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ABSTRACT

of the dissertation for the degree of Doctor of Philosophy

THE ROLE OF TOURISM IN THE SOCIO-ECONOMIC DEVELOPMENT OF THE NAKHCHIVAN AUTONOMOUS REPUBLIC

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GENERAL CHARACTERISTICS OF THE RESEARCH

Relevance and degree of elaboration of the topic: In the modern era, tourism, acting as one of the main sectors of the non-oil sector, emerges as a profitable field. The flow of financial resources into the country continues to exert its impact on the development of both economic and social spheres. The globalization process taking place in the world is an influential force in the formation of the tourism sector. Through tourism, financial exchange takes place between countries, and economic relations between them are strengthened. This is reflected in the country's economic situation and in the solution of social issues. Currently, the development of tourism, while influencing the deepening of economic relations and integration, further increases the importance of tourist trips, which manifests itself in the GDP of many countries. Considering that tourism is a profitable field in the world, it has caused a number of countries to specialize in this field within the international division of labor, and keeping it in the center of attention in Azerbaijan is directly related, first of all, to the diversity of tourism potential. The development of international tourism has united the countries of the world into a single organization—the World Tourism Organization (UNWTO) under the auspices of the UN. After the Republic of Azerbaijan was accepted as a full member of this organization in 2001, mutual relations were established, and many recommendations were given for the development of tourism. All these have led to taking concrete steps in the field of tourism in the republic.

It should be noted that a number of laws and state programs related to the development of tourism have been adopted, among which are the "State Program for the Development of Tourism in the Republic of Azerbaijan in 2002-2005", the "State Program for the Development of Tourism in the Republic of Azerbaijan in 2010-2014", and the Law of the Republic of Azerbaijan "On Tourism" adopted on December 27, 2021 (which entered into force on February 18, 2022) and the "State Program for the Development of Tourism in the Republic of Azerbaijan for 2026-2030" can be

pointed out. In addition, declaring 2011 as the "Year of Tourism" in Azerbaijan is also a vivid example of the attention paid to tourism. It should also be emphasized that on January 31, 2018, the "State Program for the Development of Tourism in the Nakhchivan Autonomous Republic for 2018-2022" was approved and implemented by the Supreme Assembly of Nakhchivan. Thus, the adopted law and normative-legal acts constantly exert their influence on the development of tourism.

The fact that the potential of the Nakhchivan region is quite significant compared to neighboring countries creates a basis for studying the theoretical and practical aspects of the tourism sector. Possessing rich underground and surface natural resources, more favorable conditions have been created for tourism in the Nakhchivan AR, and the full utilization of the existing resource potential, while having a positive impact on the region's economy, the material and welfare of the population. Consequently, developing a mechanism for the advancement of tourism—based on this potential—and implementing it within the region stands as a priority.

The primary criterion for the development of tourism is the proper utilization of tourism resources. Although the Nakhchivan Autonomous Republic possesses a satisfactory range of tourism resources, their improper use negatively impacts the development of tourism in the region.

Currently, there is a significant need to enhance the role of tourism within the economy of the Nakhchivan region, as it holds the potential to substantially improve the population's standard of living. Key challenges in the tourism sector include high service costs, a shortage of qualified personnel, and a low level of public awareness. Consequently, the efficient utilization of tourism resources in the region would, first and foremost, boost the role of tourism in the regional economy and stimulate socio-economic development. Thus, the fact that this issue has not been previously researched served as the basis for selecting this topic and underscores its current relevance.

Given that the tourism sector is one of the fastest-growing areas within the national economy, it is essential to conduct an in-depth study of its specific characteristics and existing challenges.

Specific issues concerning tourism in Azerbaijan have been addressed in the works of various economists and scholars, most notably A.Kh. Nuriyev, A.G. Alirzayev, R.P. Sultanova, M.S. Baghirov, F.P. Rahmanov, L.A. Allahverdiyeva, and others.

Research in the field of tourism can also be found in the scholarly works of experts from CIS countries, such as V.A. Kvartalnov, A.B. Zdorov, I.T. Balabanov, M.B. Birjakov, and others.

Furthermore, scholars from other foreign countries who have contributed to this field include P. Kotler, G. Armstrong, J.S. Page, J.C. Holloway, C. Humphreys, D. Karagöz, Z. Akıncı, Z. Eralp, M. Kozak, and others.

Despite the research conducted by the aforementioned scholars, the specific problem addressed in this dissertation is being investigated for the first time; it has not previously served as a distinct object of study. It should also be noted that the examination of various issues related to tourism within the national economy remains an ongoing area of inquiry. In the context of a market economy, examining the impact of tourism—a non-production sector—on the socio-economic development of the Nakhchivan Autonomous Republic is a priority for ensuring the sustainability of the region's economy.

Given these factors, the significance of the subject and the fact that it has not yet been sufficiently researched have served as the basis for the selection of the topic for this dissertation.

Object and Subject of the Research. The object of the research is the tourism sector of the Nakhchivan Autonomous Republic. The subject of the research consists of examining the mechanisms through which tourism influences socio-economic development in the Nakhchivan Autonomous Republic, as well as evaluating the interrelationships between these factors.

