a standardized and generalized form, which does not allow for taking into account different age groups, interests and seasonal needs. However, the development of thematic tours such as “Karabakh Cultural Route”, “Naftalan Thermal Health Tour”, “Sheki Culinary Experience” or “Zagatala Village Life Tour” can provide more attractive and different experiences for both domestic and foreign tourists. Differentiation of tourism products can result not only in

increasing the level of satisfaction, but also in strengthening the country's position in international tourism markets.

6. The launch of “ASAN Visa”, “triptoazerbaijan.az” and other similar platforms can be considered as one of the important advances in the field of digitalization of tourism in Azerbaijan. These tools simplify the procedures for entering the country and the process of obtaining information for foreign tourists. However, the widespread application of these digital opportunities in the regions is still limited. Although the capital Baku has a high level of technological infrastructure and access to digital services, the quality of internet connectivity in the regions, the spread of online booking systems and the limited availability of digital payment options negatively affect the comfort of tourists. Therefore, the integration of digital services into the regions should be accelerated, the development of technological infrastructure and the digital skills of local tourism entities should be strengthened. This approach will not only increase tourist satisfaction, but also create conditions for increasing the efficiency of services and the overall competitiveness of the tourism sector.

7. Although Azerbaijan's national tourism brand "Take Another Look" has gained some recognition on international platforms, its regional differentiation and product-oriented promotion are still underdeveloped. Currently, the brand is mainly presented in a generalized form, but there are no distinct visual styles, messages and thematic campaigns that reflect the unique tourism potential of different regions of the country. Gabala, Guba, Zagatala, Sheki and other tourism-rich areas can attract the interest of both domestic and foreign tourists with their unique brand identity and marketing approaches. Therefore, the development of regional sub-brands, highlighting local stories and implementing advertising strategies tailored to target audiences can strengthen Azerbaijan's competitive position in the tourism market.

8. There are serious shortcomings in the formation of human capital and professional training in the tourism sector, which limits the compliance of services with international standards. Since a large part of the employees operating in the sector have not undergone systematic and specialized training, communication with foreign

tourists, service culture and operational problem-solving skills remain at a weak level. This situation negatively affects the competitiveness and customer satisfaction of the tourism sector. Educational programs that meet modern requirements should be developed in the areas of hotel management, tourism management, guiding and other services, and personnel training and certification systems based on international experience should be established. This can play an important role in improving the quality of tourism services and strengthening the image of Azerbaijan's tourism.

9. Tourism policies based on the principles of environmental protection and sustainable development are not yet effectively implemented in Azerbaijan, although the country has a wide and rich potential in the field of ecotourism. Currently, ecotourism activity is mainly limited to individual initiatives and isolated projects, which hinders the systematic development of the sector. In order to ensure the transition to sustainable tourism, the existing legal framework should be improved, certification mechanisms should be developed in accordance with environmental standards, and consistent and coordinated measures should be taken to protect natural resources. This approach will not only increase the sustainability of the tourism sector, but will also strengthen Azerbaijan's activities in accordance with its international environmental obligations.

10. Although the tourism sector is potentially attractive for investors, the actual investment flow is still not widespread enough and is mainly limited to the capital and large cities. The level of investment in the regions is particularly low, which is associated with a number of factors, including high financial risks, uncertainty in the legal and institutional environment, as well as the weakness of incentive mechanisms for investors. To overcome this problem, targeted investment strategies should be developed for the regions, individual investment packages should be formed, including preferential loans, tax benefits and legal guarantees. Such an approach can not only stimulate the development of tourism in the regions, but also contribute to balancing economic activity.

11. Since the existing regulatory and legal framework in the field of tourism does not fully meet the requirements of the modern era,

there is a need to develop specific legal regulatory mechanisms for individual areas of this field. In particular, in areas such as ecotourism, agrotourism, health and medical tourism, the legal framework is either presented in a general manner or does not exist at all. As a result, serious gaps arise in the application of quality standards for entities operating in these areas, the determination of tax benefits and the protection of investment rights. Therefore, improving the regulatory framework is considered necessary in terms of accelerating the development of the sector and ensuring legal transparency.

12. In order to increase the competitiveness of the tourism sector, an effective partnership model should be established between the state and the private sector. The state should provide a regulatory and legal framework and financial support, and the private sector should bring competitive products to the market with innovative initiatives. This cooperation should not be limited only to infrastructure projects, but should also be carried out in the field of creating new tourism routes, improving the quality of service and promoting them in international markets. By building public-private cooperation on the principles of transparency and mutual responsibility, the sustainability and international competitiveness of the sector can be ensured.

The main content of the study is reflected in the following works published by the author.

1. Ismayilov, I.A. Principles of the methodology for maximum use of tourism resources // – Baku: News of the “ENECO” Energy Economics Center, – 2024, – vol. 17, No. 01, – pp. 60-70.

2. Ismayilov, I.A. Contributions of the National Leader Heydar Aliyev to the progress of the tourism industry in Azerbaijan // – Baku: Republican scientific and practical conference on the topic “The role of the National Leader Heydar Aliyev in improving the environment in Azerbaijan”, – pp. 226-229.

3. Ismayilov, I.A. The impact of development potential on the competitiveness of the country's tourism sector // – Baku: Scientific and practical journal “Cooperation”, – 2025, No. 1 (76), – pp. 184-193.

4. Ismayilov, I.A. World experience in the development of the

tourism sector // - Baku: "Audit" scientific-practical journal, - 2025, 2 (48), p.128-136.

5. Ismayilov, I.A. The current state of effective use of the potential of the tourism industry in Azerbaijan // - Baku: Statistics news, - 2025, No. 2, - p. 43-51.

6. Ismayilov, I.A. Development dynamics of the tourism sector in Azerbaijan // Competitiveness in the global world: economy, science, technology. Научный рецензируемый журнал, – Penza: No. 6, – pp. 140-143.

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8. Ismayilov, I.A. Theoretical approaches to determining the essence of the category of “potential” in the tourism industry // – Baku: International scientific and practical conference on “Economic and social development of Azerbaijan in the conditions of new realities: problems, challenges, prospects”, – December 5, 2025, – pp. 568-571.



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