

THE REPUBLIC OF AZERBAIJAN

On the right of manuscript

ABSTRACT

**SOCIO-ECONOMIC ASPECTS OF THE DEVELOPMENT OF
THE TOURISM INDUSTRY**

Specialty: **5312.01 “Field Economy”**

Field of science: **Economic sciences**

Applicant: **Nijat Saleh Musayev**

of the thesis for the degree of Doctor of Philosophy

Ganja - 2022

The thesis work was carried out at the "Economics and Statistics" department of Azerbaijan Technical University.

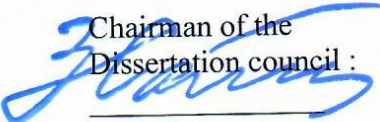
Scientific adviser: Doctor of Economics, professor
Ramiz Isgandarov Kamal

Official opponents: Doctor of Economics, Ass. Prof
Anar Fazil Abbasov

Ph.D. in Economics, Ass. Prof
Konul Asaf Agayeva

Ph.D. in Economics
Camal Calil Hajiyev

Dissertation Council ED 2.42 the Supreme Attestation Commission under the President of the Republic of Azerbaijan joint operating at Azerbaijan State Agrarian University and Azerbaijan Cooperation University.


Chairman of the
Dissertation council :

Full member of ANAS, d.e.s., professor
Ziyad Aliabbas Samadzade

Scientific secretary of the
Dissertation council :

Ph.D. in Economics, Associate Professor
Parvin Elman Mukhtarova

Chairman of the scientific
seminar :

Honored agricultural worker,
Doctor of economic sciences, professor
Islam Haji Ibrahimov

GENERAL CHARACTERISTICS OF THE WORK

Relevance and level of development of the research. A characteristic feature of the sustainable development of the economy of Azerbaijan is the extraction of resources and resource-intensive areas. And this ensures economic growth and has the necessary level of impact on the degradation of the natural environment it is surrounded by and contradicts the Concept of Sustainable Development of national economy. These trends create conditions for increasing the risks associated with the deterioration of the socio-economic situation in the country. The study of socio-economic aspects of the development of the tourism industry is one of the most important issues for each member of the population living in different areas, regardless of the socio-economic capabilities of society. Despite the fact that 20 percent of our territories were occupied by Armenian vandals for nearly 30 years, the creation of conditions for large-scale construction work as a result of the measures taken under the leadership of President Ilham Aliyev for regional development, especially the development of tourism, the 44-day Patriotic War that resulted in victory increases the relevance of the research. Acceleration of the solution of the above-mentioned issues determines the importance of studying the socio-economic aspects affecting the sustainable development of tourism.

In recent years, various measures taken in the tourism sector, which is one of the important areas in enhancing the role of the non-oil sector of the economy of Azerbaijan, have created favorable conditions for high achievements in all areas of activity, including tourism. The tourism sector plays a crucial role in the socio-economic development of all economic regions of Azerbaijan. The development of the tourism sector is formed from numerous interrelated elements of the tourism sector and its complex systems that ensure the sustainable development of tourism and meet the needs of tourists for tourism products. Special attention is paid to the development of the tourism industry in terms of “Strategic Road Map for the Development of Specialized Tourism Industry in the Republic of Azerbaijan” [2], “State Program for Socio-Economic Development of the Regions of

the Republic of Azerbaijan in 2019-2023” [3], “Azerbaijan 2030: National Priorities for Socio-Economic Development” [4]. From this point of view, it is important to ensure the sustainable development of tourism in all areas of Azerbaijan with tourism potential. In this regard, the development of the national tourism sector in Azerbaijan, as in developed countries, is assessed as one of the priorities for the non-oil sector of the economy. From this point of view, it is very important to study in depth the aspects of socio-economic development of the tourism in order to research the ability of the specialized tourism industry to be developed in the country to meet the new level of demand in the country, and all this determines the relevance of the research.

Numerous works of well-known economists are dedicated to the problems of research of socio-economic aspects of the tourism industry development in the republic. Socio-economic aspects of tourism industry development have been researched in the works of Abbasova G.A., Abbasov I.M., Bilalov B.A., Dargahov V.S., Jabbarov A.Kh., Ismayilov V.I., Isgandarov R.K., Ibrahimov I.H., Alirzayev A.G., Gilinjoy B.V., Hasanov A.M., Mammadov E.G. and other local scientists.

Fundamental approaches to the study of issues related to the development of tourism sector have been reflected in the works of the scientists of Russia and other foreign countries, such as Antokhina A.V., Balabanova A.A., Bogdanova E.N., Girovka N.N., Zorin I.V., Kovalyova N.V., Korchagina E.V., Ruiz L., Jayathilake B. and others.

However, the problem of socio-economic aspects of the development of the tourism industry has been poorly studied and requires additional scientific justification.

Object and subject of the research. The object of research is the socio-economic aspects of the development of the tourism industry. The subject of the study is the identification of socio-economic issues in the development of the tourism industry.

Goals and objectives of the research. The goal of the research is to study the socio-economic aspects of the tourism industry.

In order to achieve the set goals, the following tasks have been determined and solved:

- to determine the spheres of control functions on the economy, social sphere and ideological fields in the example of factors of production of the tourism industry;

- to analyze and assess the current state of the tourism industry, to determine the results of the overall benefits expected from the implementation of program measures for the development of domestic and foreign tourism, identify the factors that have a negative impact on the development of tourism and recreational activities in Guba-Khachmaz economic region and the opportunities to reduce their negative impact, propose a methodology for ranking the dichotomous characteristics of means of mass accommodation (MMA) on tourism facilities based on the analysis of the quality of the infrastructure of the tourism industry;

- to assess the international tourist attractiveness of Azerbaijan based on the statistical analysis of tourism indicators of some world and CIS countries, suggest the expediency of using tools that can ensure the promotion of destinations within investment and tourism based on the analysis of economic indicators of tourism destinations operating in Azerbaijan;

- to build a model of forecasting tourist attractiveness;

- to propose a model of step-by-step solution of the main processes affecting the development of the structure of organizational and economic mechanisms of the tourism industry.

