

Journal of Business and Economic Options



Sustainable Development of Regional Tourism for Economic Resilience in Azerbaijan

Ibrahim Baydur^a

Abstract

The development of regional tourism in Azerbaijan plays a critical role in fostering economic growth and improving financial access for local populations. By expanding tourism infrastructure and attracting visitors, the government and financial institutions create favorable conditions for providing small loans to residents, particularly those interested in launching or expanding tourism-related businesses. Alongside small loans, the tourism sector's growth encourages individual investors to contribute to the region's economic development, supporting hospitality, transportation, and local craft industries. Ultimately, the development of social infrastructure and tourism will contribute to a stronger, more resilient economy in Azerbaijan's rural communities, ensuring they remain vibrant and economically viable in the long term. The development of regional tourism in Azerbaijan has the potential to significantly enhance the incomes of local residents, reduce unemployment, and create new job opportunities. As tourism grows, it generates diverse economic benefits, including increased revenue for local businesses, craftspeople, and service providers. This influx of tourism-related income can stimulate the broader regional economy, helping to reduce poverty levels and improving the overall quality of life for residents. However, as new jobs are created in the tourism sector, there arises a critical need for skilled professionals who are specifically trained to meet the demands of this industry. Developing a workforce equipped with specialized skills in areas such as hospitality, customer service, tour guiding, and cultural heritage management becomes essential. To address this need, initiatives to provide targeted training and education programs are necessary. By investing in the development of a skilled cadre of professionals, Azerbaijan can ensure the sustainable growth of its regional tourism industry, fostering a well-prepared workforce capable of enhancing the tourism experience and supporting long-term economic resilience in these areas. By cultivating a highly skilled workforce within regional tourism, Azerbaijan not only strengthens the rural economy but also contributes to the growth of the national economy. Skilled professionals enhance service quality, attract more tourists, and create a positive reputation for regional destinations, which in turn brings greater economic benefits to the country as a whole. This approach enables rural areas to capitalize on their unique cultural, natural, and historical assets, making them more competitive within the broader tourism market. A balanced strategy for expanding rural tourism also alleviates pressure on urban areas, which often face overcrowding and resource strain during peak tourism seasons. By diversifying tourist destinations, rural regions can absorb a share of the visitor influx, allowing urban areas to maintain a more manageable and sustainable tourism load. Furthermore, by spreading tourism opportunities across both urban and rural areas, the purchasing power of tourists is distributed more evenly. This not only increases demand for regional tourism products but also supports local artisans, farmers, and small businesses, creating a ripple effect that strengthens local economies and enhances Azerbaijan's overall economic stability and diversity.

Keywords: Regional Tourism, Economic Growth, Financial Access, Infrastructure Development, Skilled Workforce

JEL Codes: L83, R11, O18

Received: 29-06-2024

Revised: 10-08-2024

Online Published: 01-09-2024

1. INTRODUCTION

Economic challenges such as downturns, conflicts, and epidemics have historically impacted the global economy, including the tourism sector, which is widely considered one of the world's most thriving industries. Contrary to expectations of a severe decline in tourism due to these factors, the sector demonstrated resilience. Travelers continued to seek leisure and travel experiences, while individuals, businesses, and governments adapted to evolving conditions (Roussel & Audi, 2024). This period marked a significant turning point, leading to a broader recognition of tourism's economic importance—a value that had often been underestimated. Despite these obstacles, global demand for tourism remained strong, motivating people from various countries to continue traveling to their preferred destinations. However, the sustainability of tourism is closely tied to the health of the agricultural economy, especially in regions where tourism relies on local resources and landscapes. Aleskerova (2015) highlights that one of the critical challenges within the agricultural economy is the need to support regional agriculture. This support is essential at both the state and regional levels and must account for natural, climatic, and political conditions, as agriculture plays a direct role in enhancing the appeal and viability of regional tourism. The interconnectedness of tourism and agriculture underscores the importance of robust agricultural policies and support systems, which not only sustain local food production but also contribute to the overall tourist experience in rural areas. Thus, fostering regional agriculture can be seen as a foundational strategy for

^a Dövlət və İctimai Münasibətlər Fakültəsi, Azərbaycan Diplomatik Akademiyası (ADA) Universiteti, Bakı, Azərbaycan

bolstering tourism, ensuring that regional economies benefit from both sectors while promoting sustainable development. A tourism product is a pre-defined package of valuable services designed to meet travelers' needs, typically comprising three main components: basic services, additional services, and related services. This product is marketed to clients in the form of a tour, a comprehensive package crafted by tour operators to cater to specific routes and dates. By bundling accommodations, transport, activities, and other essentials, the tourism product offers travelers a seamless experience, making it easier to explore destinations and experience various aspects of a region in a single offering (Yetimoğlu, 2022; Karadayi-Usta & Serdarasan, 2023). The article addresses issues stemming from the underdevelopment of various tourism types in Azerbaijan, along with the associated economic and social consequences. It examines how other countries approach tourism development, highlighting best practices that could be applied to Azerbaijan's tourism sector. A key indicator of successful tourism development is the growth in the number and quality of local jobs, especially in rural areas where tourism can provide new opportunities. By creating sustainable employment in villages, tourism can boost regional economic indicators, increase local wages, and improve the population's standard of living.