Aim and Objectives of the Research. The primary objective of this research is to provide proposals and

recommendations aimed at enhancing the impact of tourism on the socio-economic development of the Nakhchivan Autonomous Republic. To achieve this objective, the following tasks were undertaken:

- Investigating the specific characteristics of tourism development in the Nakhchivan Autonomous Republic;
- Analyzing the operations of existing tourism enterprises in the region in the context of the socio-economic development of the Nakhchivan economic region;
- Studying the state of the tourism sector in the region, drawing upon international experience;
- Assessing domestic tourism as it has emerged from the development of the tourism sector and related industries in the region;
- Outlining the regulation of an effective management mechanism for tourism in the Nakhchivan Autonomous Republic. - Investigation of the impact of international tourism—shaped by globalization—on the socio-economic development of the region;
- Justification for state support and economic policy aimed at developing the tourism sector in the Nakhchivan region;
- The application of marketing strategies within tourism enterprises operating in the Nakhchivan Autonomous Republic;
- Identification of existing challenges to tourism development in the Nakhchivan economic region and the determination of solutions to address them;

Research Methods. The study employs various methods, including economic-statistical grouping, observation, graphical analysis, systemic and comparative analysis, logical generalization, and mathematical modeling.

Main Provisions Submitted for Defence.

1. Drawing upon international experience, the development of trade relations with neighboring countries facilitates the establishment of a free economic zone, while the opening of the Zangezur Corridor further expands these ties.

2. The proper analysis of the operations of existing tourism enterprises in Azerbaijan's regions, the enhancement of their efficient management, the creation of a competitive environment, and the state's dedicated support for all forms of tourism directly contribute to the development of this sector.

3. Strengthening oversight of the implementation of state-adopted programs for the development of the Nakhchivan Autonomous Republic leads to the construction of new leisure complexes, the creation of jobs, an increase in revenue from this sector, and an improvement in the social well-being of the population.

4. The development of a national strategy for tourism in the Nakhchivan Autonomous Republic, measures taken to independently develop various tourism sectors, the effective cultivation of human resources, efforts to enhance service quality, the sale of tourism packages, and the resulting revenue all contribute to the revitalization of the regional economy.

5. Initiatives implemented in the region facilitate the growth of all forms of tourism—particularly religious, health and wellness, and leisure tourism—drive the sale of numerous tourism packages, help mitigate unemployment through the creation of new jobs, and curb the outflow of the workforce (i.e., the migration of the population to other regions or countries in search of employment).

6. The development of the tourism sector contributes to an increase in the region's GDP contribution and supports the formation of the local budget. This, in turn, reduces the need for subsidies allocated to the region, ultimately leading to lower expenditure requirements for the state budget of the Republic of Azerbaijan.

Scientific Novelty of the Research:

- Existing potential has been identified through a comprehensive analysis of the operations of tourism enterprises within the context of the socio-economic development of the Nakhchivan economic region. - The current state of domestic tourism in the region has been analyzed, and its potential identified, in the context of the development of the tourism sector;

- Drawing on international best practices, proposals have been made to implement key advantages of tourism development within the Nakhchivan Autonomous Republic;
- Approaches for improving the efficiency of tourism sector management in the Nakhchivan Autonomous Republic have been outlined;
- The impact of international tourism—shaped by global economic integration—on the region's socio-economic development has been demonstrated;
- The rationale for prioritizing the tourism sector in the Nakhchivan region has been established, highlighting the measures taken and the necessity of state support for further development;
- The organization and effective utilization of marketing services within tourism enterprises in the Nakhchivan economic region have been identified as matters of significant importance;
- Strategies for developing tourism in the Nakhchivan Autonomous Republic have been investigated, and the primary directions for this development have been defined. - An econometric assessment of the impact of macroeconomic indicators on GDP—within the context of the development of the tourism sector in the Nakhchivan region—has been provided, and the relationship between these indicators and GDP has been analyzed;

Theoretical and Practical Significance of the Research. The theoretical significance of the research lies in the examination of the tourism resources of the Nakhchivan Autonomous Republic and the identification of development directions for this sector.

The practical significance of the research consists in the study of tourism's impact on the region's socio-economic development and the achievement of high efficiency.

Approbation and Application. The main provisions and results of the dissertation have been presented and discussed at international and national-level scientific-practical conferences.

The results obtained in this scientific work have been published in the proceedings of 6 international and 3 national-level conferences. These include the proceedings of the 3rd National Scientific-Practical Conference (pp. 147–151, 2009), the

International Conference on "Current Problems of Sustainable Development in the Context of Globalization" (pp. 181–183, 2011), the proceedings of the scientific-practical conference "The Role of Science in the Development of Society" (pp. 110–111, 2012), and *Problems and Prospects for the Innovative Development of the Economy*. It includes articles and abstracts published in the proceedings of the XVIII International Scientific-Practical Conference (pp. 347–349, 2013); the National Scientific-Practical Conference on “Sustainable Tourism Products in Azerbaijan” (pp. 179–184, 2017); the International Scientific-Practical Conference on “Strategic Economic Reforms: Proactive Tax Policy” (pp. 371–373, 2017); the International Scientific-Practical Conference on “Economic Growth and Public Welfare” (pp. 641–646, 2019); the International Conference on “Sustainable Development: Achievements and Prospects, 1995–2020” (pp. 109–112, 2021); and the National Scientific Conference on “Current Issues in the Socio-Economic Development of the Republic of Azerbaijan” (pp. 303–306, 2022).