Research methods. A number of methods were used in accordance with the goal of the research. In the first chapter, the method of comparative analysis was used to study the socio-economic aspects of sustainable development of tourism, to determine the role of tourism in the sustainable development of the regions. The matrix method was used to analyze and assess the current state of tourism infrastructure in Azerbaijan, to determine the development dynamics of the enterprises in the tourism industry, and another economical and statistical method was used to assess the tourism attractiveness and the ranking of MMA on infrastructure objects was developed on the basis of the methodology proposed in the research. The linear regression model was used in forecasting the tourism attractiveness and the methodology proposed by the author were used in the step-by-step

solution of the processes affecting the development of the structure of the organizational and economic mechanisms of the tourism industry.

Main provisions to defend. The main provisions defended in the thesis are the followings:

1. In the example of factors of production in the tourism industry, there is a need to determine tourism control in the economy, social sphere and ideological spheres, the formation of tourism as a priority and socio-economic aspects of its development.

2. There is a need to scientifically substantiate the overall benefits expected from the implementation of state programs for the development of domestic and foreign tourism in Azerbaijan.

3. A methodology for ranking tourism facilities based on the identification of factors that negatively affect the development of tourism and recreational activities in the Guba-Khachmaz economic region and the study of opportunities to reduce their negative impact should be proposed.

4. There is a need to assess the international tourist attractiveness of Azerbaijan on the basis of statistical analysis of tourism indicators of some world and CIS countries.

5. The expediency of using organizational and economic tools for the development of destinations within the framework of investment and tourism on the basis of the analysis of economic indicators of tourism destinations operating in Azerbaijan should be clarified.

6. Establishment of a model of dependence of tourist attractiveness on service indicators, organization of activities of tourism enterprises in Azerbaijan in relatively different aspects, improvement of organizational and economic aspects of development of tourism industry in the direction of development and preparation of new types of tourism products should be determined.

7. Subjects of the implementation of the state policy aimed at the development of the tourism industry by proposing a model of a step-by-step solution of the main processes affecting the structure of the organizational and economic mechanisms of the tourism industry as part of the organizational and economic mechanism of ensuring it, as

well as grouping of tools used in the operation of the implementation mechanism at a certain level .

The scientific innovations of the thesis work include the following elements:

- In the example of the main and additional factors of production in the tourism industry, the social and ideological spheres were considered in a different approach to the spheres of tourism control (7 methods and approaches), the socio-economic aspects of the formation and development of tourism were identified as a priority direction ;

- Grouping of the main problems of domestic tourism development in Azerbaijan in several directions was proposed, jointly consideration of the results of the overall benefits expected from the implementation of state programs for the development of domestic and foreign tourism in the form of image, general, economic, budgetary, social and environmental benefits was scientifically substantiated;

- Factors negatively affecting the development of tourism and recreational activities in Guba-Khachmaz economic region were identified, opportunities to reduce their negative impact were shown, the quality of tourism industry infrastructure was analyzed and a methodology for ranking dichotomous characteristics of MMA on tourism infrastructure was proposed;

- Azerbaijan's international tourist attractiveness was assessed on the basis of statistic analysis of tourism indicators of some world and CIS countries and proposals to increase tourist attractiveness were substantiated;

- Based on the analysis of economic indicators of tourism destinations operating in Azerbaijan, it was proposed to use various tools for investment and promotion of destinations within tourism, a regressive model of forecasting the attractiveness of tourist flows was given;

- A model of a step-by-step solution of processes affecting the development of the structure of organizational and economic mechanisms of the tourism industry was proposed and the tools used in its implementation mechanism were grouped.

Theoretical and practical significance of the research. During the research, theoretical generalizations, provisions and results on the

possibilities of reducing the impact of factors that negatively affect the effective operation of tourism enterprises can be used in the preparation of tourism development, in determining the prospects for the development of the tourism industry.

The results obtained in the thesis can be used to increase the role of socio-economic aspects of the development of the tourism industry in Azerbaijan, to assess the effectiveness of the use of tourism potential of the regions. Also, the results obtained can be useful in forecasting the sustainable development of this field and the development of complex targeted programs of socio-economic development in the activities of the executive bodies of the regions.

Approbation and application -The main results of the research were published in 15 articles in local and foreign journals. Five of them were published abroad, two in the Russian Research Citation Index and third in periodicals included in the international summary and indexing system. They were published at 3 foreign, 3 local international and 1 local conference materials.

Name of the organization where the thesis work is carried out. Azerbaijan Technical University.

Structure and scope of the research work. The thesis work consists of an introduction, three chapters (Chapter I - 71571 characters; Chapter II - 82394 characters and Chapter III – 75458 characters), in total (229423 characters), conclusion and suggestions, a list of 123 references used and Appendices. The main text of the thesis consists of 165 pages, 13 tables, 8 figures and 9 appendices.

MAIN CONTENT OF THE RESEARCH

In the introductory part of the thesis, the relevance and level of development of the topic, goals and objectives of the research, object and subject, research methods, the main provisions to defend, scientific innovations, theoretical and practical significance, etc. are shown.

The first chapter of the thesis is entitled “**Theoretical bases of research in the tourism sector**”. In the first subheading of this chapter, the issues of the nature and development tourism are

researched. Multi-directional measures taken in the field of tourism, which became one of the leading sectors of the economy of Azerbaijan after the proclamation of the year of 2011 as the “*Year of Tourism*” on the basis of the Decree dated July 20, 2011 of the President, created favorable conditions for high achievements in all areas of economic activity, as well as in tourism. Based on the analysis of the facts, we can note that the tourism sector is of crucial importance for the socio-economic development of the country's economic regions. The development of the tourism sector in Azerbaijan, their territorial potential and the availability of sources of tourism and recreation, means the formation of a system that ensures the sustainable development of tourism within a certain area. This system includes numerous interrelated elements of the tourism industry, which meet the needs of tourists for tourism products, including the existence of a tourism infrastructure system, the creation of ecologically clean and safe air, food supply, ensuring the safety of tourists during leisure and travel, the creation of favorable conditions that provide tourists with a broad impression of the territory of the economic region, etc.

The fact that tourism is different from other spheres is based on the fact that it serves only one consumer service - the tourist. In addition to being a consumer of consumer goods, the tourist is also the object of activity of tourism companies. The perception of a tourist as a consumer is explained by this distinctive feature.

In our opinion, from this point of view, the sustainable development of the national tourism sector in Azerbaijan, as well as in developed countries, can be assessed as one of the priorities of the non-oil sector of the economy. Therefore, our country, which pursues a policy in various directions in the field of socio-economic development, managed to introduce a new model of statehood to the world in the context of the processes characterized by dynamic development at the beginning of the XXI century¹. In this regard, it is especially important to study the ability of the specialized tourism industry to be developed in Azerbaijan to meet the new level of demand.

