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ABSTRACT

of the dissertation for the degree of Doctor of Philosophy

**IMPROVING THE RISK MANAGEMENT MECHANISM IN
TOURISM ACTIVITIES IN AZERBAIJAN**

Speciality: 5304.01 – Types of economic activity

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Applicant: **Turan Arzu Hasanli**

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The work was performed at the the Department of "Agricultural Economics and Tourism Business" of the Azerbaijan Cooperation University.

Scientific supervisor: Doctor of Economic Sciences, Professor,
Honored Scientist

Bayali Khanali Atashov

Official opponents: Doctor of Economic Sciences,
Associate Professor

Anar Ali Azizov

Doctor of Philosophy in Economics,
Associate Professor

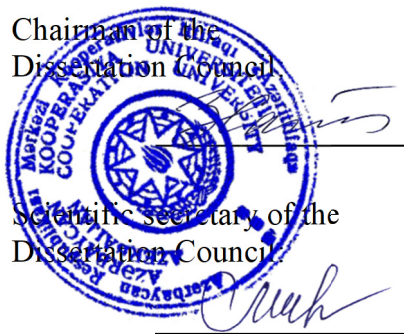
Vahid Tofiq Amrahov

Doctor of Philosophy in Economics

Chinara Rufat Imamverdiyeva

Dissertation council FD 2.46 of Supreme Attestation Commission under the President of the Republic of Azerbaijan operating at Azerbaijan Cooperation University.

Chairman of the
Dissertation Council



Full member of ANAS, Doctor of
Economic Sciences, Professor
Ziyad Aliabbas Samadzade

Scientific secretary of the
Dissertation Council

Doctor of Philosophy in
Economics, Associate Professor
Samira Yashar Mammadova

Chairman of the scientific
seminar:

A handwritten signature in blue ink, written over a horizontal line.

Doctor of Economic Sciences,
Professor
Mohubbat Musa Huseynov

GENERAL CHARACTERISTICS OF THE RESEARCH

Relevance of the topic and degree of its investigation. Tourism is one of the few sectors distinguished by its rapid development dynamics and socio-economic benefits within the contemporary economic system. Producing social and cultural services and creating favorable conditions for their consumption, tourism occupies a leading position in fulfilling such vital functions as ensuring people's right to rest, organizing recreational activities, providing partial or complete relief from psychological, physical, intellectual, and physical burdens, restoring and reproducing human intellectual capacity, forming a new economic paradigm the “experience economy” facilitating the exchange of cultural values, enriching individuals' worldviews, establishing channels of personal communication, and assimilating contemporary values.

In policy and strategic development documents adopted by the decrees and orders of the President of the Republic of Azerbaijan, such as the “*Strategic Roadmap for the Development of the Specialized Tourism Industry in the Republic of Azerbaijan*”, “*Azerbaijan 2030: National Priorities for Socio-Economic Development*”, and the “*Socio-Economic Development Strategy of the Republic of Azerbaijan for 2022–2026*”, the advancement of the tourism sector is recognized as one of the key strategic priorities and is positioned among the foremost objectives of the national socio-economic development policy.

The unprecedented changes and innovations occurring globally in recent years do not leave unaffected the operations of tourism enterprises, their management systems, or their financial and economic indicators; rather, these impacts manifest themselves in various forms and dimensions. Under such circumstances, tourism enterprises must be capable of responding flexibly and appropriately to the rapidly and continuously changing conditions of the internal and external environment in order to maintain, at an adequate level, their product and service production potential, their market presence and reputation, their economic and financial security, sustainability and stability, the timely and contractually compliant execution of business

operations, and the fulfillment of obligations to partners and other functions.

Although tourism, compared to other industries and sectors globally, possesses a high rate of development and growth as well as strong employment-generating capacity, it exhibits greater dependency under sharply changing conditions and demonstrates heightened sensitivity to threats and risks. This gives rise to a pressing need for adaptive management under risk conditions, for examining risk events from the perspective of their characteristics, and for establishing a risk management system.

While the thesis that risks cannot be entirely eliminated is accepted in risk management theory, any entity operating in tourism — whether as a legal or natural person — that attaches importance to building a competitive and successful business must be capable of identifying existing or potential negative impacts it considers threatening and detrimental to profit growth, and must regard it as imperative to minimize, mitigate, and to a certain extent prevent such impacts, taking the necessary and appropriate measures accordingly. Otherwise, enterprises may be exposed to serious financial, operational, production, and other risks, or may even be forced to cease operations altogether — an outcome that becomes inevitable when enterprises are exposed to high-impact, large-scale risks.

The necessity for Azerbaijan's tourism risk management system and mechanism to be prepared for any uncertainty, threat, danger, and risk stems from the ever-intensifying external pressures and the resulting probability of risk. The country's location in a strategically significant region, the imperative of incorporating the existing development potential of national tourism into economic circulation, and the status of tourism as one of the principal sectors of the economy collectively render the improvement of the risk management mechanism one of the primary objectives.

The research topic specifically encompasses issues related to improving the risk management mechanism in tourism activities in Azerbaijan. To date, no research has been conducted in Azerbaijan on the formation and improvement of the risk management mechanism, and the dissertation being finalized represents the first scholarly work

in this field. Taking into account the aforementioned considerations and the necessity of risk management in tourism, it can be stated with confidence that the chosen research topic is of exceptional relevance.

The liberation of the homeland from occupation under the Supreme Commander-in-Chief Ilham Aliyev during the 44-day Second Karabakh War has enhanced Azerbaijan's tourism potential while simultaneously necessitating the reinforcement of measures against the high probability of technogenic, health-related, technological, and other risks in those territories. This factor further confirms the relevance of research dedicated to improving the national tourism risk management mechanism.

A limited number of studies on risk management can be found in Azerbaijan. These studies are primarily devoted to certain aspects of financial risk management. Among Azerbaijani scholars, Samadzade Z.A. has provided a comprehensive conceptual interpretation of risk; Kazimli Kh.H. and Guliyev I., Guliyeva Sh.T. have conducted research on financial risk management and related problems; Zeynalli E.N. has focused on the assessment of economic risks; and Rzazade N.R. has investigated the institutional aspects of risk management in hospitality.

Various issues concerning risks, uncertainty, and security in tourism, together with a range of related indirect aspects, have been examined in the scholarly works of economists including E.A. Guliyev, B.Kh. Atashov, A.N. Hasanov, A.A. Azizov, A.G. Alirzayev, B.A. Bilalov, H.B. Soltanova, S.I. Valiyeva, V.T. Ahmadov, I.H. Ibrahimov, M.C. Huseynov, A.F. Abbasov, E.A. Ibrahimov, M.M. Huseynov, F.V. Guliyev, N.C. Gafarov, among others.