Eleven scientific articles have been published on the topic of the dissertation. One of these was published in Russia in the scientific journal *Theoretical Economics* (*Teoreticheskaya Ekonomika*), issued by Yaroslavl State Technical University, while the other 10 appeared in scientific journals recommended by the Supreme Attestation Commission under the President of the Republic of Azerbaijan.

Name of the Organization Where the Dissertation was Conducted: The work was performed at department of "Problems of regional development and use of natural resources" of the Institute of Economics of the Ministry of Science and Education of the Republic of Azerbaijan.

Total Volume of the Dissertation, Including the Volume of Its Individual Structural Sections. The dissertation consists of an introduction, three chapters, a conclusion, recommendations, and a bibliography. The total length of the work is 152 pages. The dissertation comprises an Introduction (11187 characters), Chapter I (58605 characters), Chapter II (51361 characters), Chapter III

(119283 characters), a Conclusion (4129 characters), Recommendations (5,320 characters), and a bibliography containing 107 entries. Excluding figures, tables, graphs, and the bibliography, the total length of the work is 236 830 characters.

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MAIN CONTENT OF THE RESEARCH

In the Introduction part of the dissertation, the degree of elaboration of the topic's relevance, the object and subject of the research, the purpose and tasks, methods, and defense provisions submitted for defense, scientific novelty, theoretical and practical significance, and approbation are provided.

In the first chapter of the dissertation work titled **"Theoretical-Methodological Foundations of Studying the Impact of Tourism on the Socio-Economic Development of the Nakhchivan Autonomous Republic"**, the characteristics of the impact of tourism on socio-economic development in the Nakhchivan AR, the efficient activity opportunities of tourism enterprises in the socio-economic development of the economic region, and foreign experience are deeply researched.

The fact that the Nakhchivan region possesses a rich potential in terms of tourism development, with a large part of its territorial structure being mountainous, creates conditions for the development of mountain-extreme tourism. Along with this, the presence of numerous mineral springs ("Sirab", "Badamli", etc.) and health resorts ("Duzdag" Physiotherapy Center, "Daridag" Arsenic Water Center, etc.) in the area will give an impetus to the development of medical-wellness tourism in the region. The existence of beautiful nature and scenic places (Batabat, Göygöl lakes, Pazmari, Kechili, Nursu, Kuku villages, etc.) indicates recreational tourism, and the infrastructure created in the villages heralds the future development of agritourism in the region. Research shows that interest in these types of tourism in the region is great, and the number of tourists was increasing prior to the pandemic. Despite the negative impact of the pandemic, the existing tourism potential in the region creates conditions for forecasting an increase in the number of tourists here.

There are deposits of more than 250 mineral waters in the Nakhchivan Autonomous Republic (making up 35% of the mineral water reserves across the country), among which the most famous are considered to be "Badamli", "Sirab", "Vayxir", "Gulustan", and "Chingilli". This is considered one of the natural resources of the

region and will have a positive impact on the development of medical-wellness tourism. At the same time, the Autonomous Republic has a very rich fauna and flora, which will accelerate the development of ecotourism. The region is home to nearly 3,000 plant species, 373 animal species, and 226 bird species; this diversity is poised to attract an influx of tourists interested in ecotourism and ornithological tourism (travel focused on observing various bird species). In the Nakhchivan Autonomous Republic, the Hasan Aliyev Ordubad National Park, the Arazboyu State Nature Sanctuary, the Ordubad State Sanctuary, and the Shahbuz State Nature Reserve-all established by a decree of the President of the Republic of Azerbaijan-serve as examples of protected areas dedicated to the conservation of rare flora and fauna. One of the primary objectives behind the establishment of such reserves and national parks is to create conditions suitable for tourism and recreation, which in turn contributes to the development of the tourism sector[1].

Thus, touching upon the efficient use of tourism resources in the Nakhchivan AR and their development characteristics, it is possible to conclude that grounds have been created here for medical-wellness, ecotourism, recreational, religious, business, agro, rural, and historical-cultural types of tourism, and their rapid development is considered expedient.

By researching the socio-economic indicators of the Nakhchivan AR in recent periods, it is possible to observe that certain changes have taken place here (See Table 1.):

[1] "General Statute of the National Parks of the Republic of Azerbaijan". Order No. 531 of the President of the Republic of Azerbaijan dated July 4, 2001.

Table 1

Socio-economic indicators of the Nakhchivan AR, in thousand manats

Indicators	2021	2023	2025	Change (2021–2025)
Gross Domestic Product	3016315,0	1424277,8	1709438,6	decreased by 43.33%
Industrial product	1069655,7	595295,5	474240,6	decreased by 55.66%
Investments in fixed capital	1062165,8	166751,3	397341,3	decreased by 62.59%
Agricultural product	573380,7	358429,4	402251,9	decreased by 29.85%
Freight transportation in the transport sector	16901,7	7076,4	7220,6	decreased by 57.28%
Information and communication services	59331,2	34242,7	35289,1	decreased by 40.52%
Retail trade turnover	1790453,2	1186277,9	1420057,6	decreased by 20.69%
Paid services rendered to the population	249938,1	178174,4	198489,6	decreased by 20.58%
Average monthly nominal wage (manats)	553,6	689,0	822,3	increased by 48.54%

Source: Prepared by the author based on data from the State Statistical Committee of the Nakhchivan Autonomous Republic. (https://nstat.gov.az./)

As seen from Table 1, the share of paid services provided to the population in the Nakhchivan AR amounted to 249938,1 thousand manats in 2021, and 198489,6 thousand manats in 2025, which was observed with a decrease of 51448,5 thousand manats or 20.58%.