This growth in tourism-driven local employment not only supports the economic vitality of these areas but also encourages skill development, preserves cultural heritage, and creates a balanced economic ecosystem that benefits both residents and visitors (Ahmad & Ali, 2019; Petrakis, 2021; Porro & Gia, 2021; Zheka & Viushnevsky, 2022). The development of a robust tourism sector can therefore be instrumental in promoting long-term regional prosperity and resilience, aligning local economies with global tourism standards. The development of the tourism sector is a strategic priority for nearly every region in Azerbaijan, yet only a few areas have achieved notable success in this endeavor. Experts in territorial development suggest that regions need to adopt modern business tools and strategies to attract and generate revenue from tourism effectively. This involves creating appealing destinations and experiences that can draw both domestic and international tourists to rural areas. Regional tourism, encompassing both domestic and foreign visitors, plays a significant role in the development of Azerbaijan's agrarian economy. This form of tourism generally encourages urban residents to explore rural areas, where they can enjoy authentic cultural experiences and scenic landscapes. To accommodate these tourists, many villagers have established guest houses, equipped with essential amenities to offer comfortable stays. However, despite these efforts, rural communities often struggle to generate substantial income from guest houses and other tourism activities. Villagers frequently find that their investments in guest accommodations do not yield the expected returns, as tourists tend to stay for short durations, limiting potential earnings (Bakhtadze & Phalavandishvili, 2020; Hasanzadeh, 2023). Addressing these challenges requires targeted support and training for local residents to help them optimize their tourism offerings. By enhancing the quality of services, developing unique experiences, and implementing effective marketing strategies, rural areas can improve their appeal to tourists and potentially increase the length of their stays. This approach not only benefits the local economy by providing additional income streams but also strengthens the agrarian economy by fostering tourism that celebrates and sustains rural life. In the long term, developing a vibrant regional tourism industry can contribute to economic resilience, enhance local standards of living, and support sustainable development across Azerbaijan's rural areas. The efforts of rural residents to accommodate tourists in their own homes involve setting up guest houses equipped with appropriate amenities and facilities to ensure a comfortable stay. This form of activity—hosting tourists within the community's own spaces—is a type of entrepreneurial initiative, practiced in various formats across regions. By creating unique and welcoming guest accommodations, rural residents can attract more visitors, thereby boosting their income and contributing to the local economy.

For those farmers and residents who aim to generate income through these entrepreneurial activities, state registration is a necessary step. Registering their businesses with the state provides them with the formal status required to operate legally and often grants access to additional benefits, such as eligibility for government support, funding opportunities, and training programs. This registration not only legitimizes their efforts but also opens doors for further development, enabling rural entrepreneurs to expand their services, enhance guest experiences, and ultimately increase their revenue from tourism. Formalizing these entrepreneurial activities through state registration is essential for rural residents who seek to build sustainable income streams through tourism. By providing quality accommodations and experiences for visitors, rural communities can capitalize on tourism as a valuable source of economic growth, fostering both individual prosperity and regional development.

2. LITERATURE REVIEW

Research indicates that to develop skilled tourism professionals, the educational process should focus on building professional competence, fostering essential values, and nurturing positive attitudes toward people (Natalya, 2020; Durbin & Filer, 2021). By aligning educational content with these goals, future specialists can be better prepared to meet the demands of the tourism sector, offering quality service and adaptability in a dynamic field. Many tourism industry companies face frequent challenges and uncertainty about their future prospects. In a highly competitive and constantly evolving business environment, accurately forecasting tourism demand has become crucial for effective planning and strategic decision-making (Diaz & Weber, 2020). Tourism demand can be quantified by the number of tourists arriving from origin countries to their destinations or by the expenditures these tourists incur in the host country. Archer (1984) emphasizes that forecasting tourism demand is as critical as analyzing its outcomes, highlighting the complexities involved and the potential negative impacts of inaccurate forecasts. His work outlines varying levels of demand, providing insights into how accurate forecasting can support resource allocation, service planning, and marketing efforts. In essence, to thrive in tourism, businesses and educational institutions alike must prioritize both the development of future talent and

the improvement of demand forecasting. Together, these efforts ensure a well-prepared workforce and more resilient tourism enterprises capable of navigating shifts in market trends and consumer preferences. Professionals in the hospitality industry must be familiar with the unique cultural characteristics, habits, preferences, and leisure preferences of tourists to provide tailored services and enhance their experiences. Tourists can be broadly classified into domestic (traveling within their home country), outbound (traveling to foreign countries), and inbound (foreign tourists visiting a country) categories. However, Bull (1991) suggests that a more nuanced classification of tourists by their budgets, travel purposes, and psychological tendencies offers greater insights into their needs and preferences. The core output of a tourism company is the “tourism product,” an abstract consumer offering that combines both tangible elements (such as facilities, tourist goods, and infrastructure) and intangible aspects (like services, cultural environment, and climate). This blend of goods and services is essential, as it allows tourists to meet their diverse recreational needs within a specific environment. Crooch et al. (1992) argue that a tourism product should be seen as a cohesive, integrated package where all components are essential to its overall value. Missing elements in this mix can reduce the effectiveness and satisfaction derived from the product.

Ante et al. (2012) emphasize the importance of strategic positioning to attract international tourists. Using the example of American gambling companies’ success in Macau, they highlight how competition in the tourism industry—particularly in sectors like casinos, where the attraction of high-spending tourists is crucial—can drive innovation and service improvement. To effectively attract foreign tourists, countries and companies alike need to adopt successful marketing and experience-building strategies tailored to target audiences. In Azerbaijan, the underdevelopment of rural tourism is partly attributed to economic challenges (İsmayilov, 2018). Rural tourism in Azerbaijan can take the form of agrarian or farmer tourism. Agrarian tourism emphasizes interaction with agriculture as part of the tourist experience, offering activities like participating in local celebrations, visiting historical sites, exploring village museums, and engaging with traditional agricultural practices. These activities provide insight into local customs and agricultural production, fostering cultural appreciation. Farmer tourism, by contrast, revolves around activities associated with specific farms in rural areas, providing hands-on experiences with farming practices. High unemployment in rural areas has driven the development of farmer tourism as a way to boost labor productivity and local employment. Desyatova (2017) notes that as agricultural capital grows, so too does labor productivity, making farmer tourism a practical solution for rural economic challenges. While agrarian and farmer tourism differ in focus, they share similarities in their development models and can often be used interchangeably.

In various countries, strategies to attract tourists to rural areas include promoting visits to historical sites, monuments, and natural picnic spots. These efforts highlight rural heritage and create unique travel experiences that draw both domestic and international tourists. This approach is recognized as an effective way to diversify tourism offerings, encourage economic activity in rural areas, and support the preservation of cultural and historical landmarks. The concept of “tourist infrastructure” currently lacks clear boundaries, as it is challenging to define a cohesive set of essential features that uniquely identify it and set it apart from similar concepts. Often, tourism infrastructure is used interchangeably with terms like tourism industry, recreational infrastructure, or the material and technical foundation of tourism. This lack of clarity makes it difficult to fully grasp the role of tourism infrastructure as a critical resource factor in the planning and development of tourism and recreational activities. Additionally, this ambiguity presents challenges for accurately organizing and tracking relevant statistical data. In response to this issue, we attempted to consolidate existing methodological studies on tourism infrastructure to develop a more precise concept. By examining its functional characteristics, properties, and composition, we aimed to create a structured framework that more clearly defines the scope and nature of tourism infrastructure. This effort is intended to provide a better understanding of its role as a foundational element in tourism development and to support more effective planning, statistical analysis, and resource allocation within the sector.

Organizing reliable statistics on tourism infrastructure within a country remains a complex challenge. This difficulty arises because the concept of “tourism infrastructure” encompasses a wide array of components and lacks a universally agreed-upon definition. To address this ambiguity, some researchers have sought to consolidate methodological studies and establish a foundational concept of tourism infrastructure, defining its functional features, properties, and the composition of various elements within the sector. Approaches to conceptualizing tourism infrastructure range from comprehensive to fragmentary. A complex model, for instance, includes components such as accommodation services (all facilities for tourists’ temporary stay), transport services (vehicles, transport facilities, and legal frameworks for passenger movement), catering, entertainment and sports services, excursion services, financial services, communication systems, souvenir and handicraft production, retail, and consumer services (Kosmanev, 2012; Ahmad, 2018; Farahmand, 2019). While the transport sector plays a critical role in linking tourists with destination regions, its importance in shaping and developing these destinations has often been overlooked. Inefficiencies in the transport system can discourage tourists from traveling to preferred destinations, leading them to seek alternatives. Prideaux (2000) introduced a transport cost model to highlight the significance of transportation as a determinant in destination development and tourist choice. This model underscores that transportation costs and efficiency are pivotal factors not only in reaching destinations but also in their overall appeal.

Furthermore, some researchers have explored the potential impacts of taxes on passenger transport, such as air travel taxes, on outbound tourism demand, particularly in countries like the UK. Transportation is typically addressed in tourism demand studies as a cost that can suppress demand. Seetaram (2016) explains that transportation costs are integrated into

tourism demand models using proxies, allowing researchers to calculate transport elasticities. These elasticities measure how sensitive tourist demand is to fluctuations in travel costs, providing valuable insights into how pricing adjustments in the transportation sector can influence tourism flows. The integral role of transportation within tourism infrastructure. Effective, affordable transportation systems not only enhance destination accessibility but also contribute to the competitiveness and attractiveness of destinations. By refining our understanding of tourism infrastructure's composition and addressing transportation as a key component, policymakers and stakeholders can better support sustainable tourism development and respond to market demands. The issue of service quality in tourism is one of the most pressing challenges for the growth of this sector within national economies. In the highly competitive tourism services market, service quality serves as a decisive factor that can set destinations apart. When tourists experience high-quality service in hotels, restaurants, tourist agencies, resorts, and other facilities, they often become enthusiastic advocates, revisiting and promoting these places. Their satisfaction directly contributes to increased tourism flows and enhances the reputation of these regions. Moreover, high service quality significantly improves the economic performance of tourism businesses by fostering customer loyalty and generating positive word-of-mouth (Fernandez, 1985; Ahmad, 2018; Khan & Hassan, 2019; Dima, 2022; Al Masri & Wimanda, 2024).

In various countries, unique aspects of tourism infrastructure and attractions draw specific groups of tourists, often tied to historical, cultural, or natural resources. For instance, in Ireland, many tourists are drawn to areas rich with ancient monuments, such as dolmens (prehistoric stone graves) and historic cemeteries, which showcase the country's ancient heritage. In Norway, the coastal areas with unique natural formations have served as catalysts for rural tourism development, attracting tourists interested in the region's natural beauty. Similarly, in Germany, tourism marketing in rural coastal areas often focuses on presenting landscapes that align with urban tourists' expectations, offering a rural experience that complements their idea of escape from city life (Balabanova, 2011; William, 2023; Situngkir, 2024). Canada presents a distinct draw due to its mix of vast wilderness and large modern cities, with the proximity of megacities to natural attractions consistently appealing to visitors who enjoy both urban and outdoor experiences. The combination of urban sophistication and breathtaking natural landscapes continues to make Canada a popular destination. In the Czech Republic, the development of tourist infrastructure can be seen in regions like Karlovy Vary (formerly Karlsbad), one of Europe's oldest spa destinations. This area exemplifies the Czech Republic's long-standing expertise in spa tourism, underpinned by the state's commitment to a tourism development program. Karlovy Vary's historic and modern spa facilities offer therapeutic treatments and draw tourists seeking wellness experiences, demonstrating how a well-established tourism infrastructure supports both heritage and modern services.

These examples illustrate how countries use unique cultural, historical, and natural assets to attract and serve tourists, with a strong focus on quality service as a foundation for sustainable tourism. By investing in both the infrastructure and quality of service, these regions strengthen their tourism offerings, ensuring long-term economic benefits and fostering positive visitor experiences that enhance their global reputation. Istanbul stands as one of Turkey's most prominent tourist centers, offering a rich blend of history, culture, and vibrant modernity. The city boasts hundreds of hotels catering to all types of travelers, along with an impressive array of attractions that capture the essence of its historical legacy and cultural significance. Formerly the capital of the Byzantine Empire, Istanbul has a wealth of iconic sites that attract millions of visitors each year. One of the city's most famous landmarks is the Hagia Sophia, originally built as a cathedral and now serving as a museum. Located in the heart of Istanbul's historic old city, the Hagia Sophia has witnessed centuries of change, reflecting the city's dynamic past and architectural grandeur. Another renowned site is the Topkapi Palace, known as the "Palace of the Cannon Gates." This historic palace served as the residence of Ottoman sultans for centuries and remains a significant cultural and architectural symbol, housing artifacts, treasures, and opulent rooms that offer a glimpse into the Ottoman era.

In addition to these monumental attractions, Istanbul is home to numerous other historical sites and museums, such as the Istanbul Archaeology Museum and other landmarks that showcase the city's layered history. Together, these attractions make Istanbul a city that holds timeless appeal, captivating tourists with its unique blend of Eastern and Western influences, ancient monuments, and cultural treasures.

3. METHODOLOGY

The Italian economy benefits significantly from tourism, which leverages the country's vast recreational resources. Italy ranks fifth globally in visitor numbers and fourth in tourism revenue, highlighting its strong position in the global tourism market. However, despite these achievements, detailed travel spending data is often limited. Comparatively, British families allocate around 19% of their annual budget to travel, second only to food and housing expenses. In Germany, this figure stands at 16%, while in France and the United States, it is approximately 12%. The average American household spends around \$4,000 per year on travel, an amount comparable to their expenditure on healthcare and equal to the combined cost of food, drinks, and tobacco, and twice the amount spent on clothing. While international tourism revenues contribute substantially to national income, they are not consistent across all regions. Between 2014 and 2016, several countries saw sharp declines in tourism revenue: France experienced a drop of 27.3% (\$15.866 billion), Italy 11.5% (\$5.242 billion), the United Kingdom 14.9% (\$6.924 billion), and Turkey 36.6% (\$10.809 billion). In North Africa, Egypt's tourism revenue declined by 2.6 times. These fluctuations underscore the vulnerability of tourism revenue to regional and global events, suggesting a need for resilience strategies within the tourism sector (Alexandrova, 2002). Studies offer a micro-level analysis of tourism expenditure, focusing on transportation spending. They examine the factors

influencing both absolute and relative expenditure on transport, finding that factors such as group size, age, income, and professional status affect absolute transport expenditure. Conversely, education, income, country of residence, group dynamics, and professional status impact the budget share for transportation. Their study, focusing on low-cost airline passengers, reveals that pricing and competition are central to tourist expenditure behavior. Similarly, Abrate et al., investigate competitive pricing dynamics between high-speed trains and airlines on the Rome-Milan route, noting that airlines are more responsive to competitor pricing than high-speed trains. This pricing competition, especially among low-cost carriers, highlights the importance of intermodal competition in tourism spending patterns (Seetaram, 2016).

In Azerbaijan, the tourism sector, including rural tourism, is recognized as a promising and profitable avenue for economic growth. The country has implemented a state program for tourism development, aimed at bolstering the economy and improving socio-economic conditions in various regions. This program emphasizes the expansion of rural tourism across the republic, aligning with local traditions and fostering regional economic growth. To ensure success, the program advocates for tourism policies that respect rural cultural heritage, alongside strategic marketing efforts to attract medium- to high-income visitors. Establishing tourism enterprises in rural areas with targeted marketing strategies could maximize the economic impact, enhancing both the scale and sustainability of rural tourism across Azerbaijan. This integrated approach not only supports rural economic development but also enriches the national tourism sector by attracting diverse visitor demographics. By focusing on rural tourism in alignment with regional traditions, Azerbaijan can create a distinctive tourism offering that promotes local culture, supports regional businesses, and sustains long-term economic benefits.

4. RESULTS AND DISCUSSION

Between 2011 and 2017, the number of travel agencies and tour operators in Azerbaijan grew significantly, with an increase of 98 units, amounting to a 2.4-fold rise. This growth reflects the expanding tourism sector in Azerbaijan, particularly in regional and rural tourism. According to 2018 data, out of 1,120,610 people visiting Azerbaijan, 76,619 tourists participated in rural tourism and stayed in accommodations specifically organized by local entrepreneurs for rural areas. This figure represents a 12% increase over 2017, indicating strong interest from entrepreneurs in supporting regional tourism development (The State Statistical Committee of the Republic of Azerbaijan. Tourism in Azerbaijan, 2019). A robust economy is a catalyst for tourism growth, as demonstrated by the reasons tourists visited Azerbaijan in 2018. Leisure travelers made up 31% of visitors, business travelers accounted for 30%, while wellness, religious, and other purposes represented 4%. Additionally, 24% of tourists visited family and friends, and 11% traveled for unspecified reasons. Compared to 2000, the number of tourist trips to Azerbaijan in 2018 increased by approximately 2,159,300 people, reaching a total of 2,840,900 visitors. This trend aligns with global patterns, as leisure travel worldwide grew from 50% in 2000 to 56% in 2018.

One of the primary drivers of regional tourism development in Azerbaijan's rural areas is the high unemployment rate and the increase in agricultural capital, which has boosted labor productivity. This growth in productivity has, in turn, fostered a favorable environment for tourism. In a globalized market, rural tourism serves as a vital source of income for many communities, particularly in areas such as Khinaliq in Guba, İlisu in Qakh, and Lahij in İsmayılı. The rise in rural tourism has stimulated a revival of village activities and led to the development of skilled labor in agriculture. However, by early 2018, a slight decline was observed in the number of people engaged in agriculture compared to 2016, highlighting a shift towards tourism and other rural-based economic activities. Rural tourism's growth has created favorable conditions for attracting skilled professionals to agricultural development, which ultimately enhances the socio-economic conditions of rural areas. In 2017, the number of family members participating in product development on entrepreneurial farms was recorded at 3,665. However, this figure had decreased by 2.58 times compared to 2013, by 1.8 times compared to 2014, by 1.63 times compared to 2015, and by 1.55 times compared to 2016. This decline suggests a transition from traditional agricultural engagement to tourism-driven economic activities within rural communities, where tourism is increasingly seen as a sustainable pathway for regional growth.

These trends indicate that rural tourism in Azerbaijan is not only a source of income but also a driving force for improving the socio-economic landscape of rural areas, creating new opportunities for entrepreneurship, and fostering skilled labor in both tourism and agriculture. In recent years, there has been a decline in the number of employees involved outside of individual peasant farms. Specifically, employment in 2017 decreased by 40.3% compared to 2013, by 41.8% compared to 2014, by 41.5% compared to 2015, and by 28% compared to 2016. Additionally, the number of individual peasant farms in early 2018 was recorded at 955, marking a 6% decrease in individuals engaged in rural tourism organization since 2016. To address these challenges, a balanced approach to tourism development has been recommended. The goal of this approach is to reduce the tourism load on urban areas, diversify tourism products, and strengthen the purchasing power of tourists year-round, thereby expanding tourism revenues. In Azerbaijan, expanding rural tourism has become a key strategy to achieve these objectives. Recent state-led efforts focus on reviving the socio-economic landscape of rural regions, with rural tourism seen as a pathway to sustainable development. However, rural tourism in Azerbaijan currently faces significant challenges that hinder its competitiveness. The infrastructure in many villages does not meet the necessary standards for tourism, creating difficulties for urban visitors unaccustomed to rural conditions. Essential services such as stores, kindergartens, schools, and healthcare facilities are limited or distant, reducing the appeal and feasibility of rural tourism expansion. In addition, the regulatory and legal framework for rural tourism is underdeveloped, and government investments in the sector remain modest. As a result, services in rural tourism areas are often of low

quality, which can lead to issues with hygiene and safety standards. The poor condition of rural roads further impacts the quality of tourist services, limiting service opportunities and creating obstacles to rural development. A shortage of trained personnel to work in rural tourism also presents a barrier to growth. The government has begun to address these issues through specialized programs and surveys conducted in various regions to understand local perspectives on tourism. Survey results indicate that rural residents generally view tourism positively and are open to hosting tourists in their homes, signaling community support for rural tourism initiatives. For successful rural tourism, homeowners and their families must be prepared to offer adequate services to their guests. Training and educating rural residents in hospitality practices are essential. Key areas of focus include receiving and accommodating tourists, providing proper bedding and meals, sharing information on local customs, and offering additional services such as transportation, guiding, translation, and even hunting. With these services in place, rural communities can improve the quality of their tourism offerings, providing a richer experience for visitors and fostering sustainable economic growth.

While there are significant challenges, Azerbaijan's rural tourism holds great potential. With state support, improved infrastructure, legal reform, and community engagement, rural tourism can become a vibrant sector that supports both local livelihoods and broader economic objectives. State support for Azerbaijan's tourism industry aims to stimulate demand for travel agency services and enhance the sector's contribution to the national economy. Effective state policies in tourism have led to increased profitability and a growing economic impact of tourism within the country. A prime example of this support is the Shahdag Winter-Summer Tourist Complex, a major development in Azerbaijan. Located in one of the country's most scenic areas, Shahdag offers breathtaking landscapes, top-quality services, and modern ski equipment, managed by leading global companies. This resort has not only bolstered domestic tourism but also placed Azerbaijan on the map for international travelers. Shahdag is also recognized as one of the top 10 affordable ski resorts in Russia and neighboring countries. This list includes three Russian resorts—Belokurikha (Altai Territory), Zavyalikha (Chelyabinsk Region), and Krasnaya Sopka (Kamchatka); one in Belarus (Logoisk in Minsk); one in Kyrgyzstan (Karakol in Bishkek); one in Uzbekistan (Chimgan in Tashkent); Azerbaijan's Shahdag; Ukraine's Bukovel (Carpathians); Georgia's Bakuriani (Tbilisi); and Kazakhstan's Shymbulak (Almaty). Shahdag's inclusion reflects its quality, affordability, and appeal to international tourists seeking unique, budget-friendly ski destinations.

Tourist activity in Azerbaijan has grown significantly, as seen in the rising number of foreign arrivals and increased revenue from tourism services. From 2005 to 2018, the number of tourists visiting Azerbaijan doubled, and employment in tourism grew by 1.82 times. This growth aligns with state policies aimed at boosting employment and fostering economic diversification. Azerbaijan's approach includes regional initiatives across economic zones, such as Absheron, Ganja-Kazakh, Astara-Lenkoran, and Sheki-Zakatala, as well as in mountainous regions, where targeted support is enhancing tourism infrastructure and services. To further these goals, the Azerbaijani government has implemented a regional tourism development program, focusing on enhancing the appeal of these areas to international visitors. Increasing the flow of international tourists is essential for sustainable growth, as it helps diversify Azerbaijan's tourism offerings and elevates the country's profile on the global tourism stage. This program supports the development of infrastructure, hospitality services, and marketing strategies to attract foreign tourists and showcase Azerbaijan's cultural, historical, and natural assets. In conclusion, Azerbaijan's state support and regional tourism policies have set a solid foundation for tourism growth. By increasing international tourist flows, fostering high-quality services, and investing in regional infrastructure, Azerbaijan continues to position itself as an attractive destination for both domestic and international travelers, contributing to the dynamic expansion of its tourism sector.

The table 1 presents data on the number of international tourists from various countries visiting Azerbaijan from 2016 to 2023, capturing changes and trends over the years. Russia consistently shows the highest number of tourists, starting with 843,851 in 2016 and increasing steadily to 932,984 by 2023. This growth indicates a strong, sustained interest from Russian tourists, likely due to geographical proximity and strong bilateral relations. Georgia, another neighboring country, also contributes a large number of tourists, though its numbers fluctuate more than Russia's. Starting with 699,532 in 2016, the number decreased to 506,306 in 2018 before rising again to 725,465 in 2023, indicating some variability but an overall rebound in recent years. Iranian tourist numbers show a notable increase from 131,179 in 2016 to a peak of 363,528 in 2019, followed by a decrease to 255,628 in 2023. This pattern may reflect political or economic changes impacting travel from Iran.

Turkey, another key source country, exhibits relative stability in tourist numbers, with figures around 300,000 each year. Starting at 314,476 in 2016, the number was 316,628 in 2023, showing minimal fluctuation. The United Kingdom and the United States represent smaller but stable tourist groups. For the United Kingdom, tourist numbers hovered between 29,514 in 2018 and 36,914 in 2023. The United States showed a slight increase over the years, from 14,543 in 2016 to 18,787 in 2023, indicating a gradual growth in interest. Some countries display significant growth trends, especially Pakistan, Iraq, and Saudi Arabia. Pakistan's numbers surged from 1,817 in 2016 to 46,602 in 2023, reflecting a significant increase in tourists. Saudi Arabia shows an even more dramatic rise, with only 507 visitors in 2016, expanding to 107,230 in 2023. This growth could be attributed to enhanced travel connections or tourism promotions targeting these regions. The United Arab Emirates (UAE) also shows an interesting trend. Starting with 821 tourists in 2016, numbers peaked at 102,498 in 2019 but then declined to 68,346 in 2023, which may indicate changing travel preferences or economic factors impacting travel frequency. Overall, the data reveals Azerbaijan's strong appeal to neighboring countries such as Russia, Georgia, Iran, and Turkey, along with a marked increase in tourists from Pakistan, Iraq, and Saudi Arabia. This trend suggests a diversification in Azerbaijan's tourist demographics, with increased interest from Middle Eastern and South

Asian regions in recent years.

Table 1: Dynamics of of international tourists in Azerbaijan

Countries/Years	2016	2017	2016	2019	2022	2023
Russia	843,851	685,555	744,125	854,331	880,029	932,984
Georgia	699,532	571,648	506,306	538,213	610,556	725,465
İran	131,179	149,6	248,632	363,528	241,124	255,628
Turkey	314,476	288,62	313,341	301,924	291,499	316,628
Great Britain	33,563	34,892	29,514	31,751	29,417	36,914
Pakistan	1,817	2,193	3,998	17,579	41,307	46,602
İraq	0,738	2,147	62,983	62,547	67,514	50,723
Saudi Arabia	0,507	0,727	7,463	33,312	73,284	107,23
United States of Amerika	14,543	13,208	12,291	15,178	17,516	18,787
United Arab Amirates	0,821	2,397	53,18	102,498	94,031	68,346

5. CONCLUSION

In Azerbaijan, rural tourism is primarily aligned with socio-economic goals that bolster agricultural development, providing an economic model that supports traditional rural lifestyles while generating additional income. Unlike urban-centric tourism, which may drastically shift local economies away from their foundational activities, rural tourism in Azerbaijan is designed to enhance rather than replace existing agricultural practices. It serves as a secondary income source that supplements traditional farming and livestock activities, allowing rural residents to maintain their primary livelihoods and cultural heritage. By creating opportunities for rural communities to participate in tourism—such as offering homestays, farm tours, or traditional culinary experiences—local families can diversify their revenue streams. This integration supports financial resilience, as families gain new income avenues without having to abandon or radically alter their traditional ways of life. For instance, villagers may invite tourists to participate in farm activities, sample local produce, or learn about traditional crafts. These interactions not only generate income but also foster cultural exchange, allowing visitors to gain a deeper understanding of Azerbaijan's rural heritage and agricultural practices. Moreover, rural tourism contributes to the broader goal of sustainable regional development. By attracting tourism revenue, rural areas can support infrastructure improvements, such as better roads, water access, and telecommunications, which benefit both residents and visitors. Additionally, rural tourism creates new employment opportunities, particularly for women and younger residents, who may otherwise migrate to urban areas in search of work. This approach encourages a more balanced population distribution and helps retain local knowledge and skills within the community. Furthermore, rural tourism aligns with Azerbaijan's national objectives to promote economic diversification and reduce reliance on oil and gas exports. By strengthening tourism infrastructure in rural areas, Azerbaijan taps into the global trend of experiential and cultural tourism, which is increasingly popular among international travelers. This approach allows Azerbaijan to showcase its unique cultural assets, such as local customs, handicrafts, and traditional agricultural methods, making the country more attractive as a travel destination. In essence, rural tourism in Azerbaijan is not just an economic activity; it's a strategy for cultural preservation, economic resilience, and sustainable development. By supporting traditional livelihoods and rural lifestyles, Azerbaijan's rural tourism model offers a sustainable approach that strengthens rural economies, preserves cultural heritage, and enhances the nation's appeal in the global tourism market. Encouraging city residents to regularly spend time in village settings can significantly boost both domestic and international tourism. This influx of visitors to rural areas has the potential to revitalize local economies, creating new income sources for village communities.

As urban dwellers seek experiences that allow them to connect with nature, engage with traditional lifestyles, and enjoy the slower pace of rural life, villages become appealing destinations for rest and relaxation. This trend provides more than just an economic lift; it also supports the preservation and restoration of rural areas that may otherwise face the risk of decline or abandonment. Increased tourism brings revenue that can be directed toward renovating infrastructure, improving public facilities, and restoring historical sites, breathing new life into regions at risk of disintegration. This process not only enhances the attractiveness of rural destinations but also helps to sustain the cultural heritage, agricultural practices, and local traditions that define these areas. As a result, villages can transform into vibrant hubs of activity and cultural exchange. With the added tourism revenue, rural communities can invest in services, such as guest accommodations, guided tours, and local crafts, providing jobs and opportunities for local residents. This development not only improves the quality of life in these regions but also helps to maintain a balanced demographic distribution, as younger generations find viable livelihoods in their hometowns instead of relocating to urban centers. Overall, integrating regular village stays into the tourism offerings for city residents creates a win-win situation: it strengthens rural economies, preserves cultural heritage, and contributes to sustainable rural development, making villages a central part of the country's tourism strategy and enhancing the resilience and appeal of these areas. The development of rural tourism leads to increased revenue for local residents, reduces unemployment, and creates new job opportunities. As tourism in rural areas grows, it generates a range of economic benefits, from direct income for local businesses to increased demand

for goods and services, which in turn supports job creation and economic stability within these communities. However, with this growth comes a heightened need for skilled professionals who can manage and enhance the tourism experience, such as tour guides, hospitality managers, and cultural heritage interpreters. By investing in training programs and providing rural areas with a workforce of highly skilled specialists, Azerbaijan can ensure that rural tourism meets quality standards that attract and retain visitors. This approach benefits not only the rural economy but also strengthens the national economy. A well-trained workforce in rural tourism contributes to improved service quality, which leads to increased visitor satisfaction and repeat tourism, generating sustained income for both the regions and the country as a whole. In essence, developing a skilled workforce for rural tourism creates a multiplier effect: it boosts the local economy by directly supporting tourism-related businesses, and it positively impacts the national economy by attracting a steady flow of tourists. This investment in human capital not only enhances the competitiveness of Azerbaijan's rural tourism sector but also aligns with broader goals of economic diversification and sustainable development. Thus, by nurturing skilled talent in rural tourism, Azerbaijan strengthens the economic fabric of rural areas while fostering growth at the national level.

REFERENCES

- Ahmad, H., & Ali, R. (2019). Optimizing Coal Reserves for Sustainable Energy Solutions: A Comparative Analysis among Selected Countries. *Journal of Energy and Environmental Policy Options*, 2(4), 101-108.
- Ahmad, K. (2018). Addressing Demographic Challenges: Strategies for Sustainable Economic Growth in Pakistan. *Journal of Business and Economic Options*, 1(4), 120-130.
- Ahmad, S. (2022). Managing Microfinance: Navigating Efficiency and Sustainability Challenges in Bangladesh's Financial Landscape. *Journal of Business and Economic Options*, 5(1), 1-7.
- Al Masri, R., & Wimanda, E. (2024). The Role of Green Supply Chain Management in Corporate Sustainability Performance. *Journal of Energy and Environmental Policy Options*, 7(2), 1-9.
- Aleskerova, Yu. V. (2015). Economy agriculture of the country: Myanmar. *The Journal of Economic Sciences: Theory and Practice*, 24-31.
- Alexandrov, A. Yu. (2002). *International tourism*. Moscow.
- Ante, S. E., & Berzon, A. (2012). Gambling industry: Best virtual money turns real. *Wall Street Journal*, 12(4).
- Archer, B. N. (1984). Economic impact: Misleading multiplier. *Annals of Tourism Research*, 11(3), 517-518.
- Bakhtadze, E., & Phalavandishvili, N. (2020). Identifying tourism market growth opportunities and risks in the autonomous republic in ajara (georgia). *Economic Science For Rural Development 2020*, 35.
- Balabanova, A. A. (2011). The main features of rural tourism in Germany. *European Researcher*, 57-59.
- Bull, A. (1991). *The economics of travel and tourism*. Pitman, Melbourne.
- Crooch, J. E., Shuls, L., & Valeric, P. (1992). International tourism marketing in Australia: Regression analysis. *Heineman, Batterwars*.
- Desyatova, N. N. (2017). *Organization of rural tourism*. Nobility KYU.
- Diaz, A., & Weber, O. (2020). Balancing Investor Rights and Sustainable Development in International Investment Arbitration. *Journal of Energy and Environmental Policy Options*, 3(4), 118-126.
- Dima, B. (2022). Integrating Knowledge and Innovation for Sustainable Development: A Business Perspective on Europe. *Journal of Energy and Environmental Policy Options*, 5(3), 28-34.
- Durbin, E., & Filer, J. (2021). Evaluating the Impact of Public Awareness Campaigns on Sustainable Practices. *Journal of Energy and Environmental Policy Options*, 4(4), 32-37.
- Farahmand, N. F. H. (2019). Strategic Planning and Innovation: Driving Growth and Sustainability in Organizations. *Journal of Business and Economic Options*, 2(1), 26-34.
- Fernandez, L. (1985). *Introduccion a la teoria y tecnica del turismo*. Alianza Editorial, Madrid.
- