

REPUBLIC OF AZERBAIJAN

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ABSTRACT

of the dissertation submitted for the Doctor of Philosophy degree

**DIRECTIONS OF EXPANDING THE RECREATION
RESOURCES MARKET IN AZERBAIJAN**

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GENERAL CHARACTERISTICS OF THE DISSERTATION

Relevance and the degree of elaboration of the topic.

The experience of countries with a high level of economic development shows that recreation and its manifestation, recreation tourism, is a dynamic and highly profitable direction of the economy. Taking into account the potential opportunities of recreational tourism, we believe that this area can create conditions for the creation of new jobs in Azerbaijan, the further development of the service market, the improvement of infrastructures in economic regions, etc.

Having a multiplier effect, tourism stimulates economic growth for most regions and provides employment to satisfy the population's need for recreation.

We think that Azerbaijan's tourism-recreation opportunities have not been studied enough and this potential is not fully used at the moment.

In general, the need for recreation has always existed, but the organization of mass recreation of the population has become particularly relevant. The improvement of the transport system, the "accessibility" of various tourist destinations, the favorable geographical position of our country create additional advantages for the development of this field.

It should be taken into account that the increase in the balance of general recreation resources of the territories freed from the occupation has already required an increase in the state's concern for this area. It should be especially emphasized that despite the increasing attention to this field in recent years, taking into account the low level of activity of private business in this field, we can say that the level of representation of recreation services in the tourism market for the current period is not at the required level. The main reason for this is the inconsistency in the market of tourism services. The main idea line of the research will be to reveal the inconsistencies between demand and supply and give practical suggestions.

It should be taken into account that the main feature of the field is that, compared to other fields, it is always open to new research in terms of its requirements.

Studies on the development of tourism in Azerbaijan B. Bilalov, A. Alirzayev, A. Asgarov, A. Hasanov, M. Gasimov, D. Mammadov, R. Kasumov, V. Dargahov, S. Yeganli, A. Salmanov, A. Asadov, L. Allahverdiyeva, G. Samadova and other scientific researchers.

Laws, state programs and various decisions were adopted for the development of tourism and the attraction of investments in this sector, which created an important legal basis for the development of tourism in Azerbaijan. In this sense, special attention is paid to the "Strategic Roadmap for the Development of the Specialized Tourism Industry in the Republic of Azerbaijan", which was signed by the President of the country in December 2016 and is an important program document for the prospective development of tourism in the country.

Among the Russian researchers, A. Bobkova mainly conducted research on the legal guarantee of recreational activities, V. Grigoryev on the strategy of the formation of the recreation industry, E. Korpinova on regional aspects of the recreation system, and M. Lemeshev on the optimization of recreational activities.

Telce and Schroenn, one of the western researchers, believe that the main reason for the importance of the development of the tourism sector and the attractiveness of investing in this sector is that this sector is related to several areas of economic activity, as well as, unlike other sectors, the income from tourism is distributed to a wider segment of society. Researching the tourism sector, J. Lea, T. Sinclair, Samimi and others have studied the importance of international tourism in supporting economic growth, creating new jobs and generating additional income. Some studies prove that international tourism increases a country's income in at least two ways. Regarding the first way, Krueger notes that since tourism creates competition among the country's companies, the efficiency of the firms' activity increases. The second way is distinguished by Helpman and Krugman. According to them, since scale effect occurs in local firms, it becomes easier for them to operate.

In this regard, the expansion of the market of recreation resources in Azerbaijan, including the comprehensive study of the problems of the development of tourism-recreational potential, is of great importance, which determines the relevance of the conducted research.

The **object** of the research work is the market of recreation resources in Azerbaijan, and the **subject** is the study of socio-economic relations emerging on the expansion of the market of recreation resources.

Aims and objectives of research. The main goal of this dissertation is to study the theoretical aspects of the recreation resources market in Azerbaijan and to prepare practical recommendations for its expansion.

For this aim, the following tasks can be mentioned:

researching the tourism-recreation field as a development factor of the national economy in the conditions of the market economy;

- researching the theoretical and methodological aspects of the use of recreation resource potential;

- development tendencies of tourism-recreational services market and study of international experience in this field;

- Analyzing the dependence between indicative sub-indicators in the recreation resources market of Azerbaijan;

- determination of the characteristics of using the country's regional recreation resources potential in the direction of demand and supply before and after the pandemic on the basis of survey materials;

- investigation of directions for attracting investments to the market of recreational resources;

- justification of state regulation of the tourism-recreation market at the modern stage;

- Elaboration of scientifically based proposals and recommendations for determining the prospects of development of recreational tourism in Azerbaijan and the development strategy of tourism.

Research methods. In the research process, general scientific methods - logical, functional dependence, as well as comparative analysis, statistical-mathematical, empirical research methods (sociological survey) were used more widely.