Among foreign scholars who have researched risk management, we can mention the names of Terje Aven, Çağla D.P., Hasan M., Ignasio G.S., S. Kovacic, D.E. Marbawi, Maximiliano E., A.V. Medyanik, E.G. Telicheva, A.G. Williams, A.O. Ovcharov, and other scholars.

Notwithstanding the above, it should be noted that research on risk management in tourism activities in Azerbaijan encompassing the development and application of risk management strategies, models, and mechanisms; the organization of risk management units within

public and private tourism management structures, enterprises, and organizations; and the general aspects of forming a risk management system has been virtually nonexistent. The enumerated factors and reasons, along with the exceptional importance of developing national tourism for the national economy and the necessity of reducing the impact of risks in implementing the sustainable tourism concept and other strategic objectives, call for the conduct of comprehensive research aimed at developing and continuously improving the management mechanism that enables the mitigation of risk impacts.

Object and subject of the research. The object of the research is the risk management system of tourism enterprises and organizations.

The subject of the research comprises the theoretical, methodological, and practical aspects of establishing and improving the risk management mechanism in tourism.

Aim and objectives of the research. The aim of the research is to develop theoretically and practically significant proposals for improving the risk management mechanism in tourism activities in Azerbaijan.

To achieve the research objective, the following tasks have been identified:

- to determine the principles for forming the risk management mechanism in tourism and analyze its improvement process;
- to comparatively analyze the essence and conceptual foundations of risk management approaches in tourism, identify their pros and cons, and determine the most effective one;
- to generalize existing knowledge on the characteristics, sources, and causes of tourism risks, and classify them by identified criteria;
- to characterize the structure of the overall tourism management system, and clarify and evaluate the main features of the risk management mechanism;
- to identify strategy as a key factor in tourism risk management and develop models for its implementation;
- to develop an algorithm for the risk management mechanism within tourism management structures and entities, and determine

principles for its practical application;

- to study tourists' opinions to identify directions for improving the tourism risk management mechanism, and develop recommendations based on regional risk assessment and probability.

Research methods. In the course of this research, we employed a systems approach, statistical and comparative analysis, generalization, structural analysis, and the methods of induction and deduction.

Propositions submitted for defense:

- changes in the management structure have become necessary to resolve problems arising from the sensitivity and instability of tourism activities to external impacts, risks, and uncertainty;
- increasing uncertainty, the proliferation of factors generating threats and risks, and the emergence of risk events of various origins in tourism have created a demand for incorporating risk management into the general tourism management system;
- creating a risk management mechanism, comprehending the essence and characteristics of risks, and accepting the inevitability of risks have become objective imperatives;
- ensuring effective risk management in tourism requires coordinated action among risk management bodies, local executive, municipal, and community representatives, and those performing management functions under conditions of uncertainty;
- developing and implementing strategies and models — an essential condition for managing tourism risks — requires accounting for the characteristics of national tourism and tourists' opinions on the level of risk in the country;
- the increase in risks in global, regional, and national tourism, and the emergence of new risk sources, necessitate continuous improvement of the applied management mechanism, encompassing its entire algorithm.

Scientific novelty of the research. The scientific novelties of the dissertation are as follows:

- the importance of accounting for general management theory principles and tourism's interrelations with other sectors in

establishing and improving the risk management mechanism has been substantiated;

- managerial approaches to tourism risks have been analyzed, and the effectiveness of a coordinated, centralized group risk management approach — involving security structures, crisis management bodies, and emergency institutions under the leadership of risk management structures — has been identified;
- the characteristic features of tourism risks have been comprehensively analyzed; their types, causes, consequences, scope and degree of impact, sources, and other indicators have been generalized, and a new classification framework has been developed;
- the existing tourism risk management mechanism has been evaluated; the low institutionalization of direct risk management and the fragmentation caused by the absence of dedicated units have been identified, and ways to overcome this have been proposed;
- the appropriateness of a "phased and synthesized" strategy and a rapid, flexible adaptive model for forming and improving the risk management mechanism within national tourism entities has been substantiated;
- a specific algorithm for the risk management mechanism has been developed, accounting for risk management standards, practices, the national tourism administration structure, and enterprises' operational directions, and principles for its application to actual risk events have been determined;
- to support the continuous improvement of the tourism risk management mechanism, tourists' opinions have been surveyed, a regional risk probability matrix has been developed, the importance of incorporating these into management has been substantiated, and proposals for practical implementation have been presented.

Theoretical and practical significance of the research. The research constitutes one of the first extensive studies on tourism risk management in Azerbaijan and serves as an important scientific and theoretical source.

Its findings, scientific novelties, and recommendations may significantly enrich scientific, theoretical, and conceptual knowledge related to forming and improving tourism risk management strategies, developing management models and mechanisms, organizing the risk management process, implementing post-risk measures, and executing management operations, among other related issues.

The results and recommendations are of practical significance and may be utilized in forming and improving the tourism risk management mechanism, conducting further research in this field, developing risk management strategies and concepts, educational and training programs within tourism and service sectors, the activities of tourism enterprises, and the future teaching of risk management courses within tourism specializations.

Approbation and Implementation. The results of the dissertation, its main theoretical and practical provisions, and scientifically significant recommendations have been reflected in 7 published articles (including 5 published abroad) and 4 conference proceedings (including 1 published abroad), presented at international and national scientific-practical conferences and published in journals recommended by the Supreme Attestation Commission. These publications include the conference papers entitled “The Essence of Dangers and Threats in Modern Tourism Activities” (Ganja, 2023), “Источник опасности и угроз в туристской деятельности: риски” (Moscow, 2025), “Management of Risks Affecting the Development of Regional Tourism” (Baku, 2025), and “Methods of Risk Management in Ensuring Economic Security in Competitive Tourism Activities” (Baku, 2025). They also include the articles entitled “Влияние осознаваемых рисков на принятие решения о покупке туристского продукта и услуг” (Kirov, 2024), “Влияние рисков на принятие решения при выборе туристской дестинации и покупке туров” (Moscow, 2025), “Risk Management as One of the Directions for Ensuring the Economic Security of Tourism Activity Entities” (Baku, 2025), “Features of Regional Risks in Tourism Activities in Azerbaijan and a Methodological Approach to Their Management” (Lviv, 2025), and “Роль информации в восприятии рисков в туризме и выборе дестинаций туристами” (Kirov, 2026).

Name of the Institution Where the Dissertation Was Conducted. Azerbaijan Cooperation University.