The creation of a tourism environment in the region is one of the main issues. By determining the economic efficiency of tourism in the region, the formation of a "tourism environment" here is brought to the forefront. Economic efficiency of tourism means the efficient use of tourism and labor resources (in the maximum form with partially less cost from all services included in the composition of the tourism package). One of the main aspects of the economic efficiency of tourism is considered to be the improvement of the transport-communication infrastructure (roads, buildings, and all equipment that the tourist will use in that location when using the resources within the tourism package).

In the second chapter of the research titled **"Analysis and Assessment of the Impact of Tourism on Socio-Economic Development in the Nakhchivan Autonomous Republic"**, the current state of domestic tourism development in the Nakhchivan region has been analyzed, efficient management mechanisms of tourism have been shown here, and the impact opportunities of international tourism have been researched. Inter-regional tourism routes are of great importance in the development of domestic tourism in the Nakhchivan AR. Through these tourism routes, tourists give an impetus to the development of domestic tourism by using the resources in the region. There are several types of tourism routes in the Nakhchivan region according to their purpose, among which the Nakhchivan-Ashabi Kahf route is religious, the Nakhchivan-Batabat route is recreational, and the Nakhchivan-Alinja route belongs to the historical-cultural tourism route among which the Nakhchivan-Ashabi Kahf route belongs to religious, the Nakhchivan-Batabat route to recreational, and the Nakhchivan-Alinja route belongs to the historical-cultural tourism route.

Table 2

Main indicators of tourism in the Nakhchivan region.

Indicators	2020	2022	2024	Change (2020–2025)
Number of hotels and hotel-type establishments (units)	21	21	18	decreased by 14,28 %
Number of rooms (units)	657	657	610	decreased by 7,15 %
One-time capacity (places)	1517	1517	1437	decreased by 5,27 %
Number of accommodated persons (persons)	16320	56888	32413	increased by 98,61 %
Number of overnight stays (person-nights)	23812	61190	41753	increased by 75,34 %
Revenues of hotels and hotel-type establishments (thousand AZN)	1744,3	4406,6	4283,0	increased by 1,45 times
Expenses of hotels and hotel-type establishments (thousand AZN)	1049,5	1871,1	4486,7	increased by 3,27 times
Number of business entities engaged in catering/food service activities (units)	889	911	924	increased by 3,94 %
Value of paid services provided to the population (thousand AZN)	243489,3	253012,2	185871,6	decreased by 23,66 %
Total number of tourism packages sold (units)	18	-	214	increased by 10,89 times
Number of tourism packages sold for domestic travel (units)	9	-	208	increased by 22,11 times
Number of tourism packages sold for travel to foreign countries (units)	9	-	4	decreased by 55,55 %
Number of tourism packages sold to foreigners and stateless persons (units)	-	-	2	-
Value of tourism packages sold (thousand AZN)	13,5	-	42,6	increased by 2,16 times
Total revenues of travel agents and tour operators (thousand AZN)	5,5	0,3	322,4	increased by 57,62 times
Total expenses of travel agents and tour operators (thousand AZN)	13,8	5,4	50,1	increased by 2,63 times

Source: Prepared by the author based on data from the State Statistical Committee of the Republic of Azerbaijan. (https://www.stat.gov.az/source/tourism/)

As seen from Table 2, the revenues of hotels and hotel-type objects increased by 1.45 times from 2020 to 2024, while the revenues of travel agencies and tour operators increased by 57.62

times. The number of hotels and hotel-type enterprises decreased from 21 units in 2020 to 18 units in 2024, which means a decrease of 3 units, or 14.28%. The one-time capacity of hotels and hotel-type enterprises decreased from 1,517 to 1,437 in 2020-2024, which means a decrease of 80 units, or 5.27%. The number of rooms decreased from 657 units in 2020 to 610 units in 2024, which can be characterized as a decrease of 47 units, or 7.15%.

In 2024, tourism packages worth 42.6 thousand manats were sold in the Nakhchivan AR. This includes the value of tourism packages sold to other regions of Azerbaijan and foreign countries. In the same year, namely in 2024, the value of GDP of the Nakhchivan AR amounted to 1,561,810.8 thousand manats. The share of the value of sold tourism packages in GDP constitutes 0.0027%. That is, this indicator is significantly less than 1%. The state should take incentive measures for higher sales of tourism packages.

Domestic tourism in the Nakhchivan region is an alternative form of outbound tourism for the population of Azerbaijan. It should be emphasized that the reason for the development of outbound tourism in the country is, first of all, that existing tourism facilities and prices do not meet the demand of tourists. Involving tourism resources into circulation constitutes the necessity of properly utilizing this potential.

Currently, ensuring that tourists visiting the Nakhchivan AR for travel purposes spend their time efficiently and leisurely is the main goal of tourism facility managers. Along with this, creating modern infrastructure for organizing tourists' treatment, entertainment, recreation, etc., and organizing high-level service should be the main working principle of tourism facility managers. Providing quality service to tourists coming to the region, preparing tourism packages by tour operators, organizing various routes, and implementing similar measures are key conditions for increasing service levels. All of these create broad opportunities for the development of international tourism, especially religious tourism, and give impetus to the rapid development of this field. Religious tourism unites a large part of people and led to more intensified

travel to geographical areas in the Middle Ages. Both in the period when geographical knowledge was limited (past period) and in modern times when information tools have developed, religious.(past period), as well as in modern times when information tools have developed, religious tourism is widespread. Various religious events held in modern times attract a large number of people, increasing interest in religious tourism, and the use of such locations affects the development of international tourism.