Main clauses were taken to the defense:

1. The development of the market of recreation resources in the country is below the existing opportunities. Ensuring this

- potential requires state intervention and support in the processes.
2. The formation of the recreational resources market has a significant impact on economic development. This process also stimulates the development of tourism and other side areas.
 3. The level of development of the tourism-recreation market of Azerbaijan is determined by the recreation resources of the territory. From this point of view, the effective use of existing recreation resources is one of the main conditions for the development of tourism.
 4. Although regional tourism and recreation zones in Azerbaijan are attractive, their introduction to tourists is not enough. In this aspect, the important empirical results of the survey can be used to study the market demand.
 5. In recent years, the role of tourism in the economy of Azerbaijan is rapidly increasing, and tourism is becoming the sector of the economy that creates the most new jobs and brings foreign currency. The construction and promotion of new tourist facilities will help tourists to make a more convenient and desirable choice in the future
 6. The analysis and assessment conducted for the post-pandemic period gave reason to say that the main problem of realization in the market of recreational resources is not the high price.
 7. Supply, which is the main indicator for the development of the recreational resources market, should be stimulated. In this aspect, it was determined in the dissertation that the stimulation of supply in the market directly depends on the amount of investment.

Scientific innovation of the research.

- As a result of the research, it was determined that although tourism is considered a recreational activity, not every recreational activity is tourism. While tourism activity is considered as recreation, business tourism acts as a resource of this market.

-When assessing the impact of domestic and direct foreign investments on the development of tourism, it was determined that a

1% increase in the cumulative investment volume in the tourism sector in Azerbaijan increases the added value in this area by 1.074%.

- As a result of the analysis of demand and supply in the market of recreational resources, it was determined that demand and supply in the price range of 51-99 Azn in the market overlap more.

- The analysis carried out for the Post Pandemic period has determined that the most preferred types of recreation by tourists are recreation and health tourism.

- During the analysis, it was determined that the problem in the market of recreation resources is not in the price, but in the limited choice of places to stay.

- The fact that the natural resources, unique cultural and historical heritage, recreational tourism resources of Karabakh after many years of occupation are very attractive for those who did not have the opportunity to visit the region during this period is also psychologically recreational.

Theoretical and practical significance of research. The research on the expansion of the recreation resources market in Azerbaijan was carried out and investigated in the direction that will stimulate the overall development of the tourism sector. The provisions put forward in the dissertation, the obtained results and suggestions can be used by the state bodies involved in the development of tourism in the preparation of socio-economic development programs and in the creation of a favorable investment environment. The proposed scientific approaches can be used in scientific-research institutions and in educational processes on the tourism economy.

Approbation and its application. The main provisions of the dissertation have been approbated by the author in his speeches at international and republican scientific-practical conferences. The main content of the dissertation is reflected in 11 published scientific articles.

"Tourism as an element of the market economy in modern Azerbaijan", ANAS Institute of Economics, "Scientific works", No. 4, 2015 (p. 149-155), "Recreational resources, as an important element of the market economy in modern Azerbaijan and the basis for active recreation", Integration processes of the world science in the 21st

century. ANAS International Youth Forum. 10-14 October, 2016. Book of abstracts. (pp. 229-230), "Regional Assessment of the Potential of Recreational Resources for the Development of National Tourism", Tourism and Hospitality Studies. ATMU. Year 5, Issue 3, 2016 (pp. 8-20), "Some theoretical aspects of the formation and development of the recreation resources market in Azerbaijan", ANAS Institute of Economics, "Scientific works", No. 5, 2017 (p. 255-260), "Evaluation of the impact of domestic investments and direct foreign investments on the development of tourism in Azerbaijan", ANAS Economics Institute, "Scientific works", No. 1, 2018 (p. 275-282), "State regulation and support of the tourism-recreation market in the Republic of Azerbaijan", Tourism and hospitality studies. ATMU. Year 7, Issue 1, 2018 (p. 66-79), "On the stimulation of medical and health tourism in Azerbaijan, as an important type of recreational activity", "Economics and power", No. 1, 2019 (p. 55-61)

"The impact of the COVID-19 pandemic on tourism", 3. INTERNATIONAL EUROPEAN INTERDISCIPLINARY RESEARCH CONGRESS-COMRAT STATE UNIVERSITY, MOLDOVA, GAGAUZIA-COMRAT: - 2021. "The Role of Business-State Cooperation in the Development of Tourism in Azerbaijan" Future Trends in Leisure and Recreation, 2024-FTLRC24 - Ankara Haji Bayram Veli University, Faculty of Tourism-2024.; "Rural Tourism in Azerbaijan: Current state and prospects" 8th International Rural Tourism and Development Congress: -2024

The name of the institution where the dissertation was performed. Institute of Economics of the Ministry of Science and Education of Republic of Azerbaijan.

The total volume of the dissertation with a sign indicating the volume of the structural sections of the dissertation separately. The dissertation consists of an introduction, three chapters, a conclusion, a list of used literature and appendices. The volume of the work as a whole is 167 pages, 33 tables, 4 graphs, 20 pictures. 257898 characters were used in writing the dissertation.

TABLE OF CONTENTS

INTRODUCTION

CHAPTER I. Theoretical and methodological bases of the research of the market of recreational resources

1.1. Theoretical and methodological aspects of using the potential of recreation resources

1.2. The role of tourism and recreation resources in the development of the national economy in the market economy

1.3. Development trends of the international tourism-recreation services market

CHAPTER II. Analysis of the use of the potential of recreation resources of Azerbaijan

2.1. Comparative analysis of interdependence between indicative sub-indicators in the recreation resources market of Azerbaijan

2.2. Analysis of administrative-territorial organization of recreation resource potential of Azerbaijan

2.3. Features of using the potential of the country's regional recreation resources

CHAPTER III. Development directions of the recreation resources market in Azerbaijan

3.1. Attracting investments to the market of recreational resources and ensuring its sustainability

3.2. The main direction of state regulation of the tourism-recreational market

3.3. Development prospects of recreational tourism in Azerbaijan

RESULT

LIST OF REFERENCED LITERATURE

ADDITIONS

PRINCIPAL CLAUSES SUBMITTED TO THE DEFENSE

Clause 1: The development of the market of recreational resources in the country is below the existing capabilities. Ensuring this potential requires state intervention and support in the processes.

When we say *recreation resources*, we understand the totality of natural and man-made recreation products. In fact, the market of recreation resources is a derivative of the *market of recreation products* and services. Recreational activity is a person's leisure time activity to restore physical and emotional strength and development.

It is important to use recreational resources as effectively as possible and to represent them optimally in the tourism market. Despite the increased attention to this field in recent years, the low level of activity of private business in this direction suggests that the level of services in the market of recreation resources for the current period is not at the required level. The main reason for this is the inconsistency in the market of tourism services.

The analysis of the definitions characterizing tourism shows that *recreational tourism* is a type of tourism aimed at restoring and reproducing the physical, emotional and intellectual strength of people. If this sector is regulated and supported by the state, it is capable of creating serious opportunities for collecting large financial flows in state, regional and municipal budgets and providing employment for the local population.

It is very important to have a legal framework for the effective development of the tourism industry in the region. One of the main aspects of legal support for the development of tourism is the creation of clear rules for the operation of the tourism business. This includes regulations on issues such as health and safety and environmental protection. In addition, it is important to have laws in place that protect the rights of tourists and ensure fair and transparent pricing and access to services. Conservation of recreational resources is also included here.

Tax legislation also plays an important role in the development of tourism in the region. This includes tax incentives, deductions and

rules for collecting taxes from tourists for businesses operating in the tourism industry.

According to our opinion, in the practice of state regulation in Azerbaijan, the study of tourism from the point of view of clusters is still not paid enough attention. The presence of such a problem slows down the formation of a healthy competitive environment for the tourism market.

Clusters- It is a group of geographically neighboring companies and related organizations operating in a certain field, differing in their common field of activity and complementing each other.

It should be noted that there are several forms of state regulation and support of the tourism-recreation market in the world. These are the following: financial-credit, material-technical, tax, informational support, consulting assistance. This process also takes place within the framework of public-private partnership. That is why the formation of the mechanism of competitiveness of the region takes place mainly thanks to the support of the state and the cooperation of private companies.

It should be taken into account that the increase in the balance of general recreation resources of the territories freed from the occupation has already required an increase in the state's concern for this area.

Clause 2.: The formation of the recreational resources market has a significant impact on economic development. This process also stimulates the development of tourism and other side areas.

Modern recreational activity is undoubtedly humanistic, because it supports not only physical, but also spiritual development of a person and forms values of universal importance.

The main reason for the attractiveness of investing in this area is the fact that this sector is related to several areas of economic activity, as well as, unlike other sectors, the income from tourism is distributed to a wider segment of society.

Tourism focuses on two main components: tourist visits and tourist consumption. Tourist visits are a geographical element, and tourist consumption is a key component of the tourism industry,

expressing the economic effects of tourism. Thus, the fact that tourists visit a certain place undoubtedly leads to consumption.

According to Professor V.A. Kwartalnov, the development of tourism in the region leads to a number of economic activities: This includes the increase of local jobs, local income, development of all other side areas related to the production of tourist services; development of production and social infrastructure; activation of the activity of centers engaged in folk crafts and development of culture; includes an increase in foreign exchange receipts.

Thus, tourism, as well as recreational tourism, by integrating several economic sectors, unites other participants entering the market and paves the way for their development.

That is why we can say that the formation of the region's competitiveness mechanism is mainly due to tourism enterprises.

The activity of tourism enterprises, by activating the consumption, directed towards the demand of tourists, has a positive effect on the stabilization of market relations.

The effective use of recreation potential stimulates the expansion of inter-country socio-economic relations and the attraction of foreign capital, and stimulates the development of the state's human resources.

Clause 3.: The level of development of the tourism and recreation market of Azerbaijan is determined by the recreation resources of the area. From this point of view, the effective use of existing recreation resources is one of the main conditions for the development of tourism.

The tourism competitiveness of the region should be understood as the ability to effectively use the existing recreation resources of the area. The development of the tourism industry is different from that of other service sectors. Thus, the development of international health or education services is directly related to the economic development of countries. It would be difficult for a small economically underdeveloped country to provide high quality health or education services. It is different in tourism services. Even some small countries can use their comparative tourism advantages to provide superior tourism services. The rich recreational resources in the country provide the basis for this.

The resource base of tourism consists of tourism-recreational resources that are actually related to each other. As a rule, these recreational resources are among the basic conditions for tourism development in any place.

It should be noted that the "Model Regulation on Tourism and Recreation Zones" was approved by Decree No. 773 of the President of the Republic of Azerbaijan dated June 20, 2008. In accordance with the regulations, on August 1, 2016, based on the proposal of the Ministry of Culture and Tourism, Cabinet of Ministers decision No. 286 N was issued "On the establishment of Khizi-Khachmaz, Guba, Gusar tourism and recreation zones". The concept of "tourism recreation zones" is also widely explained in the general provisions indicated there.

Thus, *tourism and recreation zones* provide people with entertainment, recreation, treatment and health, have appropriate tourism infrastructure, located in nature and cultural complexes of special ecological, historical, cultural importance and protect nature and cultural heritage, contribute to the socio-economic development of regions with appropriate management institutions.

The development of recreational farming is preferred when the application of other economic forms in that area has less economic efficiency or the payback periods of capital investments are too long, making it impossible to develop other forms in this area. The uniqueness and attractiveness of that area plays an important role here.

Some experts propose to take into account the full costs of vacationers in any period (usually a year) to conduct an economic evaluation of recreational resources, because recreational resources, being a part of nature, are part of the national wealth and its permanent component. However, in our opinion, it is not correct to make the assessment based on the expenses incurred in one year, because these expenses do not reflect the true value of the resources. If used effectively, recreational resources can be used over a long period of time.

In order to make the region more competitive in the tourism market, special attention should be paid to the following important areas:

-Effective management of recreational resources: This includes not only protecting and popularizing the natural and cultural heritage of the region, but also investing in the infrastructure and structures needed to accommodate and serve tourists.

-Marketing and promotion: To attract tourists, the region must be represented and promoted in the market. This includes developing a strong brand and image and creating marketing campaigns aimed at specific market segments.

-Innovation and development: To remain competitive in the long term, the region must be open to innovation and development. This includes investment in new technologies and services, entrepreneurship in the tourism industry and support for small businesses.

-Collaboration and networking: It is very important to build strong relationships and partnerships with other organizations and stakeholders in the tourism industry, such as government agencies, industry associations and other businesses.

- Customer satisfaction: It is important to ensure customer satisfaction by providing quality services, ensuring safety and resolving customer complaints and concerns in a timely and effective manner. This will help increase customer loyalty and especially positive word-of-mouth promotion.

Karabakh is famous for its charming nature, ancient history and hospitality of local people. After 30 years of occupation, the area creates unique opportunities to present its tourism resources to visitors. In addition, infrastructure projects aimed at the development of tourist zones, the creation of museums and the organization of events will make it possible to further explore the richness and diversity of the region.

Clause 4.: Although regional tourism and recreation zones in Azerbaijan are attractive, they are not enough to be introduced to tourists. In this aspect, the important empirical results of the survey can be used to study the market demand.

In this regard, within the framework of the dissertation research, a "survey-monitoring" of the use of the potential of regional tourism and recreation resources of Azerbaijan was carried out. This monitoring

was carried out by surveying 100 people-tourists in 16 regions of the country. The survey was conducted during 2017, on the basis of quota selection (25 people during each of the 4 seasons of the year), random selection among tourists.

60% of respondents -Azerbaijan, 10% -Russia, 8% -Kazakhstan, 7% -Iran, 4% -Pakistan, 3% -UAE, 2% -USA, 2% -Uzbekistan, 1% each -Egypt, Jordan , are citizens of Saudi Arabia and Turkey. Thus, the most numerous group of tourists (60%) are citizens of Azerbaijan. However, it should be taken into account that practically every second tourist (40%) is a citizen of another country.

Based on the answers received, the majority of respondents (83%) consider Azerbaijan attractive for tourism and recreation. 5% of the respondents refrained from answering this question. The remaining 12% do not consider the country and its regions attractive and justified their answers with one or another argument.

Note that despite some subjectivity, the answers show that it is necessary to improve the quality of the offered services, develop the infrastructure, build new trade and entertainment centers, pay more attention to historical and cultural monuments, as well as conduct a balanced price policy in tourist facilities.

"Which media do you use to get information on travel companies and travel?" when answering the question, 82% of the respondents indicated that they use the Internet, 7% get information through television, 2% from periodicals (newspapers and magazines), and 1% each, the respondents get information while on a tourist trip. they get from radio, personal experiences and impressions of other tourists.

Ease of access, modernity, objectivity and convenience of information posted on the Internet allow tourists to get complete information about companies, packages and discounts implemented by tourism companies. During the development of state programs and other targeted documents, it is necessary to take into account the increasing importance and coverage of the Internet network, its role in the life of every person.

The next question "if you had the opportunity to relax in a desired region of Azerbaijan, what price (per day) would be suitable for you?" almost the same number of respondents (39% and 38%)

indicated that the price suitable for them would be "less than 50 AZN" and "51-99 AZN" per day, respectively. According to 15% of the respondents, the price is in the range of "AZN 100-199". At the same time, only 3% of the respondents consider the price above 200 AZN per day appropriate. 5% of respondents refrained from answering this question.

Another important question related to health-recreational tourism aimed to determine the opinion of the respondents on the optimal duration of the health-treatment tour. According to the obtained results, 34% of respondents believe that the optimal duration of such a tour should be 7-10 days, 32% of respondents believe that 10-14 days is more optimal, 17% of respondents noted the duration of 14-21 days. It should be noted that foreign medical and health tours are usually conducted for 10-14 days.

According to the results of the survey, according to the answers of the respondents, the three most important obstacles include: high prices in hotels - 38%; lack of information about the possibilities of tourism in our country - 26%; lack of infrastructure (for example, living conditions, level of service, accessibility of services)-15%. In our opinion, these three problems clearly express the existing obstacles for the development of domestic tourism in our country. At the same time, this requires optimization of the price policy in the field of recreation and leisure in the future, increasing the level of information of potential tourists about the available opportunities, as well as the development of the necessary infrastructure in Azerbaijan.

Clause 5.: In recent years, the role of tourism in the economy of Azerbaijan is growing rapidly, and tourism is becoming the sector of the economy that creates the most new jobs and brings foreign currency. The construction and promotion of new tourist facilities will help tourists to make a more convenient and desirable choice in the future.

It should be noted that recreation-tourism resources are the main reasons for tourist trips and are a very important motive. The more attractive the recreational resources are, the more they can create interest and a comfortable environment, the more they lead to a mass

flow of tourists and more tourist consumption. This, of course, manifests itself in employment and the economic activity of the area.

One of the main strategies for satisfying consumers in tourism is to focus on a wide variety of tourism services that meet the needs of travelers. It includes a variety of accommodations such as luxury resorts, budget hotels, retreats and campsites, and a wide range of activities and excursions catering to diverse interests such as hiking, cycling, skiing, fishing and water sports.

Another important strategy is to invest in the development of infrastructure and services designed to meet the needs of different consumer groups, such as families, the elderly, and the disabled. It also includes the construction of new airports, train stations and roads, and the modernization of public transport such as buses and taxis to facilitate the access of tourists to different parts of the region.

10% of those involved in the survey conducted by us believe that it is important to attract investors for the development of tourism. Note that we also fully support this idea. In general, we would like to note that the results of the survey help to find solutions to existing problems by objectively revealing them. All this gives interesting ideas and facts to the employees of the State Tourism Agency and government officials.

In the survey, we would like to return to the issue of which type of tourism the respondents prefer. In our opinion, broader answers to this question can allow us to answer the most important question of the dissertation: What are the main directions of the expansion of the recreation resources market in Azerbaijan? In the words of John Maynard Keynes, who expressed Sey's Law in a different way and declared the law "*demand creates supply*" in the 1930s, when you know the demand, it is easier to express recommendations for the formation of a suitable offer in the market of recreational resources in Azerbaijan.

Thus, based on the answers obtained, we determined that 52% of the respondents went to ordinary recreation, 22% to curative-healing tourism, 16% to excursion tourism, 5% to sports tourism, 4% to extreme tourism and 1% prefer gastronomic tourism.

Demographic portrait (gender, age, marital status), financial opportunities and their preferred season for recreation are also interesting. Based on the field of knowledge called "Demographics", by compiling such a demographic portrait, we obtain the practical application of demographic information in business and marketing, and in our research, scientifically based proposals and recommendations.

Table 1

Cross-collinearity matrix: gender of the respondent - preference for type of tourism

		<i>What type of tourism do you prefer?</i>						Total, %
		Holiday	Health tourism (recovery, treatment)	Understanding (cultural-educational, excursion) tourism	Sports tourism	Extreme tourism	Gastronomic tourism	
Gender of the respondent	Man, %	35	9	7	3	3	0	57
	Woman, %	17	13	9	2	1	1	43
Total, %		52	22	16	5	4	1	100

Source: based on the survey materials, it was prepared using the SPSS Statistics 16.0 program

Thus, by means of the cross-combination matrix we determine that *in terms of gender*, men (compared to women) prefer ordinary recreation (35%), sports tourism (3%) and extreme tourism (3%). Women (compared to men) prefer medical tourism (13%), excursion tourism (9%) and gastronomic tourism (1%).

The cross-collinearity matrix (table 2) shows that those in the 20-29 **age group** (17%) and those in the 30-39 age group prefer ordinary leisure (21%), but as age increases, preferences gradually increase towards health tourism, so that this is manifested in the age groups of 50-59 and 60 and older. This can be easily explained because as people get older, they are more aware of the importance of health and measures to protect it.

Table 2
Cross-collinearity matrix: age of the respondent - preference for type of tourism.

		<i>What type of tourism do you prefer?</i>						Total, %
		Holiday	Health tourism (recovery, treatment)	Understanding (cultural-educational, excursion) tourism	Sports tourism	Extreme tourism	Gastronomic tourism	
Age of the respondent	19 and under, %	1	1	0	0	0	0	2
	20-29, %	17	1	3	0	2	1	24
	30-39, %	21	4	6	4	2	0	37
	40-49, %	8	5	6	1	0	0	20
	50-59, %	4	9	0	0	0	0	13
	60 and over, %	1	2	1	0	0	0	4
Total, %		52	22	16	5	4	1	100

Source: based on the survey materials, it was prepared using the SPSS Statistics 16.0 program

At the same time, according to the cross-combination matrix, the number of married tourists in virtually all types of tourism (except gastronomic tourism) exceeded the number of single tourists.

As people become more aware of their physical and mental well-being, the importance of health tourism is increasing. A trend is emerging to seek new sources of recreation to promote health and well-being. This includes things like yoga classes, spa vacations, and wellness-focused travel packages.

Clause 6.: The analysis and assessment conducted for the post-pandemic period has given reason to say that the main problem of realization in the recreation resources market is not the high price.

In addition, note that a new survey was conducted to study the change in the post-Covid-19 pandemic. Unlike the demand survey, our new survey was answered by tourism-recreation centers in the direction of market supply. Here, especially in the eyes of tourism-recreational subjects, it was tried to study in what direction there are changes after the pandemic. Since most of the facilities are located in Baku and its surroundings, it is no coincidence that this percentage is more than 35% in the survey. This survey was prepared online in "google forms" in May 2024 and concluded on June 8. Representatives of 102 tourism institutions located in 20 regions participated in this survey with a total of 10 questions. The received answers were analyzed in the SPSS program.

It should be noted that according to the report of the State Statistics Committee of the Republic of Azerbaijan, there were 758 hotels and hotel-type establishments in the country in 2023, the number of rooms was 28,688, and the number of one-time capacity was 59,407. fell to the share of other economic regions. Almost half of the total number fund (28,688), i.e. 14,205 numbers fell to the share of the capital.

Table 3.

What is the most requested overnight stay price at your tourist facility?

	Number of subjects	Interest
Less than 50 AZN per day	12	11,8
Daily AZN 51-99	42	41,2
Daily 100-199 AZN	30	29,4
More than 200 AZN per day	18	17,6
Total	102	100,0

The most requested and offered price range for tourist facilities was AZN 51-199, which was 41.2% (AZN 51-99) and 29.4% (AZN 100-199), respectively. In general, the offer up to 200 Azn is realized according to demand.

Table 4.

In your opinion, what is the main factor currently hindering the development of domestic tourism in Azerbaijan (select the most important one)?

	Number of subjects	Interest
Lack of necessary infrastructure (including living conditions, level of service, unavailability of services)	22	21,6
Transportation problems and expensive tolls	15	14,7
High prices in hotels	11	10,8
Fewer hotels/accommodations (including difficulty finding budget-friendly hotels)	9	8,8
Lack of sufficient information about the country's tourism opportunities	17	16,7
Lack of professional staff	28	27,5
Total	102	100,0

Here, 4 main answers have been selected, which we think are among the current issues of the market. First of all, 27.5% lack of professional staff in the industry, 21.6% lack of necessary infrastructure (service level), 16.7% lack of sufficient information about the country's tourism opportunities, and 14.7% transportation problem/expensive travel fee.

To the question “ what should be done so that tourism can benefit the local residents in the regions of the country to the maximum extent?” the answers were quite relevant. Among the steps to be taken to improve prosperity in the regions, construction of new tourist complexes 25.5%, attraction of investors for the development of tourism - this is also healthy competition, as a factor positively affecting the quality of service 23.5%, improvement of infrastructure/development of transport 22.5%, local the opening of ethnographic complexes that can provide employment for residents was 10.8%. Attracting investment, building new hotels and complexes will increase the number of tourism entities and expand the options for local and foreign tourists, which will help tourists find accommodation in a variety of budgets. From this it can be concluded that tourists are faced with fewer offers or less options for the price they are willing to pay. Here, it is not the high price, but the limited choice that is more evident. The more choices and alternatives available to tourists in a certain location, the more guest satisfaction and tourism activity of the area will increase.

“In your opinion, what type of tourism is preferred in the post-pandemic period?”