Structure and Total Volume of the Dissertation (with the Volume of Individual Structural Sections Indicated). The dissertation consists of an introduction, three chapters, nine sections, a conclusion, recommendations, a list of 157 references, and appendices, comprising a total of 236010 characters. The dissertation contains three tables, six diagrams, one graph, and one matrix. The introduction comprises 15570 characters, the first chapter 60510 characters, the second chapter 61370 characters, the third chapter 65030 characters, the conclusion 7614 characters, and the list of references 19303 characters. The total volume of the main text of the dissertation, excluding tables, graphs, the matrix, the list of references, and appendices, comprises 210094 characters.

MAIN CONTENT OF THE DISSERTATION

In the “**Introduction**” of the dissertation, the relevance of the topic has been substantiated, the degree of its investigation has been reviewed, and the object and subject, the aims and objectives of the research, its methods, the principal propositions submitted for defense, scientific novelties, theoretical and practical significance, approbation, and the character count volume have been presented.

The first chapter of the dissertation, entitled “**Theoretical and methodological approaches to the risk management mechanism in tourism,**” examines the principles and characteristics of the formation of the risk management mechanism in tourism activities, conceptual approaches to risk management in tourism activities, as well as issues related to the essence, sources, and classification of risks.

Risks are considered threats to the interests of tourism entities, hindering the achievement of their objectives, impeding the attainment of efficiency, and creating uncertainty. Therefore, for the identification of risk management principles and the development of a risk management mechanism, it becomes essential to comprehend the nature of the overall tourism management system and to explain its specific characteristics. Considering the multidimensionality and

comprehensiveness of tourism, the risk management process should be implemented within a unified framework encompassing not only the tourism industry but also other related sectors. In the selection of risk management principles, methods, and instruments, due consideration should be given to the characteristics of tourism industry sectors producing core and supplementary services, tourists' consumption patterns, the diversity of services and the variability of their consumer value, tourist flows, the creation of qualitatively new value, and the essence of the overall management system. Accordingly, the regulated management system of tourism entities should be regarded as a form of risk management. This is because the occurrence of any change or risk in any of these entities generates chain effects on the others. *“Therefore, priority should be given to the application of a multi-level approach to risk management within the tourism management system. At a minimum, a two-level hierarchical approach to management may be preferred: coordinating operations are carried out at the upper level, while planning, organizing, and control functions are performed at the lower level”*¹.

In the contemporary period, characterized by rapid transformations, numerous risks arise in the production and consumption processes of tourism services and products, thereby necessitating a comprehensive and systematic approach to risk management.

Risk management aims to minimize the threats, impacts, and potential losses risks may impose on tourism enterprises and destinations. As risks give rise to instability, uncertainty, insecurity, and other undesirable conditions, their management has become highly important for business entities, public-private governance bodies, and society at large. Consequently, various approaches, methods, and mechanisms are employed to eliminate or mitigate their adverse effects, and these are subject to continuous improvement.

Risk management in tourism highlights the importance of an integrated approach, coordinated with and embedded in other operational processes. Such an approach enables comprehensive risk

¹ Зайцева Н.А. Современные концепции управления в сервисе и туризме: монография / Н.А. Зайцева, А.А. Одинцов. М.: РГУТиС, 2018. 141 с.

analysis and assessment within overall activity planning and management, while facilitating the identification of appropriate management mechanisms and models for when risks materialize.

Another approach involves active support from public tourism management authorities, the establishment of a new management culture, strengthened interrelationships among tourism sectors and enterprises, and state support for tourism development. This is consistent with the principle that risk management should be embedded within the overall tourism management system.

“Group risk management is one of the methodological approaches to risk management and envisages the collective management of aggregated risky and hazardous situations associated with tourism, while defining the general framework of risk management practices”

². This approach offers several advantages, including a systematic approach to risk management, comprehensiveness, the logical planning of preventive measures, and the provision of useful practices and solutions that enhance the risk resilience of tourism entities. The group approach is considered more appropriate for tourism destinations and tourism industry sectors that are more exposed to the chain effects of risks.

*“Risk management within the framework of crisis management is one of the approaches to risk management. Under this approach, a crisis or risk event is managed after its occurrence, since crisis management takes place in unexpected and unforeseen situations and shares a common characteristic with risk management, namely uncertainty. This characteristic reflects the essence and nature of the phenomenon, while risk represents a form of manifestation of uncertainty”*³. At the same time, risk may not arise in just any uncertain situation; rather, it may occur under specific conditions and in particular forms. The probability of risk occurrence is lower under conditions of complete uncertainty and higher within a partially uncertain environment.

² McKinnon Mary. Group Risk Management Framework. Approved: 24/09/2025. 16 p.

³ Williams A.M., Baláž V. Tourism Risk and Uncertainty: Theoretical Reflections// Journal of Travel Research. 2015. Vol. 54. № 3. P. 271-287.

As is evident, various approaches to risk management exist, and each of them is characterized by its own advantages and limitations. The selection of an appropriate approach to risk management in tourism activities should be based on comparative analyses, comprehensive information, the specific characteristics of tourism development, public, political, environmental, socio-economic, and organizational factors, as well as the level of interaction among institutions involved in risk management, uncertainty management, and crisis management.

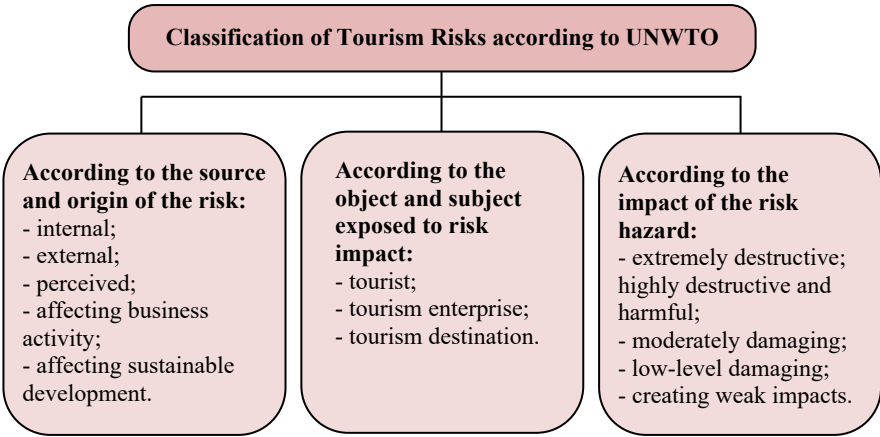
The interpretation of the essence of risks, their grouping and classification according to specific characteristics, provides a theoretical and practical basis for the development of a more effective risk management mechanism and structure in tourism, as well as for the selection of appropriate methods and instruments for risk management.

In the classical sense, risk is understood as damage or loss arising from the correctness or incorrectness of a given decision. Neoclassical risk theory, in turn, associates risk with the actions of an economic actor aimed at generating income. In our opinion, both approaches provide a one-sided interpretation and fail to take into account many characteristics of risk. Within the subjective concept, risk is linked to the human factor and is regarded as an event arising from the behavior of a decision-making subject. According to this view, if the human factor is absent, risk does not exist; rather, only certain natural hazards and unstable situations may manifest themselves.

Risks are characterized by such features as the transition from a state of uncertainty to a state of certainty, the probability of events generating adverse consequences, loss of income and profit, sharp increases in costs resulting from changes in conditions, the failure of development projects and activities aimed at achieving high performance and profitability, sudden damaging events, negligent fulfillment of obligations by business partners, increased losses resulting from significant price fluctuations, the emergence of threats from various sources, exposure to unclear situations, and physical damage to property and human health. Since a comprehensive theoretical concept fully explaining the essence of risks has not yet been developed, the existing interpretations do not entirely reflect their

nature and content.

At the same time, risks are analyzed, evaluated, and classified according to numerous properties, criteria, and characteristics. According to the classification of the United Nations World Tourism Organization (UNWTO), tourism risks are presented in the following scheme (Scheme 1).



Scheme 1. UNWTO Classification of Tourism Risks.

Source: Created by the author based on UNWTO data.

By generalizing numerous approaches to classification, we consider it appropriate to classify tourism risks according to the following indicators: level, extent of damage inflicted, origin of the threat, financial losses, military-political situation, social environment, medical, biological and environmental conditions, tourists' personal risk factors, condition of tourism infrastructure, cultural differences, innovative development, enterprise activity orientation, prior predictability, period and frequency of occurrence, impact on the object and subject, cause of occurrence, content, and indicators of the type of activity (Scheme 2). The tourism risks presented in the scheme are additionally classified into security, socio-cultural, climatic-ecological, economic-financial, and operational risk groups.



Scheme 1. Classification of risks according to various criteria.

Source: created by the author.

Classification creates the foundation for the development of conceptual and practical solutions for establishing a risk management mechanism, as well as for the planning and implementation of risk management measures.

The second chapter, entitled **“Analysis and evaluation of the risk management mechanism in tourism activities in Azerbaijan”**, examines the structure and characteristics of the tourism risk management mechanism, the principles of risk management in tourism and its information support system, as well as issues related to the analysis and evaluation of the tourism risk management mechanism.

The development of tourism in Azerbaijan was closely associated with the Russian Empire and the Soviet Union from the beginning of the nineteenth century until 1991. Following the restoration of independence in 1991, the Foreign Tourism Council under the Cabinet of Ministers of the Republic of Azerbaijan was established, marking the beginning of a new period characterized by the formation of tourism as an independent sphere of state administration and economic activity, as well as its governance and comprehensive development. With the objective of establishing a legislative framework, which constitutes a significant factor in the organization, management, and development of tourism, the Law “On Tourism” was adopted in 1999. Subsequently, the law was revised, improved, and adopted in a new version in 2021, entering into force in 2022. *“Article 5 of Chapter Two of the new law defines the fundamental principles of state policy in tourism governance, while Article 6 specifies the responsibilities of the state in the implementation of this policy”*⁴.

In 2001, with the aim of improving tourism governance, the “Ministry of Youth, Sports and Tourism” was established pursuant to a decree of the President of the Republic of Azerbaijan. Subsequently, the “Ministry of Culture and Tourism” and regional departments of culture and tourism were established in 2006, followed by the establishment of the State Tourism Agency (STA) in 2018. As the principal executive authority in the tourism sector, the STA is

⁴ “Turizm haqqında” Azərbaycan Respublikasının Qanunu. Bakı şəhəri, 27 dekabr 2021-ci il. № 448-VIQ.

responsible for the formulation and implementation of tourism policy, as well as for directing the development and governance of the tourism industry.

Taking into consideration the importance of assigning particular attention to regional factors in order to ensure a higher level of efficiency and flexibility in national tourism governance, nine regional tourism offices of the State Tourism Agency were established in 2023. In addition, the “Reserve Management Center,” the “Azerbaijan Tourism Board,” the “Azerbaijan Tourism Association,” the “Azerbaijan Tourist Guides Association,” and other relevant organizations operate in a coordinated manner with the State Tourism Agency, contributing to the effective governance and sustainable development of the tourism sector.

The tourism management system in Azerbaijan is characterized, in both structure and essence, by a centralized hierarchical model, a dedicated strategic framework, a legal and regulatory basis, state financing, a continuously evolving management mechanism, and the capacity to utilize technical, technological, and information resources. The system prioritizes the application of innovative and digital technologies in governance, implements an investment policy, expands cooperation at all levels, promotes the concept of sustainable development, and oversees the implementation of the measures required to achieve these objectives.

As tourism develops as a type of economic activity, alongside numerous positive effects, its negative impacts have also been increasing, and risks represent one of the leading components among these adverse effects. Tourism risks, regardless of their origin, causes of occurrence, or other characteristics, generate damage to tourism enterprises, tourists, and tourism-related sectors.

When tourism risks materialize, enterprises experience severe crises, incur financial losses, and may be forced to suspend or terminate their operations. During the recent pandemic, global tourism experienced a 73% decline in travel in 2020 compared to 2019, tourism revenues decreased by 38%, and the sector’s total contribution to gross domestic product fell by 51%, while millions of jobs were lost. These indicators are presented in Figure 1 below.

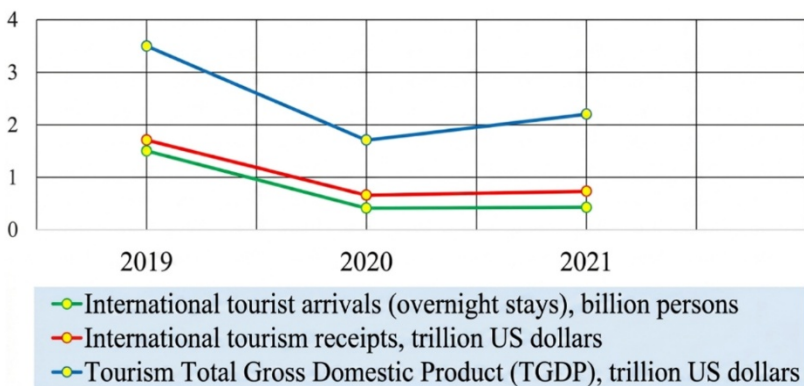


Figure 1. Impact of the COVID-19 pandemic risk on the development of global tourism.