¹ Hajiyeva, L. A. Mechanism of formation of tourism clusters / -Baku: Institute of Economics of ANAS. Collection of "Scientific works", - 2018. №1, -p.268-275

The expansion of tourism in 1950 led to the establishment and development of international tourism organizations, at the same time, tourism became a kind of international relations and created important aspects of the socio-political life of countries on an international scale. At that time, the problems of international tourism were included in the list of issues to be addressed by the United Nations (UN). As a result of the implementation of the mentioned issues, in 1954, 20 countries joined forces and established the International Federation of Journalists and Writers on Tourism in order to expand tourism. In the same year, an international conference on the solution of customs issues was held in New York at the initiative of the United Nations, and two important documents were adopted in this direction: the convention on relevant concessions for tourists when passing through customs stations; additional protocol covering the concessions provided for in that convention on the import of tourist documents.

Studies show that the tourism industry is directly related to the spheres of production, it can perform the control function in various spheres. The control functions of tourism in these areas interact with different types of tourism (Table 1).

Table 1. Control function of tourism in the areas covering the production factors (the table has been prepared by the author)

S/n	Production factor	Type of tourism	Sphere of control
1	Land	Ecological, sports, agrarian	Underground resources, industry, energy
2	Capital	Transport, stationary	Business tourism activity, machine-building complex, transport complex, hotel-restaurant economy
3	Labour	Cultural-cultural that enhances the outlook, religious, therapeutic-healing	Culture, religion, health
4	Information	Business, congress, education	Purposeful activities, science, education
5	Entrepreneurial activity	Regional and international	International and regional cooperation, international relations

In our opinion, the works done in recent years to develop tourism in our country, various state programs adopted in this area, the improvement of the regulatory framework proves that it is aimed at solving these problems directly. All this shows the strategic importance of the development of the specialized tourism industry in the development of the country's economy².

Thus, Azerbaijan has a high tourism potential. There are ample opportunities at the state level for facilities with the potential to attract tourists in the regions, the development of which is impossible without the creation of all kinds of interconnected infrastructure. Therefore, the formation of specialized tourism as a priority area in the development strategy of the national economy should be aimed at ensuring sustainable development of the tourism industry, improving cooperation and service quality of enterprises included in this sector.

In the second subheading of the chapter, the issues covering **“Socio-economic aspects of tourism development”** are considered. As envisaged in the *“Strategic Roadmap for the Development of the Specialized Tourism Industry in the Republic of Azerbaijan”*, by 2025 Azerbaijan will become one of the leading tourist destinations in terms of attracting international tourists both in the region and among the world countries.

Despite the practical importance of the tourism sector and its productivity, the development of Azerbaijan has not received much attention until recently. Thus, although the ecological aspects of tourism and its development are relatively widely covered in the economic literature, we can not say about the qualitative coverage of its socio-economic aspects. Thus, the lack of research in this area, conceptually and practically, covering the socio-economic aspects of tourism, leaves no doubt in the above.

Based on the valuable scientific results obtained by a number of researchers, we can form the opinion that the general principles of the sustainable development of the tourism industry have been observed and given special attention in the context of its organizational and

² "Strategic Roadmap for the Development of the Specialized Tourism Industry in the Republic of Azerbaijan". Decree of the President of the Republic of Azerbaijan dated December 6, 2016. –Baku, -2016, -98 p.

economic aspects and the effective formation of its implementation mechanism. However, the problem is that the economic coverage of tourism development in the above-mentioned and a number of other studies has either not been comprehensively researched or has not covered that direction of the area as a whole³.

The economic development of the tourism sector ensures the formation of budget revenues through taxes, which, along with improving the living standards and quality of life in the country, gives a decisive impetus to the growth of solvent demand and stimulates it. At the same time, along with the socio-economic aspects of tourism, it is important to implement appropriate measures to address the issues of physical and mental health of the population. The principle of solving the above-mentioned issues becomes an economic component by increasing labour productivity and the revenue part of the budget. This principle also has the opposite effect, as human's social investment through tourism improves the quality of human resources and becomes an economic component. The peculiarities of the tourism sector in a number of cases contribute to the consumption of moral and material well-being. Therefore, the inbound and outbound part of tourism with a "passive" structure is becoming a source of rapid inflow of currency from the country. These shortcomings are objective, and the mechanism of their impact depends on the level of economic and social development of tourism. In our opinion, the insufficient role of tourism in the economy in Azerbaijan can be explained by a number of factors:

1) insufficient coverage of statistical reports of existing tourism organizations in statistical-information sources; 2) inaccuracy of the classification of local and international tourism; 3) inefficiency due to the lack of balance in the structure of inbound-outbound and domestic tourism; 4) negative balance of payments in the foreign economic activity of the country; 5) relatively low coefficient of intensity of tourism and tourist mobility in Azerbaijan compared to developed countries.

³ Ilkevizh, S.V. Economics of tourism sustainability in the regions of the Russian Federation // - Moscow: Scientific magazine. Universities for Tourism and Service Association Bulletin, -2014. No.2, - pp. 4-15

Thus, tourism in Azerbaijan can be a really important and promising area, and it can bring significant income to this country.

In the last subheading of the first chapter, the aspects of **“International experience in the development of tourism sector”** is researched and it is noted that the tourism industry, which presents itself as an area with economic multiplier effect, is developing steadily, and this development is of particular importance in the formation of GDP. This development, in turn, is aimed at improving the quality of life of the country's population.

In Italy, tourism is one of the most profitable sectors of the country's economy, and its development is based on the efficient use of available recreational resources. According to WTO statistics, in 2019, Italy (64.4 million people) ranked 5th after France (90.2 million people), Spain (83.8 million people), the United States (78.7 million people) and China (67.5 million people) for international tourist flows. Thus, the annual turnover of tourism sector in Italy was 45.488 billion, annual revenue was 10 billion US dollars and its share in GDP was 13.3%. For comparison, in that year the share of tourism sector in the structure of GDP in Azerbaijan was 0.1% lower than in Italy and amounted to 13.2%. It should be noted that tourism in Italy in the Middle Ages consisted only of the travel of Palestinian partners on a religious basis. The Catholic Church located here tried to direct the mass flow of travelers to the holy places⁴. As the southern part of Italy is surrounded by seas (Adriatic, Ionian and Tyrrhenian), the Italian islands, as well as regions with a continental natural climate, are considered macroregions of the country.