According to the answers given here, we can say that recreation 46.1%, health tourism (rehabilitation, treatment) 25.5%, tourism types close to nature and related to 21.6% are preferred.

In the post-pandemic period, the topic of hygiene and cleanliness became more relevant for 38.2%, areas in the heart of nature became more relevant for 29.4%, and at the same time, individual service according to demand was of special importance for 19.6%.

Clause 7: Supply, which is a key indicator for the development of the recreational resources market, should be stimulated. In this aspect, it was determined in the dissertation

that the stimulation of supply in the market directly depends on the amount of investment.

One of the determinants affecting the development of recreational tourism is foreign direct investment directed to this sector. Therefore, each state stimulates the attraction of direct foreign investments to the country for the development of tourism and forms the state policy in this field.

As we know, Keynes considered government intervention in the market economy necessary. The propensity to consume and invest meant forming aggregate demand. According to him, investment also increases national income by increasing total employment. The growth of national income in turn becomes the exit point for new additional capital investment.

The government of Azerbaijan attaches special importance to the development of the tourism sector in order to ensure that the oil revenues will gradually decrease and to ensure the sustainable development of the country's economy. A legal basis has been created for the attraction of foreign direct investments for the development of the tourism sector.

The Strategic Road Map states that in order to attract more foreign direct investment, a favorable environment will be created in Azerbaijan as a result of simplified legal and administrative processes, as well as relevant regulatory changes.

Experience shows that as the volume of Foreign Direct Investment (FDI) entering the country increases, the country's economic development accelerates. FDI is not limited to the inflow of tangible assets into the country. These investments also mean bringing new technologies, management skills and practices to the country.

Infrastructure for tourism, hotels or hotel-type establishments, roads, restaurant chains, etc. development depends on the volume of investments. Such investments increase the supply and attract more tourists to the country. Table 5 shows the amount of added value and investments created in tourism and areas typical for tourism in Azerbaijan. The table also shows the volume of investments directed to the tourism sector. We consider it appropriate to consider the impact of cumulative investments on the tourism sector. Because the main part

of the investments directed to the tourism sector is spent on infrastructure, such investments are long-term.

Table 5

Amount of added value and investments created in the tourism sector and areas typical for tourism in Azerbaijan (million manats).

Years	Added value created in areas typical for tourism	Cumulative volume of investments	The amount of investments made in areas typical for tourism
2009	-	527,8	527,8
2010	-	1477	949,2
2011	-	2884,8	1407,8
2012	-	4363	1478,2
2013	2080,2	5734	1371,0
2014	2404,2	7938	2204,0
2015	2437,3	9001,9	1063,9
2016	2746,1	9364,9	363,0
2017	3151,2	9632,2	267,3
2018	3405,5	9861,9	229,7
2019	3704,9	9995,6	133,7
2020	1386,7	10041,4	45,8
2021	1939,7	10283,8	242,4
2022	3878,8	10384,3	100,5
2023	5002,2	10863,3	479,0

Source: It was calculated and compiled by the author based on the data of the State Statistics Committee of the Republic of Azerbaijan.

Also, foreign ownership in hotels and restaurants will be considered as foreign direct investment in the tourism sector in the calculations. As an indicator of the development of tourism, the income from this sector will be accepted.

The correlation between the volume of investments directed to the tourism sector and the added value created in the tourism sector suggests that there is a positive relationship between these two indicators (Figure 1).

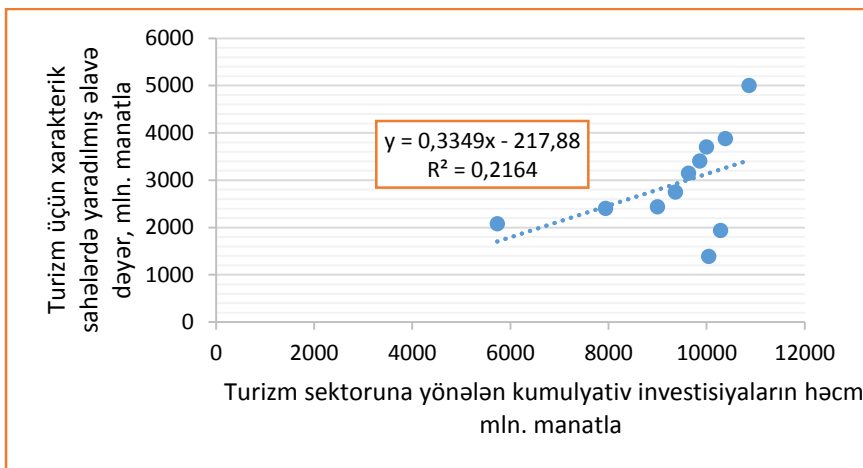


Figure 1. Dependence of added value (Y axis) on the cumulative investment volume (X axis) in the tourism sector

Source. Compiled by the author in MS Excel.