Source: created by the author based on statistical data.

Due to the impact of the global pandemic risk, tourism development indicators in Azerbaijan sharply declined in 2020 compared to 2019, and this downward trend continued in 2021. The number of tourism enterprises decreased from 432 in 2019 to 300 in 2020 and further to 150 in 2021, corresponding to reductions of 1.44 and 2.88 times, respectively (Table 1). In the same periods, the number of employed personnel in tourism enterprises decreased by 1.5 and 2.3 times, while 741 and 1,243 positions were reduced in the labor force structure. Enterprise revenues also declined significantly compared to 2019, falling by 3.9 times (or 47,216.5 thousand manats) in 2020 and by 2.8 times (or 40,749 thousand manats) in 2021. The primary reason for the reduction in the number of enterprises and job cuts can be attributed to declining revenues and problems related to financial sustainability. Production costs of goods and services decreased by 2.3 and 5.1 times, respectively, while the number of tourism package sales declined by 12 and 6.5 times. The number of tour packages sold to domestic and international tourists in 2020 was significantly lower (by 163 and 10 times, respectively). In 2021, however, sales showed a recovery compared to 2020, increasing by 46 and 1.7 times in the respective indicators.

Table 1.

Impact of global pandemic risk on tourism development indicators.

Indicators	2019	2020	2021
Number of travel agents and tour operators, units	432	300	150
Number of employees, persons	2,205	1,464	962
Revenue generated by travel agents and tour operators, thousand manats	63,363.8	16,147.3	22,614.8
Costs incurred for the production of products (services), thousand manats	50,400.0	21,899.7	19,641.0
Number of tourism packages sold, pieces	63,885	5,342	9,811
Value of tourism packages sold, thousand manats	78,132.2	4,988.4	5,374.0
Number of received and sent tourists, persons	99,507	8,205	16,324

Source: The table was created by the author based on data from the State Statistical Committee of the Republic of Azerbaijan.

As can be observed, there is an inverse proportionality in the dynamics of the number of tours sold to domestic citizens and foreign tourists. The fact that tours sold to foreign tourists in 2020 exceeded those in 2021 is associated with advance booking of tour packages, while the increase in tour consumption by domestic tourists in 2021 is linked to the implementation of systematic preventive measures against pandemic-related risks in the country.

Risk management should be implemented not only within the framework of general management theory but also within the framework of pure risk theory, and for this purpose comprehensive, characterized, and systematized information on the main distinctive features of tourism risks must be available. *“The information set is one of the fundamental pillars of risk management in tourism, and its analysis and rational use provide the basis for taking necessary measures in risk management, stabilizing the situation, implementing post-risk recovery actions, and developing preventive strategies”*⁵.

⁵ Chaudhary I.A. Importance of Information to Risk Management. 2025.
<https://www.linkedin.com/pulse/importance-information-risk-management-imran-asif-chaudhary-ectnf/>

Within the risk management mechanism and technology in tourism, the establishment of an analytical information support system is of crucial importance. In this context, data derived from marketing and tourism risk management research, “word-of-mouth” information obtained from tourists, and other relevant sources may be utilized.

One problem in improving the tourism management mechanism is its high dependence on the "human-to-human" factor. Since many risk types are directly tied to human factors, the complexity of management becomes clear. The probability of tourism risks occurring during the production and consumption of services, or at any stage of the tour process, is relatively high. Such risks are typically related to the tourism business itself, environmental factors, non-tourism institutional settings, and tourists' individual behavior. Managing this type of risk falls directly within the functional scope of tourism entities' management systems.

In Azerbaijan, the State Tourism Agency (STA), responsible for tourism governance, has no dedicated department for risk management. A limited number of tourism enterprises have units indirectly related to it. In some hotels, positions such as "Health and Safety Manager" and "Security Manager" monitor internal hotel security, identify physical risks, ensure compliance with sanitation and hygiene requirements, supervise employee safety, and control food service compliance through periodic monitoring. Meanwhile, "Occupational health and safety", "Security/compliance", and "Health and safety" departments identify risk-prone situations and implement preventive measures to eliminate or prevent risks. We consider this an indicator of significant shortcomings in risk management and evidence of the need for strong institutionalization in this field.

Studies indicate that, given the limited number of entities responsible for risk management among tourism stakeholders, this issue can be addressed by involving risk management institutions from other sectors. In Azerbaijan, during natural and technogenic events, disasters, fraud, and other incidents generating risk or threat to tourists and citizens, emergency management, security, and healthcare institutions provide rescue operations, evacuation, and primary medical assistance. Their "hotline", "danger alert", and "special high-

risk rescue" services are also beneficial for preventive risk mitigation.

Analysis of the tourism governance system shows that shortcomings persist in establishing risk-related management bodies at both macro and micro levels. These can be summarized as systemic incoherence in the tourism risk management mechanism, weak coordination in functional governance, slow institutionalization of dedicated risk management entities, and their poor alignment with the real operational environment.

In the third chapter, entitled **"Ways of improving the risk management mechanism in national tourism,"** the mechanism for forming the risk management strategy in tourism activities in Azerbaijan and for applying its models has been determined; the principles of forming and applying the risk management mechanism in tourism activities have been established; and the directions for improving the risk management mechanism in tourism activities have been indicated.

Risk management is the art of resolving the problems they create, and it involves applying leading practices in this field and creating a management strategy, models, methods, tools, and other necessary elements. This activity should be carried out in a form that makes it possible to clarify, assess, monitor, and control the occurrence and cause-effect factors of risks in tourism, as well as to compensate for the damages they cause.

Thanks to a tested and effective risk management strategy, mechanism, and models in tourism, and by building a management system equipped with technological and technical means, it becomes possible to plan, organize, and develop a safe and low-risk business for tourism enterprises, and to reduce the harmful effects of risks. In any field of activity, including tourism, one of the conditions for achieving overall goals and succeeding in sustainable development is the development and application of an advanced strategy.

*"Strategy" is an approach, a way of thinking, and a goal-oriented behavior toward the realization of any idea, task, or plan"*⁶. Strategy is also a highly skillfully prepared action plan, developed in order to

⁶ Goldman G., Nieuwenhuizen C. Strategy: sustaining competitive advantage in a globalised context. Juta and Company Ltd, 2006, 180 p.

achieve long-term goals through deliberate decision-making, by determining priorities in initially unclear situations and efficiently allocating potential resources.