At present, 61 concrete proposals on 7 main directions have been submitted among the measures to be implemented for the development of tourism in Italy. The implementation period of these proposals is from 3 months to 5 years. One of the main provisions of the plan is - *“the creation of 500,000 new workplaces, which will allow the tourism sector to grow by 30 billion USD in GDP”*⁵.

⁴ The world's most visited countries in 2019. URL:<https://www.atorus.ru/news/press-centre/new/50372.html>

⁵ <http://statur.ru/statistics.php>

Despite the fact that Czech Republic doesn't have access to the World Ocean and mountainous terrain, the geographical location of its territory has allowed it to develop throughout its history. From this point of view, the economic development of the Czech Republic is characterized by stable economic growth. In our opinion, the reason for the low level of unemployment in the country is the high solvent demand of international tourists for services in areas related to tourism, including tourism bureaus, hotels and boarding houses, restaurants and cafes, as well as car services and barbershops. Another developed infrastructure related to the Czech tourism industry is transport infrastructure. In addition to Prague in the Czech Republic, civil airports in Ostrava, Brno, Karlovy Vary and Pardubice have direct flights to many countries around the world. In our opinion, the demand for new investment in the sanatorium-resort or health tourism system in the Czech Republic can be considered one of the important state goals aimed at the formation and expansion of services in this area in the country.

Tourism sector in Russia is also characterized by its own development. In terms of the quality of tourism services, the former USSR ranked 20th among 24 European member states of the WTO. At present, Russia's tourism sector is renewing its efforts for sustainable development. As a result, Russia's international tourist flow exceeds 6 million each year since 2001. The main factors hindering the use of tourism potential and the development of the tourism industry in Russia include: - inequality in the level of development of tourism services in all regions of the country; - lack of practical work experience; - low quality of services in tourism, etc.

Tourism in Azerbaijan has long been part of the cultural sphere, one of the other sectors of the country, and has only recently begun to operate as one of the new and profitable sectors of the economy. In our opinion, the well-thought-out and planned development of the tourism industry in Azerbaijan allows it to take into account the existing problems in the world, the experience of neighboring and other foreign countries.

Based on the experience of other countries, we can say that one of the main reasons for the development trend of tourism in Azerbaijan

is the existence of a well-developed infrastructure. Infrastructure development in Azerbaijan has always been one of the priority issues for the state and relevant structures. Future infrastructure projects in Azerbaijan, including the commissioning and implementation of Baku-Tbilisi-Ceyhan railway will allow us to become a transit country from East to West and vice versa, as well as will significantly reduce the cost of transporting goods to the destination. Thus, the formation of infrastructure will lead to a sharp leap in the development of the tourism industry.

According to WTO estimates, in 2019, Azerbaijan was among the fastest growing countries in tourism (18th place). A comparative analysis of this indicator shows that among the CIS countries, compared to 2018, an increase was observed in Uzbekistan (27.3%), Azerbaijan (11.4%) and Kazakhstan (10.0%). However, it should be noted that despite the continued flow of tourists to Azerbaijan, the impact of the tourism industry on the country's economy is still not felt significantly. In our opinion, one of the important conditions is availability of mechanisms for implementation of the measures envisaged in the State Programs in order to accelerate the flow of tourists to Azerbaijan, including the travel of international tourists.

The second chapter of the thesis is entitled **“Analysis and assessment of the current state of the tourism industry in Azerbaijan”**. In the first subheading of this chapter **“Analysis of the current state of the tourism industry in Azerbaijan”** has been carried out. The analysis of the number of sanatoriums, recreation facilities, tourist bases and recreation centers shows that the number of sanatoriums and recreation centers in 2006-2021 was 21 units or 28.8%; the number of tourist bases and other recreation centers decreased by 6 units or 35.3%.

According to the relevant indicators of the competitiveness of countries in the field of tourism, their international rating is regularly calculated by experts of the World Economic Forum (WEF). According to the WEF, Azerbaijan ranks 35th among 139 countries in the global competitiveness index and has an index of 4.7. There are several functions of international tourism (economic, recreational and humanitarian). As a result of the implementation of these functions,

the impact of tourism on the country's economy occurs. In our opinion, on the one hand, tourism actively develops in the economic, social and humanitarian spheres, having an active impact on the country's economy, and on the other hand, the area attracts tourists due to its natural-geographical, cultural-historical, ethnographic, scientific and other resources. Analysis of the number of international tourists visiting Azerbaijan by country shows that the increase in 2019 compared to 2012 was 1.07 times. Efficient use of tourism resources, which reflects the tourism potential of Azerbaijan, as a result of estimates, allows to determine that there is an opportunity to increase the number of international tourists by 3.5-4 times. In our opinion, it is possible to attract foreign currency to the country in the amount of about 3.2-4.0 million US dollars from the systematized organization of a reasonable number of international tourists.

It can be concluded from the analysis that despite the decrease in the number of international tourists from some countries, high international competitiveness rating (4.7 units) of Azerbaijan's tourism sector (1.2 units less than Switzerland and the United States, which have the highest ratings in the world according to this indicator) has been able to provide tourist flows from other countries. The results of the overall benefits expected from the implementation of measures for the development of domestic and foreign tourism in Azerbaijan are particularly important in ensuring its sustainable development (Table 2).

Table 2. The overall benefit of the implementation of measures for the development of domestic and foreign tourism in the country (the table has been prepared by the author)

The overall benefit expected from the implementation of program activities				
Image benefit	General (economic) benefit	Budget benefit	Social benefit	Ecological benefit
It creates conditions for formation of Azerbaijan as a tourist country	It will be achieved through a public-private partnership mechanism and attracting additional investment in the tourism industry to ensure the attractiveness of business goals and economic areas	It represents the amount of income proposed to the budget system of the Republic of Azerbaijan	Unlike the economy of other sectors, tourism does not lead to the depletion of natural resources	It manifests itself in improving the quality of life of citizens through the development of tourism and recreation infrastructure, as well as in creating conditions for solving social problems through the creation of additional workplaces

In our opinion, the development of the specialized tourism industry in Azerbaijan directly promotes the solution of issues, such as the increase in the number of accommodation facilities (hotels and hotel-type enterprises) and the maintaining the price levels, modernization of transport infrastructure, increasing the service sector of the tourism, etc.