It should be emphasized that the opening of the Zangazur corridor (highway and railway junction) in the near perspective will exert its positive impact on the rapid development of international tourism in the region and create conditions for improving the material welfare of the population. In the future, the opening of the Zangazur corridor will create conditions for tourists coming to the region to make greater use of the services of hotels and hotel-type enterprises, which will lead to an increase in income coming from this field. The profitable operation of this sector will positively affect the regional economy and the social welfare level of the population.

In the third chapter of the work titled **"Directions for Increasing the Role of Tourism in the Socio-Economic Development of the Nakhchivan Autonomous Republic"**, the existing strengthening of state support for tourism existing [in the region], marketing activities of enterprises and its development ways have been touched upon.

The creation of tourism zones and the development of this field require a significant amount of financial resources, which enables taking measures towards attracting investments. As one of the profit-generating sectors, tourism carries out capital investments and creates a ground for obtaining profit in a short time.

One of the tasks that the state will perform for the development of tourism is the implementation of cultural or sports events. Holding various sports competitions and events, as well as scientific-practical conferences, will exert a positive impact on promoting the region in the international arena, as well as on increasing the activity of tourism enterprises.

The tourism sector is divided management-wise into sector, functional, and territorial purposes, which are regulated by special mechanisms. The main goal of the state is to develop methods through these mechanisms. The state forms the mechanism of the management system through indirect and direct impact means. In the strategy conducted by the state regarding tourism, the priority issue is considered to be increasing the importance of this sector in the economic life of the country (in GDP, etc.), expanding its social essence, and raising revenues. The state's influence on the management of tourism sectors is carried out in a systematic manner. This, first of all, begins with state support for tourism entrepreneurs (tax exemption, subsidies, etc.).

Services in a tourism package are divided into 2 parts: main and additional. Main services include transportation (according to the movement trajectory of the tourist), excursions, catering, and accommodation. The aspect that distinguishes additional services from the main ones is that their fee is not paid in advance; they are offered to the tourist at that location, and their use depends on the customer's choice. What distinguishes additional services from the core offering is that they are not paid for in advance; rather, they are presented to the tourist on-site, and their utilization depends entirely on the client's preference. These include sports, cultural events, health and medical services, entertainment-oriented activities, and more[2].

Factors affecting the preparation of tours include the beauty and attractiveness of tourist sites. In the Nakhchivan AR, the abundance of such locations causes a larger influx of tourists. The direction of the tour changes according to its destination, and this factor affects the price.

Seasonal discounts on tour prices (within certain campaigns) create conditions for tourists to make more use of those services during that period and for tourism companies to earn higher

[2]Jabbarov A.Kh. "Economic Foundations of Tourism". Study guide. ADPU Publishing, 2015, 121 p.

revenues. Thus, the income earned by travel agents and tour operators across the economic regions of Azerbaijan in 2013-2024 is given in Table 3.

Table 3.

Total income of travel agencies and tour operators in the Republic of Azerbaijan by economic regions, in thousand manats

Indicators	2013	2019	2021	2024	Change (2013-2024)
Total for the country	29600,9	63363,8	22614,8	166392,3	increased by 4,62 times
Baku city	22668,7	61718,9	22105,5	155189,8	increased by 5,85 times
Nakhchivan	6755,2	18,0	0,3	322,4	decreased by 19,95 times
Absheron	104,9	1058,3	34,8	3121,1	increased by 28,75 times
Mountainous Shirvan	-	-	1,3	5,9	increased by 3,54 times (2021-2024)
Ganja-Dashkasan	13,3	170,1	121,7	4031,0	increased by 302,08 times
Karabakh	-	-	-	0,9	-
Gazakh-Tovuz	-	-	-	210,2	-
Guba-Khachmaz	-	-	-	21,9	-
Lankaran-Astara		72,3	64,8	193,8	increased by 1,68 times (2019-2024)
Central Aran	58,8	244,5	16,3	1098,5	increased by 17,68 times
Mil-Mughan	-	-	-	97,4	-
Sheki-Zagatala	-	18,1	198,8	2092,2	increased by 114,59 times (2019-2024)
East Zangezur	-	-	-	-	-
Shirvan-Salyan	-	63,6	-	7,2	decreased by 7,83 times (2019-2024)

Source: Prepared by the author based on data from the State Statistical Committee of the Republic of Azerbaijan. (https://www.stat.gov.az/source/tourism/)

The analysis shows that an increase in the revenues of travel agencies and tour operators in the Nakhchivan economic region was recorded during the years 2013–2018 (from 6755.2 thousand manats to

7241.0 thousand manats), which amounted to 485.8 thousand manats or 7.2%. However, this growth sharply declined in 2019, dropping to 18.0 thousand manats, which negatively affected the development of the region. While in 2017 the revenue was 7207.1 thousand manats, in 2021 this figure decreased to 0.3 thousand manats. While in 2017 the revenue was 7207.1 thousand manats, in 2021 this figure decreased to 0.3 thousand manats. This means a decrease of 7206.8 thousand manats or 99.99%. In 2024, the income generated by travel agencies and tour operators rose to 322.4 thousand manats, which is the highest in the post-pandemic period. The conducted analysis shows that in the Nakhchivan economic region, an increase was recorded in the revenues of travel agencies and tour operators during 2013–2018 (from 6,755.2 thousand manats to 7,241.0 thousand manats), which constituted 485.8 thousand manats or 7.2%. However, this growth sharply declined in 2019 to 18.0 thousand manats, which had a negative impact on the development of the region. While the revenue stood at 7,207.1 thousand manats in 2017, this figure dropped to 0.3 thousand manats in 2021. This represents a decrease of 7,206.8 thousand manats or 99.99%. In 2024, the income earned by travel agencies and tour operators rose to 322.4 thousand manats, which is the highest indicator in the post-pandemic period. Over the past 11 years (during 2013–2024) in the Republic of Azerbaijan, the highest growth in the indicator of travel agencies and tour operators (302.08 times) was recorded in the Ganja-Dashkasan economic region.

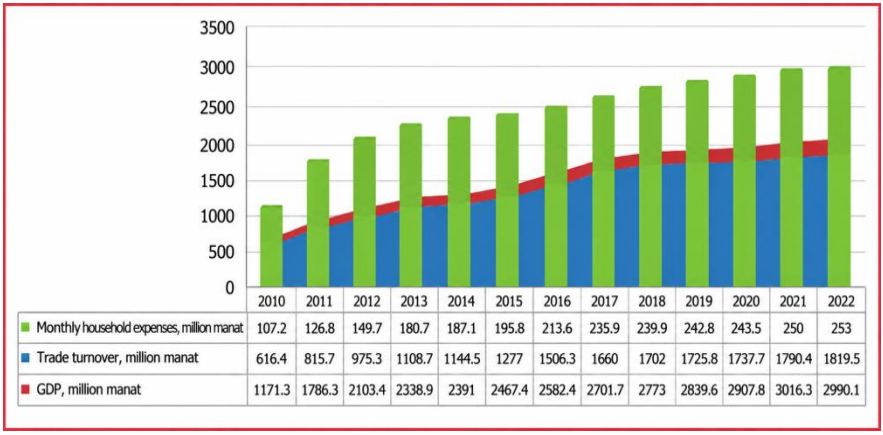
The revenues generated by travel agencies and tour operators operating in the region are at a relatively low level compared to other economic regions of Azerbaijan (Baku city, Absheron, Ganja-Dashkasan, Central Aran, Shaki-Zagatala).

The pandemic has had a negative impact on the development of tourism in the Nakhchivan economic region. Taking measures to increase the competitiveness of enterprises for the development of tourism in the Nakhchivan Autonomous Republic will make its contribution to regional tourism. This will simultaneously lead to the development of tourism products tailored to various types of tourism, the diversification of services, and consequently, the

formation of a competitive environment. Because the availability of diverse services creates conditions for the comprehensive development of tourism.

Thus, the development of tourism sectors in the Nakhchivan Autonomous Republic is not at the required level. Among them, the development of religious and health-wellness tourism can be considered satisfactory. Currently, it is essential to focus on the development of tourism in the region, which in turn will create conditions for ensuring the influx of foreign currency into the local budget.

Let us take a look at the indicators of paid services, retail trade turnover, and GDP in the Nakhchivan AR. (Graph 1)



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Monthly household expenses, million manat	107.2	126.8	149.7	180.7	187.1	195.8	213.6	235.9	239.9	242.8	243.5	250	253
Trade turnover, million manat	616.4	815.7	975.3	1108.7	1144.5	1277	1506.3	1660	1702	1725.8	1737.7	1790.4	1819.5
GDP, million manat	1171.3	1786.3	2103.4	2338.9	2391	2467.4	2582.4	2701.7	2773	2839.6	2907.8	3016.3	2990.1

Graph 1. Paid services, retail trade turnover, and GDP in the tourism sector of Nakhchivan AR, in million manats

Source: Prepared by the author based on data from the State Statistics Committee of the Nakhchivan Autonomous Republic. (https://www.nstat.gov.az/)

The study shows that the value of paid services increased from 107.2 million manats in 2010 to 253 million manats in 2022. This growth represents 145.8 million manats or 136% (1.36 times)

It was determined that retail trade turnover increased from 616.4 million manats in 2010 to 1,819.5 million manats in 2022.

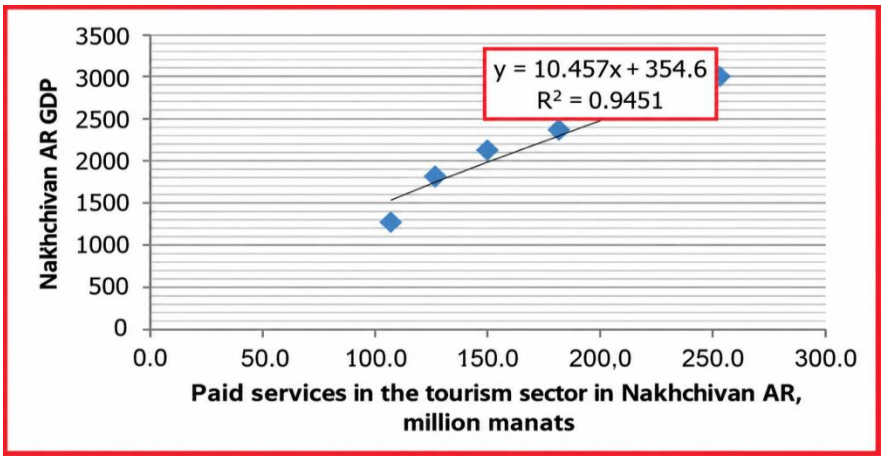
This figure increased by 1,203.1 million manats or 195% (1.95 times).

The volume of GDP rose from 1,171.3 million manats in 2010 to 2,990.1 million manats in 2022, representing an increase of 1,818.8 million manats or 155% (1.55 times).

As seen in Graph 1, conditions were created for the growth of paid services as well as retail trade turnover regarding the development of the tourism sector in the Nakhchivan AR during 2010–2022.

The development trend of macroeconomic indicators in the tourism sector led to the growth of GDP in the Nakhchivan AR with an increasing dynamics. From this perspective, assessing the impact of these indicators on GDP is of great importance.

In order to measure the impact of tourism on socio-economic development in the Nakhchivan region, investigating the correlation relationship between paid services and GDP is considered crucial. Thus, the result of the correlation-regression analysis between paid services in the tourism sector and GDP in the Nakhchivan AR is presented in Graph 2 below.



Graph 2: Correlation between GDP and paid services in the Nakhchivan Autonomous Republic

Source: Prepared by the author based on the Eviews application software package.

As seen in Graph 2, a high correlation relationship expressed by the linear regression equation Y=10.457x+354.6 exists between GDP and paid services in the tourism sector in Nakhchivan AR.

Calculating the elasticity coefficient corresponding to the average values of GDP and paid services in the tourism sector as a causal factor across the studied periods and the coefficient of independent variables in the connection equation allows obtaining the following result: Thus, based on the conducted research, it has been determined that the development of the tourism sector in the Nakhchivan AR has inevitably led to an increase in the value of paid services in this sector and the volume of retail trade. A 1% increase in the value of paid services in the tourism sector leads to a 0.86% increase in the GDP of the economic region.

CONCLUSION

In the dissertation work, the tourism potential of the Nakhchivan economic region was investigated, and its directions in the socio-economic development of the region were identified. Currently, developing tourism products based on tourism potential and presenting them in the international tourism market will positively affect the socio-economic development of the region. Thus, the following were determined in the conducted research:

1. In the work, international experience for the utilization of tourism resources was thoroughly investigated, and in the direction of applying its advantageous aspects in the Nakhchivan AR, the development of individual types of tourism, including religious and health-wellness tourism, is considered essential.

2. In the dissertation, the characteristics of tourism development in the Nakhchivan region were investigated, types of tourism such as Health-wellness, Ecotourism, Recreation, Religious, Business, Agro, Rural, and Historical-cultural were comprehensively analyzed, and ensuring their rapid development was noted.

The development of agro and rural tourism in the region will exert its influence on population settlement and the development of the agrarian sector.

3. In modern times, the provision of services in the tourism sector can, first and foremost, positively affect the compliance of operating personnel with ethical norms, especially customer behavior and culture.

This, in turn, is a fundamental prerequisite aimed at enhancing the level of service and customer satisfaction. It is precisely in this direction that the effective utilization of personnel potential brings the execution of awareness-raising activities to the forefront.

Research shows that currently, problems still remain in the operations of tourism enterprises in the Nakhchivan AR, and taking measures in this direction is necessary. Increasing the level of personnel potential in the tourism field is essential, and although training in this specialty is conducted at Nakhchivan State University (NSU), it does not fully meet the demand for qualified personnel.

4. As a result of the conducted analysis, it was determined that there are also certain problems in the region's tourism attractiveness and the utilization of its resources. The diversity of climatic conditions in the Nakhchivan economic region [creates conditions for] the construction and commissioning of tourism complexes in administrative districts, as well as other work in this direction. The implementation of such measures can have a positive impact on the socio-economic development of the Nakhchivan AR.

5. The analysis shows that during the pandemic, the number of tourists coming to Azerbaijan from various countries—mainly Iran, Turkey, Russia, Georgia, Ukraine, and the Central Asian republics decreased, which in turn caused the rate of international tourism to drop to a low level.

6. The research indicates that tourism enterprises often face certain obstacles, which leads to the occurrence of negative trends in their operations. The encounter of tourism enterprises with administrative barriers leads to the weakening of their activities. From this perspective, providing state support to tourism enterprises and granting them subsidies is an important factor.

However, making decisions such as suspending the activities of the Tourism Department of Nakhchivan AR and the Tourism Information Center of Nakhchivan hinders the development of tourism. Such decisions have led to the disruption of ties between the state and tourism enterprises.

7. During the research period, it was determined that the small number of tour operators existing in Nakhchivan AR and their unsatisfactory activities negatively affected the development of tourism in the region. It should be emphasized that in recent years, many problems have arisen in the registration of tourism enterprises in the region, which has created conditions for failure in the tourism sector. From this perspective, strengthening the mechanism of state support for the tourism sector, especially granting subsidies to enterprises, is considered expedient.

Thus, an increase in the number of enterprises in tourism and the diversity of service range will boost the opening of new jobs in this field and the improvement of the population's material welfare status.

8. It was determined that shortcomings still remain in the development of regional tourism in Nakhchivan AR. This weak connection between tourism companies and state institutions, insufficient advertising and promotion, and lack of financial resources increase the necessity of state support.

9. As a result of the econometric assessment conducted in the study, it was determined that the impact of macroeconomic indicators on GDP primarily caused an increase in the value of paid services and the volume of retail trade, and thus a 1% increase in the value of paid services in the tourism sector directly influenced a 0.86% increase in GDP in the economic region.

RECOMMENDATIONS

A number of proposals have been put forward to enhance the impact of tourism on socio-economic development in the Nakhchivan Autonomous Republic:

1. Based on international experience, the establishment of an Araz-along economic zone in Nakhchivan AR could create a foundation for the development of tourism.

Specifically, the Free Economic Zone created in Dubai, UAE, provided an impetus for tourism development in that country.

Creating such an economic zone in Nakhchivan AR will lead to the rapid development of tourism.

The fact that the region borders Turkey (access to Europe) and Iran (access to Near and Middle East, South Asia) will have a positive impact of the free economic zone on the economy of Nakhchivan AR.

2. High prices of tourism packages negatively affect the inflow of tourists.

This makes the organization of excursions such as visiting holy places in the economic region at low prices on a state level one of the important issues.

In Azerbaijan, a "market skimming" strategy is used in tourism pricing.

Thus, in ensuring the socio-economic development of the region, the state should regulate the price mechanism and take concrete steps.

The high prices of tourism products in Nakhchivan AR negatively affect its development.

Factors such as the region's blockade status and difficult accessibility are also main factors in high prices.

Reasonable pricing will increase attractiveness to tourists.

3. There are certain shortcomings in the adopted State Programs, which create a number of difficulties in their implementation.

Therefore, control over the execution of state programs should be strengthened, and concrete steps must be taken in this area.

The "State Program on the Development of Tourism in the Nakhchivan Autonomous Republic for 2018–2022" was adopted, according to which only the Aghbulag Ski Center was constructed and commissioned (on February 17, 2021).

The rich tourism potential of 20 out of 210 existing villages in Nakhchivan makes the development of rural and agro-tourism in the region inevitable.

The construction and commissioning of such tourism recreation centers in other villages like Aghbulag will also positively impact the future development of regional tourism. Rural tourism also creates conditions for the development of folk crafts and household economies, which leads to income generation. The implementation of state-adopted programs related to tourism will not only increase the role of this sector in the socio-economic development of Nakhchivan AR, but will also transform it into a major tourism destination in Azerbaijan and even in the Caucasus region.

4. Effective utilization of human resources in tourism enterprises of the studied region stands out as one of the important issues and, in turn, can create opportunities for achieving positive trends in the development of this field.

For this purpose, regular educational measures should be implemented, and seminars in this direction should be organized.

5. The state should cooperate with tourism companies operating in Nakhchivan AR and provide them with comprehensive assistance.

It should also be emphasized that effective use of marketing in promoting regional tourism, shooting promotional video clips in this direction, and organizing exhibitions at the state level is a priority issue.

This is an absolute prerequisite for tourism promotion and the inflow of tourists.

Currently, the weakness of this connection negatively affects the promotion and exposure of regional tourism.

6. International events can be a significant source of income for Nakhchivan AR, which has rich tourism potential at the regional level.

Mainly, the signing of the Nakhchivan Agreement of the Cooperation Council of Turkic-Speaking States held on October 3, 2009, can be an example of this.

Hosting WUF13 - World Urban Forum in Nakhchivan AR could have been significant in terms of promoting regional tourism.

Such events play an important role in reducing the "burden" of Baku city and revealing the tourism potential of the region.

It should also be emphasized that such events further complicate the existing situation of the population living in Baku city, making their organization in the regions appropriate.

Holding such regional and international events will create conditions for ensuring the sustainability of tourism revenues, conducting promotion campaigns for the region, and at the same time, further increasing the growing international prestige of the state.

7. The state should pay special attention to the development of each type of tourism.

There are underdeveloped tourism sectors in Nakhchivan AR, for the development of which certain programs should be adopted and a series of measures taken. One of the problems hindering the development of tourism in the Nakhchivan Autonomous Republic (as in all economic sectors, as well as in tourism) is the lack of a competitive environment.

To this end, the state should supervise the activities of tourism enterprises and take concrete steps. The lack of a competitive environment in tourism not only hinders the development of the region, but also leads to other socio-economic problems. For example, flights to Nakhchivan AR are carried out solely through AZAL ("Azerbaijan Airlines" State Concern), which creates certain "artificial problems" in the travel of the population to the region.

AZAL being the sole company (monopoly) operating flights to the region leads to it forcibly dictating its prices and services to the population.

During seasons when population travel to the region intensifies, it affects both artificial price increases (economy ticket prices rising from 60 manats to 80–100 manats) and a decline in service quality (people waiting in queues for hours to buy tickets, services provided during flights, etc.).

However, the establishment of a competitive environment will lead to the emergence of rival companies, which will play an important role in reducing prices overall in the air transport sector. Making adjustments to the frequency and destinations of international flights (Moscow, Istanbul) will create conditions for the inflow of tourists into the region.

The main content of the research is reflected in the following published scientific works of the author:

1. Mammadov T.V., The role of marketing in tourism development // Tourism and Recreation: problems and prospects // III Republican Scientific-Practical Conference. 2009, pp. 147–151.

2. Mammadov T.V., Characteristics and main directions of tourism development in Azerbaijan // Scientific Works of Nakhchivan State University No. 2 (34)-2010, pp. 293–297.

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