"In risk management in tourism, the following strategies are typically applied: "production and development of high-quality, sustainable, and viable products and services", "reliance on the experience of cause-and-effect analysis of risks", "planning for uncertainty, natural disasters, and emergencies", "creation of an internal sector/enterprise 'safety belt'", "entrusting risk analysis, assessment, and management to a third party for payment"⁷, "market analysis and market engagement," "creating and increasing joint/shared value", "risk-reward", "enhancing management competencies", "adaptive and sustainable", "diversification", "strong public-private partnership" and "smart technology" strategies.

Depending on the characteristics of anticipated threats, dangers, and risks, as well as the essence of the chosen strategy, *"tourism entities may prefer to use management models such as "accepting the risk", "reducing the probability of risk occurrence", "changing the direction of the risk and transferring its impact", "dispersing or dividing the risk", "avoiding and preventing the risk", "insuring the risk," "evaluating the risk", "diversifying the risk", "controlling the risk", "Burke", "Gray and Larsen"⁸ and others.*

Taking into account the weakness of national tourism risk management experience in selecting and applying existing strategies and models in Azerbaijan, we propose that a phased approach to the risk management strategy, the principle of gradual evolution, and models synthesized from existing strategies may be more effective. At the current stage, it would be purposeful to apply a synthesis of "entrusting risk analysis, assessment, and management to a third party for payment", "planning for emergency situations", and "strengthened tourism public-private partnership". At the next stage, the principles of "management based on cause-and-effect analysis of risks",

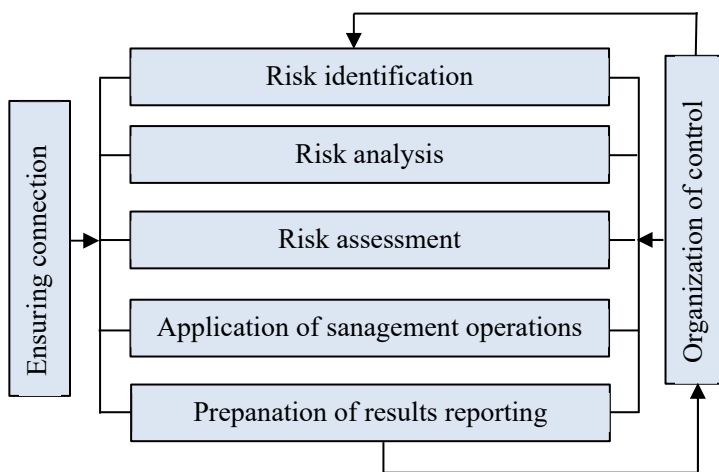
⁷ Villanueva E. Risk Management 101: Process, Examples, Strategies. AuditBoard Platform. 2023. <https://auditboard.com/blog/risk-management-101>

⁸ Shaw G. K. A risk management model for the tourism industry in South Africa. 2010, 292 p.

"adaptation and sustainability", and "enhancement and development of management competencies" should be applied. At the third stage, generalizing the experience of the first two, a further enriched strategy should be prepared based on "production and development of high-quality, sustainable, viable products and services", "creation of new tourism products and value", "diversification", and "smart technology" — or a flexible transition between these strategies should be ensured. Selecting and applying risk management models in real time should be based on the principle of "adaptation to the strategic approach".

Since no examples of a risk management mechanism exist in national tourism, we consider it appropriate to build the algorithm of a mechanism whose functionality and structure suit our country's conditions, by analyzing and generalizing various international examples.

By conducting a broad analysis of the examples and standards applied in various countries, we can present the general algorithm as shown in the scheme below (Scheme 3).

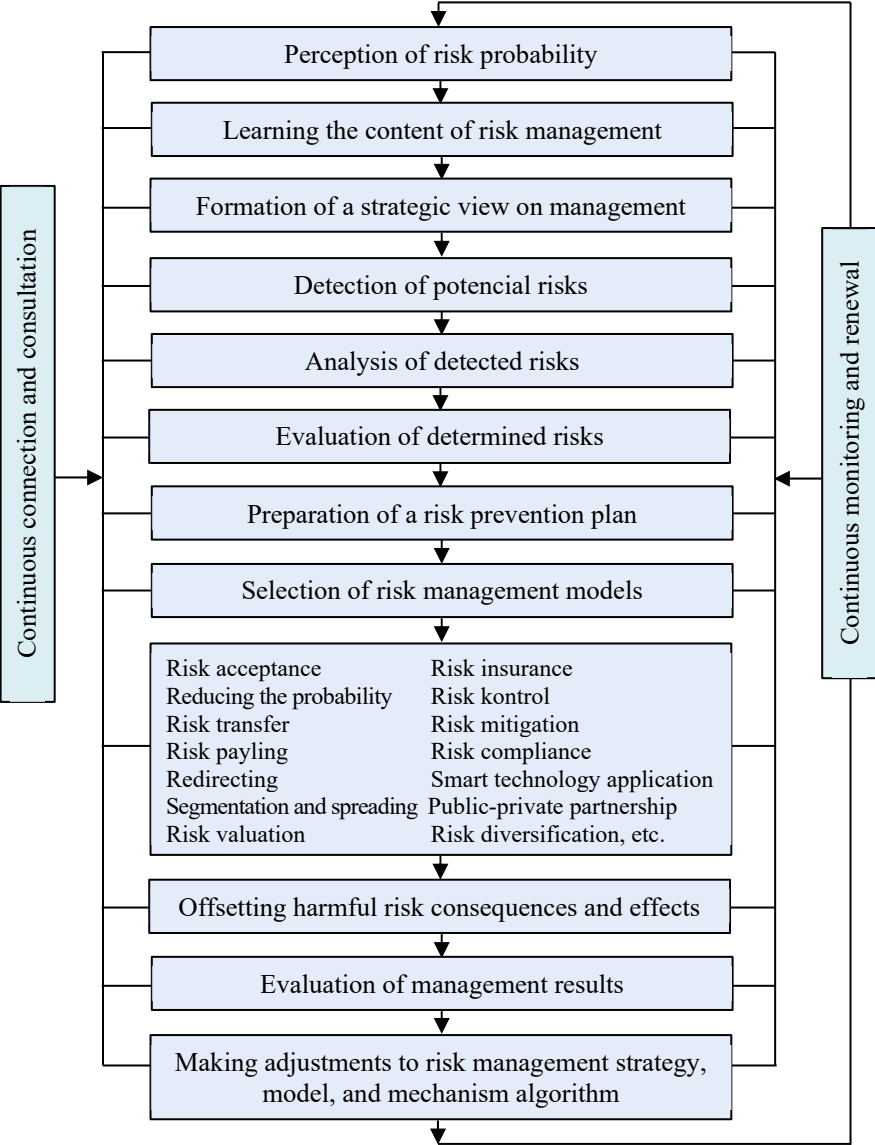


Scheme 3. General algorithm of risk management in tourism.