In the second subheading of this chapter, the issues of **“Methodology for analyzing the quality of the tourism industry infrastructure in Azerbaijan”** have been considered. Particular attention is paid to the development and adoption of state policy on sustainable development of tourism, plans that can ensure its development for countries and their certain regions that can make decisions on measures to promote tourism products. Because under these conditions, especially the mechanisms applied by the state do not allow to react to changes in the development of the tourism industry. One of the important mechanisms for the sustainable development of the region is planning, which has gradually turned from directive planning to more effective indicative planning.

The demand for a set of services formed by tourism requires their production. As a result of this demand, it leads to the development of industries that produce consumer goods, souvenirs, and local industrial products that require manual labour.

In order to develop data describing the qualitative features of tourism infrastructure facilities, in the thesis, firstly an algorithm for the development of features reflecting the dichotomous division has been given. Using that algorithm, the bilateral features of average means of mass accommodation (MMA) of tourist infrastructure facilities in Gusar region of Guba-Khachmaz economic zone of Azerbaijan have been identified. As a result of the report show that as a result of our research on the assessment of dichotomous characteristics in tourist facilities, it was found that the hotels in the first place with 85% of dichotomous features are "Gusar Park" VIP Cottege and "Shahdag winter-summer tourist complex" and the price of accommodation in these hotels, including breakfast, is 120 manats per day. In order to take measures for the effective development of tourism infrastructure in Azerbaijan, it is especially important to

analyze the factors that negatively affect the development of tourism and recreational activities, as well as reduce their impact. The data have been obtained from the questionnaire survey (101 people: managers, entrepreneurs and employees participated), the list of factors negatively affecting the development of tourism has been compiled on the basis of the percentage preference of questions. According to the ranking, the first factor is the lack of conditions for the development of some types of tourism due to the campaign, which monopolizes the prices of hotels and services, and the second factor is the poor condition of road lines in the territory of the MMA facilities.

In the last subheading of the second chapter, the issues of **“Assessing the attractiveness of Azerbaijan in the tourism sector”** are covered. Together with the developed tourism industry in the world, there are also organizations (National Tourist Administrations) that are engaged in the development of tourism, reception and accommodation of tourists, their services, etc. These organizations directly influence the acceleration of tourist flows to certain countries by directly participating in the development of state programs to ensure the flow of tourists to countries that can receive tourists in the field of tourism. These state programs, which affect the flow of tourists, envisage a comprehensive solution to the issues, such as the benefits of taxation, simplification of border and customs crossings, creation of favorable conditions for investment in countries, increasing budget allocations for infrastructure development, advertising in international markets, staff training, etc. In 2019, 1.5 billion international tourists traveled around the world. A comparative analysis of tourist arrivals by country shows that France (90.2 million tourists), Spain (83.8 million), the United States (78.7 million), China (67.5 million), Italy (64.6 million), Turkey (52.5 million), Mexico (44.9 million), Thailand (39.7 million) are considered countries in the first ranks. Thus, the share of tourists received by these eight countries in the total number of tourists in the world is 34.7%. This means that these countries account for about 3/10 of the number of international tourists traveling around the world.

The analysis of the data shows that the annual turnover per international tourist in the United States is 2,550.7 USD, in Spain -

1,003 USD, in France - 695USD, in Germany - 1,312 USD and in Azerbaijan - 1,125 USD. Thus, in the countries compared, the United States ranks first in this indicator, followed by Germany, Azerbaijan, Spain and France. Thus, tourism is one of the most labor-intensive industries, and one in every six to seven people employed provides direct or indirect employment in tourism.

As can be seen from the analysis of the dynamics of changes in the share of tourism in the GDP of the countries of the former Soviet Union, Georgia, Azerbaijan, Armenia and Estonia are in the top four. In the first and fourth countries, the difference in the share of tourism in GDP is 14.3%. It is worth noting that Azerbaijan is able to show itself as one of the developed countries in the tourism industry in the future in terms of tourist resources, its efficient use, and other indicators.

The analysis of the indicators of the popularity of foreigners and stateless persons coming to Azerbaijan for leisure and other purposes in 2019 shows that the number of tourists coming from Great Britain, ranking ninth in terms of tourist attractiveness and fifth in the global competitiveness index out of 136 countries, for recreation, tourism and other purposes was 36,914 thousand, and the number of tourists coming from Russia, ranking 1st and 63rd, was 932,984 thousand. It can be concluded from the analysis that despite the fact that Azerbaijan's activity in the field of tourism is short compared to these countries, its tourist resources, natural-climatic conditions, geographical environment, the existence of various types of tourism, etc. has the ability to fully meet the needs of tourists. In our opinion, in order to increase the tourist attractiveness of Azerbaijan, the accommodation of tourists in hotels at relatively low prices, bringing the tourism infrastructure, such as tourist services, transport, communications, information, etc. up to the level of international requirements, etc. is of special importance.

The third chapter, entitled **“Organizational and economic aspects of the development of the tourism industry in Azerbaijan”**, studies the strategic directions of the development of the tourism sector in Azerbaijan. The strategic necessity of priority development of tourism industry is reflected in the modern economic policy of the

Republic of Azerbaijan. This is considered one of the main issues facing the government to consistently implement the priorities set out in the goals and objectives of the tourism development strategy in Azerbaijan until 2025 in the “*Strategic Roadmap for the Development of Specialized Tourism Industry in the Republic of Azerbaijan*”.

One of the main issues ahead is the formation of relevant recommendations for improving the policy of local governments in the field of resorts and tourism based on the identification of reasons hindering the development of the tourism industry in Azerbaijan.

In our opinion, the choice of methods and approaches by the authorities for the development of tourism in our country depends on many determinants: 1) the strategic importance of the development of the tourism industry in comparison with other directions of specialization of the economy and the availability of sufficient and accessible budget resources allocated for the development of the tourism sector in the country; 2) the stage of development of the tourism industry in Azerbaijan - the choice of a specific approach and development methods depends on stage of the tourism industry; 3) the existence of unique features of the tourism product in Azerbaijan, the popularity of the tourism brand in different regions; 4) determination of an appropriate action plan to increase the involvement of the business community, and the population in the development of the tourism industry; 5) observance of environmental restrictions imposed on the development of tourism and maintaining the level of security.