Apparently, between the cumulative investment volume and the added value created in the tourism sector $y = 0,3349x - 217,88$ an average correlation dependence expressed by the linear regression equation ($r = \sqrt{0,2164} = 0,4652$)

If we calculate the elasticity coefficient according to the linear regression equation $y = 0.3349x - 217.88$, which expresses the dependence between the cumulative investment volume and the added value created in the tourism sector, we will get the following result.

$$E = \frac{\alpha_1 \times \bar{x}}{\bar{y}} = \frac{0,3349 \times 9372,8}{2921,527} = 1,074$$

As a result, according to the calculated value of the elasticity coefficient, we can say that a 1% increase in the cumulative investment volume in the tourism sector in Azerbaijan results in a 1.074% increase in the added value of this sector.

Result

1. In modern times, recreational activity stimulates the dynamically developing service sector and is of great importance in terms of improving the quality of life of a person. This type of activity supports not only physical, but also spiritual development of a person and forms values of universal importance.

2. The development logic of the tourism sector of the countries differs from that of other service areas. Thus, the development of international health and education services is directly related to the economic development of countries. This is not the case in tourism services. World experience shows that small countries are able to provide high quality tourism services using the advantages of comparative, rich recreational resources that belong to them.

3. The goals of tourism trips determine its many types: health tourism, sports tourism, educational tourism, business tourism, etc. Among the many types of tourism, two main types: recreational and business tourism should be mentioned in particular. While tourism activity is considered as recreation, business tourism acts as a resource of this market and stimulates demand in the market of recreation resources.

4. In our opinion, in the practice of state regulation in Azerbaijan, insufficient attention is paid to the study of tourism from the position of clusters, which does not allow taking into account all important aspects of the field's activity and lowers its competitiveness. Thus, the social orientation of the tourism sector, unlike other sectors of the economy, requires the supporting intervention of the state here.

5. Tourism is a complex, multifaceted and important type of activity, a form of recreation and a branch of the national economy, as well as a meaningful way of spending leisure time. In other words, although tourism is a recreational activity, not every recreational activity is tourism.

6. We come to the conclusion that there is a need for more efficient use of tourism and recreation resources in individual regions, proceeding from the goals of increasing the flow of tourists, the socio-economic efficiency of the economic system in the territory of

Azerbaijan, as well as the formation of the competitiveness of the country's regions.

7. The tourism industry stimulates the creation of new jobs, i.e. employment, in the fields directly related to tourism. As a result, it also affects the growth of state revenues due to tax revenues from enterprises and companies of the tourism-recreation industry.

8. According to another preliminary conclusion obtained as a result of the research, the increase of average incomes in the country can have a positive effect on the increase of domestic and foreign tourist visits, and a positive effect on the number of tourists coming to the country to a certain level, and then a negative effect.

9. The amount of investment directed to the tourism sector affects the supply in the tourism sector, creates conditions for increasing the demand, and attracts more tourists to the country. Infrastructures for tourism, hotels or hotel-type establishments, roads, restaurant chains, etc. investments have a direct impact on development. Here, as a result of the conditions created by the intervention of the state, the main part of the investments made is spent on infrastructure, so the effect is long-term.

Thus, we can note that the attraction of foreign direct investments for the development of tourism in Azerbaijan is important for the sustainable development of this sector in the future.

Offers

In general, the development of the recreational resources market can give a serious impetus to the effective use of the future socio-economic potential of the region.

1. At the current stage, the main goal of the state tourism policy in Azerbaijan is to achieve the creation of modern, competitive tourism complexes. For this, the state should encourage investment to maintain a healthy competitive environment by stimulating the offer.

2. It should be noted that public and private sector partnership is important for the implementation of these measures. Taking into account the common interests of central and local administrative

bodies, enterprises and organizations, credit institutions, it is possible to ensure the sustainable development of the market of recreation resources.

3. It is necessary to attract private investments, based on non-budgetary sources, in solving the tasks ahead. The role of foreign direct investments is also important here.

4. The quality of services provided to tourists coming to the country should be continuously improved. Professional level of employees in this field can be increased by continuous training according to the services they provide.

5. There is a demand for health and recreational tourism in Azerbaijan, and this fact should be taken into account during the construction and opening of new tourist facilities. Here, stimulating the number of market participants can stimulate the creation of a healthy competitive environment, price optimization and service quality.

6. There is a need to improve the existing infrastructure along with increasing the level of awareness of potential tourists in the field of recreation and leisure in Azerbaijan.

7. It is important to be able to present the ethnic cultural components of Azerbaijani villages that have preserved their historical and religious uniqueness, as well as the recreational resources of Karabakh after many years of occupation, as an attractive factor, and to encourage their use for tourism and recreation purposes.

8. Special attention should be paid to the fact that the number of Internet users in the world and in our country increases every year, and that tourists receive more information from this place for the purpose of travel. Proper and effective use of the Internet, social media and marketing tools provides tourists with the right options, keeps interest in tourism and recreation places and leads to the flow of tourists.

The main content and scientific provisions of the research are reflected in the following articles and theses of the author:

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