Source: Created by the author based on various data and standards.

By referring to the generalized examples and practices, and taking into account the characteristics and level of tourism development in Azerbaijan as well as the actual state of risk management in national

tourism activities, we propose the algorithm of the mechanism as follows (Scheme 4).



Scheme 4. Algorithm of the risk management mechanism in tourism.

Source: The scheme was created by the author.

The structure of the mechanism we propose must continuously adapt, at all levels, to the rapid changes occurring in tourism activities, to the problems arising within the overall management system, and directly to the requirements of risk management. We believe that the risk management mechanism whose proposal and algorithm we have designed will be beneficial for effective risk management in national tourism and for achieving the strategic goals of tourism.

The intensification of global economic-political and geostrategic competition, the increasing uncertainty in the external and internal environment, and the perception of risk probability have created a necessity for the creation of a more effective risk management mechanism, its continuous analysis, and its updating in accordance with real conditions.

In tourism, risk management serves to ensure the personal health and safety of tourists. In order to clarify the directions for improving the mechanism, tourists' opinions should be studied, and the necessary measures should be planned and implemented for this purpose. This is because tourists' opinions are one of the most reliable sources for assessing the level of risk. In order to assess the real risk environment, we conducted a survey among tourists in the territories of the Baku-Absheron and Ganja Regional Tourism Departments (RTD). To conduct the survey, we applied to the regional tourism departments; our request was granted verbally by the Baku-Absheron RTD and officially by the Ganja RTD.

To conduct the survey, we prepared a questionnaire ourselves (Appendix 1) and complied with the requirements applicable to it. Relevant questions corresponding to our research topic were included in the questionnaire (in Azerbaijani, Russian, and English), and response options were provided.

183 tourists from 28 countries participated in the survey. Of these, 64 were tourists visiting the city of Baku, while 119 were tourists visiting Ganja.

An electronic survey with the same questions was also conducted (Link:<https://docs.google.com/forms/d/e/1FAIpQLScjDbzT1DYOrnR9NmTZsPWIZWw5aYWoPBakR0D-YSpxmlIgfQ/viewform?usp=dialog>), and its results were taken into account.

In response to "Do you feel any danger or threat during your trip in Azerbaijan?", 4 people answered yes, 177 answered no, and 2 expressed a different opinion. One noted: "Tourists are watched too closely here, and this creates a certain unease in me", while another stated: "I would like to visit rural and forested areas, but there is a danger of being attacked by wild animals there".

Responses to "Do you consider travel to Azerbaijan risky?" were: yes – 2; no – 175; I assume so – 6. Those indicating risk did not wish to comment further.

In response to "Have you encountered a risky situation during your trip?", one tourist from Ukraine, one from India, and two from the UAE answered yes; the rest answered no.

Regarding "Describe the risky situations you encountered", two UAE tourists noted being deceived by taxi drivers and restaurant staff, while one Saudi tourist reported encountering rudeness and discourteous behavior.

The survey analysis shows the tourism risk environment is rated excellent, very good, or good by 96.7% of tourists, and average or satisfactory by only 3.3% — an important factor for assessing the overall tourism risk management mechanism's effectiveness in our country.

In assessing the level of risk in the regions, the following factors were taken into account: the developed types of tourism, anticipated risks, risk factors, risky tourism activities (e.g., extreme tourism, mountain tourism), the existence of a plan of preventive and mitigating measures, the development of general infrastructure, the probability of infectious disease, fraud, theft, the activity and practices of the risk management unit, and other factors. In conducting this assessment, we took into account the division of risks, according to their impact, into four color-coded degrees as used in international risk assessment practice (destructive impact – ■; high impact – ■; medium impact – ■; weak impact – ■). A probability-based risk assessment was conducted in the tourism regions of our country, and the results are presented in the matrix with corresponding colors (Matrix 1).

Matrix 1.

Matrix for assessment of tourism risks in tourism regions

Regions \ Risks	Probability	Natural-ecologic	Technogenic	Economical	Financial	Social	Health	Technological	Innovationak	Political	Management	Image	Production	Infrastructural
Baku-Absheron														
Ganja														
Nakhchivan														
Garabagh														
Mingachevir														
Shaki														
Lankaran														
Ismayilli														
Quba														
	Severity													

Source: The matrix was created by the author.

The preparation of the matrix simplifies management and makes it possible to make flexible and rapid decisions, to gain a clear understanding of the situation, to ensure the success of operational and strategic management, to improve the effectiveness of control, and to identify directions for improving the mechanism. The assessment matrix determines which type and category of risk the mechanism should primarily focus its management efforts on in each territory; it helps to grade the damage caused by risks, to structure the mechanism in accordance with the impact and severity level of risks that have occurred or may occur in the future, and to select the most effective measures, methods, and tools for monitoring and keeping risks under control.

Other directions for improving the mechanism may include: the development of an organizational-managerial culture, cooperation with local communities, the application of information technologies, strengthening the insurance business, hedging of risks, the creation of risk management structures within the tourism management system, the application of a systematic "plan-check-implement" management

approach, the establishment of a "Tourism Police" institution, and taking into account the outcomes of global risks and the "Global Risk Report," among others.

CONCLUSION

Tourism's multi-sectoral, diversified, and broad-ranging nature manifests itself in the essence of both general and risk management. These characteristics mean the tourism management system encompasses the overall framework of functions through which a complex unity of numerous subsystems achieves its goals and tasks.

As a type of activity, tourism's openness to interrelations and business relations with other sectors, the realization of its organization across broad and diverse locations, and its sensitivity to numerous internal and external influences increase its exposure to risks.

Under such circumstances, problems arise in meeting tourists' needs; increasing dangers and threats lead to declining tourist flows, shifts in flow direction, and serious decreases in destination occupancy. Depending on the scope and severity of a dangerous event, the pace and growth of tourism activity change, and cases such as tour cancellations, returns of purchased tour products, and cancellation of ordered services increase. Taking these problems into account, this research has made it possible to formulate the following scientifically and practically significant conclusions for improving the risk management mechanism in tourism activities.

1. The risk management mechanism in tourism must be formed and continuously improved based on certain principles, reflecting tourism's interrelationship with numerous service and production sectors. Risk management should follow a systematic approach based on inter-subject coordination, taking into account the tourism management system's regularities, theoretical and practical methods, service sector characteristics, the economic, natural, social, technological, internal, and external factors affecting tourism enterprises' development and safety, and the essence and effects of risks.