According to the author, the analysis of the tourist flow, the recognition of the country's tourism product brand, the sectoral structure of the local economy can be identified by four tourism destinations formed on the basis of the integrity and consistency of policy in the field of tourism development in Azerbaijan:

1. Naftalan tourist destination;
2. Tourist destination in Baku and surrounding settlements;
3. Galaalti tourist destination;
4. Nakhchivan Duzdagh cave tourist destination.

When considering the tourist destinations of Naftalan, Baku and surrounding settlements, Galaalti and Nakhchivan Duzdagh caves, it

should be noted that the main functions of these tourist centers have changed depending on the geopolitical situation.

Analysis of some economic indicators on the network of ATUC "Kurort" CJSC and other similar tourist destinations in Naftalan (5), Baku and surrounding settlements (5), Nakhchivan (1) and Galaalti (1) shows that in 2019, income from Naftalan sanatoriums to the budget is 5.6 times more than sanatoriums in Baku and surrounding settlements, 6.18 times more than Nakhchivan Duzdagh cave and 31 times more than Galaalti sanatorium. The high number of this indicator in Naftalan sanatoriums can be attributed primarily to the large number of places in the accommodation facilities at the same time. It should be noted that despite the fact that Naftalan Sanatorium has a complex of 3,050 beds, in more than 2,000 of them, refugees have been accommodated, albeit temporarily.

The cost of 2 weeks of treatment in "Naftalan sanatorium" was 50 manats cheaper than the average price of sanatoriums located in Baku and surrounding settlements, 1.87 times and 1.25 times higher than the treatment price of Nakhchivan Duzdagh cave and Galaalti sanatorium, respectively. It should be noted that based on the comparison of the 2 weeks of treatment costs of Karlovy Vary (Czech Republic - 1,200 USD), Grand SRA Lithuania (Lithuania - 1,175 USD) and Chkhaltubo (Georgia - 1,000 USD), the cost of Naftalan Sanatorium is 434 manats, 476 manats and 486 manats more, respectively. The comparison shows that a 2-week rest in the mentioned tourist destinations of Azerbaijan is even more expensive than the famous sanatoriums in many foreign countries. In our opinion, one of the main reasons for accelerating the flow of international and local tourists to Azerbaijan for health and tourism purposes may be the reduction of the cost of travel documents.

In order to ensure the development of economic areas, *"they must advertise not only their directions, but also their characteristic areas"*. The author researching the significant works already done to identify and develop the tourist attractions of interest to tourists, and the satisfactory development achieved in the field of resort improvement, considers it expedient to expand activities covering the development of natural and cultural entertainment system in Naftalan,

Baku and surrounding settlements, Nakhchivan Duzdagh Cave and Galaalti.

The second subheading of the third chapter covers the presentation of the “**Model of functional dependence of tourist attractiveness on service indicators**” and the definition of the model's efficiency criteria. The growth in the number of tourism enterprises and employment in the tourism sector in Azerbaijan in 2010-2019, realization of the potential of various types of tourism require the continued support of the state. Therefore, the application of the social and economic model of tourism development is an important condition.

The thesis examines the dependence of the attractiveness of the tourist flow on factors reflecting the comfort of service and attempts to develop a multifactorial regression model. Let y_i , which is the number of observations, be considered as a dependent variable, x_1, x_2, \dots, x_n as determinants. In this case, the multifactorial regression model is generally written as follows:

$$y_i = a_0 + a_1x_1 + a_2x_2 + \dots + a_n x_n + e_i = a_0 + \sum_{i=1}^n a_i x_i + e_i, \quad (1)$$

here: y_i - linear regression function; x_1, x_2, \dots, x_n - factors on which the functional indicator depends; $a_0, a_1, a_2, \dots, a_n$ - coefficients of the regression equation; e_i - are relative errors.

Among the factors influencing the tourist flow, it is important to have a high level of service comfort. For this purpose, Table 3 shows the model of the functional dependence of the number of tourists visiting Azerbaijan (y) on factors of service comfort, such as the average per capita housing area (x_1) and gas-supplied apartments in rural areas (x_2).

For the case we are considering, the function y in equation (1) varies depending on the factors x_1, x_2 and is written as follows:

$$y_i = a_0 + a_1x_1 + a_2x_2. \quad (2)$$

Equation (3) is used to calculate the minimum value of the function.

$$S = \sum_{i=1}^n (y_i - y_{irep})^2, \quad (3)$$

here: y_{irep} - calculated number of tourists based on the regression model, million people; y_i - Number of tourists by years,

million people; S-represents the minimum value of the regressive function.

Table 3. Number of tourists and factors affecting it⁶

Tests	Years	Number of visitors to Azerbaijan for tourism, million people (y)	Average per capita housing area, m ² (x ₁)	Natural gas-supplied apartments in rural areas, million units (x ₂)
1	2010	1,4298	11,1	0,3265
2	2011	1,7984	11,4	0,3419
3	2012	1,9859	11,6	0,3646
4	2013	2,1295	11,8	0,4025
5	2014	2,1597	11,8	0,4516
6	2015	1,9219	11,9	0,5043
7	2016	2,0447	12	0,5426
8	2017	2,454	12,1	0,6542
9	2018	2,742	12,1	0,6834
10	2019	3,150	12,1	0,6987

A number of auxiliary calculations have been performed using Microsoft Excel to calculate the parametrs and to find the values of the statistical coefficients a₀, a₁, a₂, we have calculated the common determinant (Δ) and auxiliary determinants (Δa₀, Δa₁, Δa₂) using the determinant method in the study, and using them the corresponding values of the statistical coefficients a₀, a₁, a₂ have been calculated.

$$a_0 = \frac{\Delta a_0}{\Delta} = 0,335; \quad a_1 = \frac{\Delta a_1}{\Delta} = \mathbf{0,0645}; \quad a_2 = \frac{\Delta a_2}{\Delta} = 4,05.$$

Regression model when considering the values obtained as a result of the calculation in equation (2) is as follows:

$$\mathbf{y_T = -0,335 + 0,0645 \cdot x_1 + 4,05 \cdot x_2} \quad (5)$$

The auxiliary data needed to determine whether the established model is autocorrelated by assessing the efficiency criteria, adequacy

⁶ Tourism in Azerbaijan. Statistical summary. State Statistical Committee of the Republic of Azerbaijan.- Baku: Small enterprise No. 9, -2021, -99 p.

to the real process and compliance with real statistics have been determined. For this, the average relative error is calculated⁷:

$$E_{\text{ave.r.e}} = \frac{\sum(y_i - y_{r.\text{hes}})}{\sum y_i} \cdot 100\% = 9,7\%.$$

In the experiment, when $e_{\text{ave.r.e}} < 15\%$, it is assumed that the model is adequate to the real process. In our case, since $e_{\text{ave.r.e}} = 9.7\% < 15\%$, the regression equation meets the given requirements, so the regression model according to the efficiency criterion is adequate to the process of attracting tourist flows.