2. Tourism's specific characteristics require special approaches in risk management. Although various alternatives exist, selecting an

optimal, flexible approach should rest on comparative analysis and real possibilities, taking into account security agencies, local administrative bodies, communities, risk preparedness, and personnel professionalism. A group risk management approach and a coordinated, centralized model of activity are thus appropriate.

3. Forming a risk management mechanism requires correctly understanding risks' essence and classifying them systematically. Although no unified classification approach exists, our proposed classification relies on criteria such as risks' essence, causes, field of activity, forecasting possibilities, severity of consequences, scale of damage, subordination to management methods, sources, time of occurrence, duration, and spheres of impact.

4. The tourism risk management mechanism must align with the national tourism management system's characteristics. Azerbaijan's tourism management has a centralized model, state support, a legal framework aligned with international standards, and opportunities for personnel training and technological development — favorable conditions for an advanced mechanism under the State Tourism Agency's leadership, which ensures mechanisms serving strategic goals.

5. Analysis shows systematic risk management units are practically nonexistent within Azerbaijan's state and regional tourism agencies and enterprises. Existing institutions' activities are fragmented, lacking a coordinated mechanism for risk prevention, mitigation, and damage compensation. Resolving this requires a coordination mechanism aligning responsible bodies' activities, along with state support.

6. Selecting successful strategies and implementation models is crucial in forming the national tourism management mechanism. We believe a *"phased strategic approach"* combined with an *"adaptation"* model is more appropriate for Azerbaijani tourism's risk management mechanism. At the initial stage, a synthesis of *"entrusting risk analysis and assessment to a third party"*, *"planning for emergency situations"* and *"strengthening public-private partnership"* is favorable; at the second stage, an approach combining *"management based on cause-and-effect risk analysis"*,

"adaptation and sustainability" and *"development of management competencies"*; and at the third stage, building on prior experience, a strategy enriched through *"development of high-quality, sustainable products and services"*, *"creation of new tourism products"*, *"diversification"* and *"smart technologies"* should be combined, adapted, and applied.

7.The tourism risk management mechanism must align with Azerbaijan's current conditions. International practice treats risk identification, assessment, prevention, and elimination of consequences as the main stages. Since initial steps have been taken in this field nationally, developing an algorithm adapted to the actual situation may enable more effective management.

8.Continuous improvement of the risk management mechanism is driven by tensions in global relations, emerging risks, increasing uncertainty, globalization's effects, and changes in service standards, consumer demand, and tourist behavior.

9.Maintaining a high-level risk management mechanism in tourism is essential. To this end, survey results from tourists and regional risk probability assessments should be incorporated into future risk management and strategy/model development.

Based on the conclusions drawn from this research, we propose the following ideas and recommendations to eliminate identified shortcomings, resolve existing problems, and build a more advanced risk management system:

- awareness-raising work should be strengthened to ensure correct perception of risk probability in tourism and regulate behavior in risk situations;

- tourism management bodies and enterprises should conduct continuous analysis and observation to forecast risks more accurately;

- a mechanism should be established for continuously assessing risk level and probability, adjusting the mechanism, strategies, and models accordingly, and relying on information based on tourists' perception and awareness;

- regular surveys should be conducted to study tourists' opinions on the country's risk environment;

- risk assessment matrices and risk maps should be prepared and

continuously updated, with results integrated into the national tourism database;

- a center should be established to coordinate cooperation among state and private tourism bodies, security and emergency services, local communities, and other stakeholders, to form a risk management culture within the national tourism system;

- to train professional risk management personnel, "Risk management in tourism" should be taught as a compulsory subject in tourism specializations at higher education institutions;

- "Risk management" units should be created within the State Tourism Agency and regional tourism departments;

- the future establishment of a "Tourism police" should be considered, to organize risk management per international standards and increase system effectiveness.

We are confident that the new scientific approaches, ideas, and considerations presented here will guarantee significant results in the process of forming, effectively operating, and continuously improving the risk management system and mechanism in tourism activities in Azerbaijan, as well as the sustainable development of national tourism, the enhancement of its competitiveness, the achievement of a positive image, and its rise to a position worthy of recognition in the global tourism business.

List of published scientific works of the applicant on the topic of the dissertation:

1.Hasanli T.A. The nature of dangers and threats in contemporary tourism activities. // – Ganja: Republican Scientific-Practical Conference "Modern Trends in Science and Technology," dedicated to Victory Day. Part II, 6–7 November 2023. – pp. 240–243.

2.Hasanli T.A. The influence of perceived risks on decision-making regarding the purchase of tourism products and services. // – Moscow: Competitiveness in the Global World: Economy, Science, Technology, 2024, No. 12. – pp. 293–297.

3.Hasanli T.A. The influence of risks on decision-making in choosing a tourist destination and purchasing tours. // – Moscow: Eurasian Space: Economy, Law, Society. No. 9, 2025. – pp. 15–20.

4.Hasanli T.A. Risk management as one of the directions for ensuring the economic security of tourism activity entities. // – Baku: Tourism and Hospitality Research. No. 4, 2025. – pp. 41–53.

5.Hasanli T.A. Management of risks affecting the development of regional tourism. // – Baku: Proceedings of the International Scientific-Practical Conference "Socio-Economic Development of Regions and Its Geographical Problems." 18–19 March 2025. – pp. 339–344.

6.Hasanli T.A. Methods of risk management in ensuring economic security in competitive tourism activities. // – Baku: Proceedings of the International Scientific-Practical Conference "New Strategic Approaches to the Development of a Competitive Economy in Strengthening Sovereignty," dedicated to the 102nd anniversary of the birth of National Leader Heydar Aliyev, Azerbaijan, 25 April 2025. – pp. 593–597.

7.Hasanli T.A. Sources of danger and threats in tourism activities: risks. // – Moscow: Higher School: Scientific Research. Proceedings of the Interuniversity International Congress, 9 January 2025. – pp. 7–12.

8.Hasanli T.A. Features of regional risks in tourism activities in Azerbaijan and a methodological approach to their management. // – Lviv: Scientific Notes of Lviv University of Business and Law, 47, 2025. – pp. 207–213.

9.Hasanli T.A. The role of information in risk perception in tourism and tourists' choice of destinations. // – Moscow: Financial Economics, 2026, No. 2. – pp. 23–34.

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11.Hasanli T.A. Information sources cited in the assessment and selection of the degree of risk of tourism destinations. // – Science of Europe, 2026, No. 3. – pp. 4–11.



The defense will be held on 16 September 2026 at 16⁰⁰ at the meeting of the Dissertation council FD 2.46 of Supreme Attestation Commission under the President of the Republic of Azerbaijan operating at Azerbaijan Cooperation University.

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