The Fisher-Snedecor criterion age is used to assess the correspondence of the relevant regression equation to real statistics.

Degrees of freedom for $\alpha=0,05$ (tendency 5%) according to the Fisher-Snedecor criteria table

Since $\mathbf{f_{reg} = m - 1 = 2; f_{bal} = 10 - m = 7}$,

$F_{\alpha, k_1, k_2} = 4,74$. As we see, k_1 ($\mathbf{f_{reg}}$) and k_2 ($\mathbf{f_{bal}}$). The adequacy condition of the regression equation is justified, if $F_{\text{cal}} > F_{\alpha, k_1, k_2}$ is expected, and as in our case it is $10.83 > 4.74$, the tendency from that hypothesis is removed, and the possibility of existence of autocorrelation of the model is not accepted.

Degrees of freedom for $\alpha = 0.01$ (tendency 1%) according to the Fisher-Snedecor test table

Since $\mathbf{f_{reg} = m - 1 = 2; f_{bal} = 10 - 3 = 7}$,

$F_{\alpha, k_1, k_2} = 9,55$. The adequacy condition of the regression equation is justified, if $F_{\text{cal}} > F_{\alpha, k_1, k_2}$ is expected, and as in our case it is $10.83 > 9.55$, the the tendency from that hypothesis is removed, and possibility of existence of autocorrelation of the model is not accepted. The results of the significance of the regression equation according to the Fisher-Snedecor criterion show that the 1% and 5% hypothesis tendencies meet the requirements of the model's adequacy condition, and the possibility of existence of autocorrelation for both cases is ruled out.

Analysis of the model (5) shows that when the housing area per capita increases, as well as the number of natural gas-supplied

⁷ Kremer, N.Sh. Probability theory and mathematical statistics / Kremer, N.Sh. – Moscow: UNITY, -2005. p. 543

apartments in rural areas increases, the expected number of tourists can be determined to reach 3.2752 million people.

In the tourism sector, offering new types of products and services that increase the profitability and attractiveness of enterprises is a difficult task for all enterprises operating in this field and allows them to achieve maximum efficiency in the final stage.

The last subheading of the third chapter of the thesis is devoted to the study of "**Improvement of organizational and economic aspects of the tourism industry in Azerbaijan**" and the preparation of relevant proposals in this regard. As tourists strive to meet various travel needs, they become more experienced and demanding of the impressions they receive while traveling. In our opinion, the development of various types of tourism in

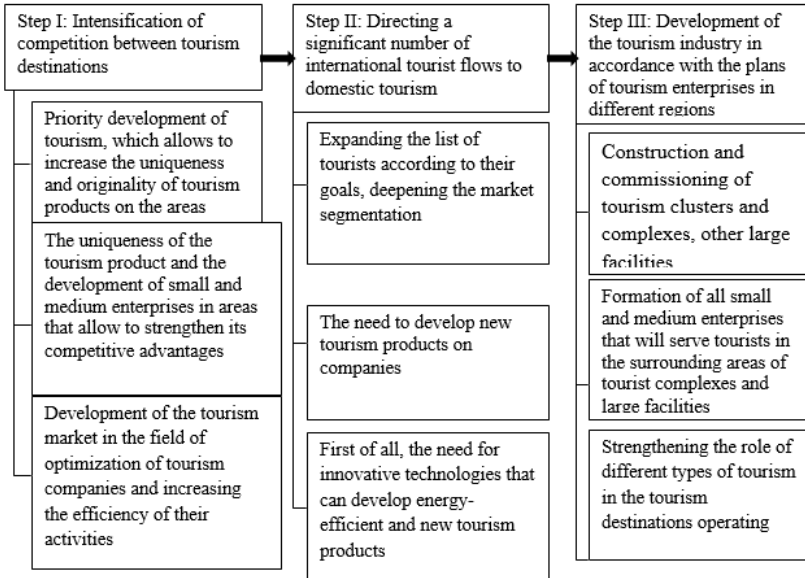
Azerbaijan should comprehensively cover the formation of the following organizational and economic aspects: coordination of capacity and measures of public administration bodies aimed at the development of tourism; establishment of closer and more effective intersectoral relations aimed at the formation of different tourism products, the integration of new types of enterprises and services in the tourism industry. Coordination of measures to be taken to improve the organizational and economic aspects of tourism development plays a key role in its solution.

The author has prepared a model of step-by-step solution of the main processes influencing the development of the structure of organizational and economic mechanisms of the tourism industry (Scheme 1).

Based on the proposed model for the development of mechanisms for the formation of organizational and economic aspects of tourism, it is expected to form both bounded and complex measures within the framework of the forecast assessment. In general, it forms the basis of organizational and economic mechanisms for ensuring public policy in the development of issues related to the strategic development of tourism (Scheme 2).

In the thesis, indicators reflecting the effectiveness of organizational and economic mechanisms of the tourism industry are compiled in three directions:

- economic indicators - the number of new projects adopted for the purpose of application in the field of tourism; number of new tourism products (routes) initiated and operating in the market for 2 years or more; volume of investments attracted for the development of tourism;



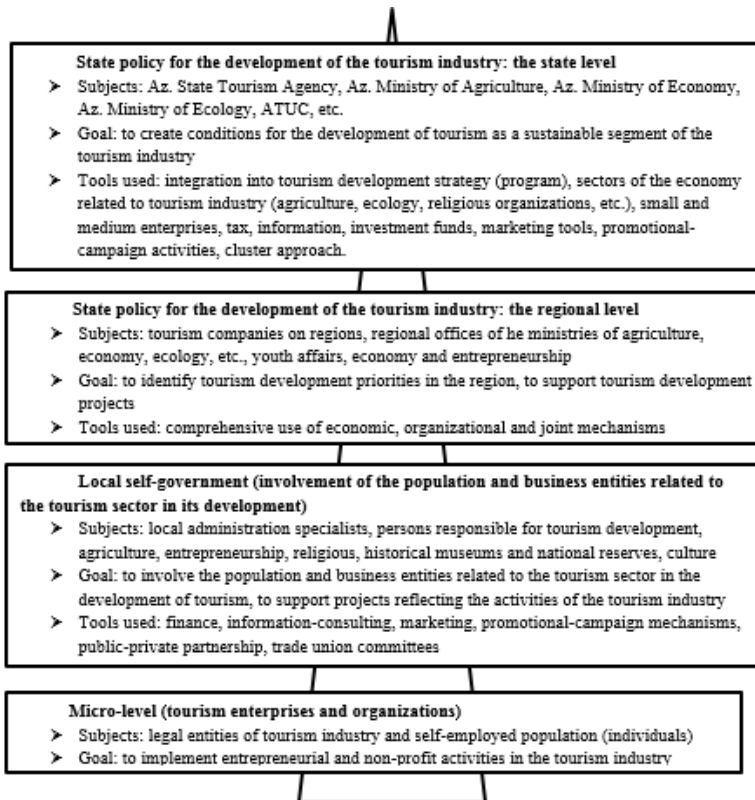
Scheme 1. Step-by-step implementation model of key processes influencing the development of organizational and economic mechanisms in the field of tourism (the model has been prepared by the author)

- social indicators - the number of new workplaces created in the tourism industry; average monthly salary of employees working in these workplaces; the amount of income received from the provision of individual services to tourists by the local population, etc.;

-technological indicators - the number of new technologies applied by tourism enterprises of the regions; application of targeted programs reflecting the hospitality characteristics of the local population; searches on the Internet about the query parameters of the

region's tourism products and the availability of their easy access system, etc.

In our opinion, the mechanisms of direct impact are considered to be the most effective option in terms of the availability of these three groups of indicators. Among the mechanisms of direct influence are, first of all, the provision of subsidies and grant support, as in them, targeting is the main condition in relation to both the object and the subject of stimulation.



Scheme 2. Basis of organizational and economic mechanisms to ensure state policy for the development of the tourism industry in Azerbaijan (the model has been prepared by the author)

As for the coordination of the instrument used between the levels of state regulation of tourism, we recommend coordination measures, which include: works on the formation of a list of individual measures for the development of tourism, as well as subsidies to local municipalities for the development of diversified types of tourism, etc.

In the "Conclusion" part of the thesis, conclusions have been made on the socio-economic aspects of the development of the tourism industry and scientifically substantiated proposals have been given.

The main provisions of the thesis, the results obtained and the proposals are reflected in the following published works:

1. Musayev N.S. Development model of tourism industry. Azerbaijan Technical University. International scientific-technical conference on "Innovative technologies in telecommunications". Baku, December 4-6, 2018, - p. 310-313

2. Musayev N.S. Features of the tourism infrastructure development in Azerbaijan. Azerbaijan Technical University and others. National Conference. April 16-17, Baku, - 2019, -pp.231-233

3. Musayev N.S. Development of health tourism. "Labour and Social Relations" Scientific-Practical Journal. Baku, -2019, -№ 1 (11), - p. 113-122

4. Musayev N.S. Specific features and strategic importance of tourism. Academy of Labour and Social Relations. International Scientific Practical Conference. Baku, May 5, 2020, - p.70-73

5. Musayev N.S. The role of tourism in the development of the country's economy. Proceedings of the 7th International Conference on Control and Optimization With Industrial Applications. Baku, 26-28 august, 2020, - p. 278-281

6. Musayev N.S. Evaluation of the tourism attractiveness of Azerbaijan. Journal of the Eurasian Scientific Association (Russian Science Citation Index). Moscow, - 2020, -No.3, -pp.285-293

7. Musayev N.S. The economic impact of the tourism industry in Azerbaijan. Journal of Private Institution for Further Professional Education of the Research and Educational Center (Russian Science Citation Index). Chistopol, - 2020, -No.10, -pp.175-185

8. Musayev N.S. Impact of tourism development in Azerbaijan on the country's economy. American International Journal of Business Management (AIJBM). -2020, -Vol 3, -Issue 10, p.1-10
9. Musayev N.S. Evaluation of the tourism attractiveness of Azerbaijan. 68th International Research-to-Practice Conference, October 29-30, Moscow, - 2020, - p.3.
10. Musayev N.S. Identification of competitive factors of tourism in the direction of international tourist flow to the country. "Cooperation" Scientific-Practical Journal. Baku, -2020, -№ 2 (57), - p. 257-275
11. Musayev N.S. Assessment of the current state of development of tourism in Azerbaijan. "Labour and Social Relations" Scientific-Practical Journal. Baku, -2021, -№ 1 (15), - p. 106-115
12. Musayev N.S. The economic impact of the tourism industry in the country amid the pandemic. Azerbaijan Academy of Labor and Social Relations. International Research-to-Practice Conference. The issues of the pandemic's impact on the socio-economic development of the world countries. Baku, May 31, 2021. –pp. 105-110
13. Musayev N.S. Step-by-step implementation model of the main processes influencing the development of organizational and economic mechanisms in the field of tourism. "Cooperation" Scientific-Practical Journal. Baku, -2021, -№ 4 (63), - p. 178-187
14. Musayev N.S. Model of the Influence of Internal Production Conditions on the Efficiency of Enterprises. Studies of Applied Economics. Buenos Ayres, July 2021, Volume 39-6, -p.1-15
15. Musayev N.S. Forecasting model of the development of the tourism industry. "Labour and Social Relations" Scientific-Practical Journal. Baku, -2021, -№ 2 (16), - p. 170-178
16. Musayev N.S. The economic impact of the tourism industry in Azerbaijan. 2nd International Research-to-Practice Conference. Chistopol, October 30, 2020, -p.3.

The defense of the dissertation will be held on “11” May 2022 at 16:00 at the meeting of the ED 2.42 Joint Dissertation Council of Azerbaijan State Agricultural University and Azerbaijan Cooperation University operating under Azerbaijan State Agricultural University within the Higher Attestation Commission under the President of the Republic of Azerbaijan..

Address: AZ1001, Azerbaijan State Agrarian University, 148, Ataturk Avenue, Ganja city.

The thesis and the synopsis have been posted on the official website (www.adau.edu.az) of Azerbaijan State Agrarian University in electronic versions.

The thesis is available in the library of Azerbaijan State Agrarian University

The synopsis has been sent on April 11, 2022.

Signed for print: 04.04.22
Paper format: 60x84
Volume: 46730
Number of hard copies: 30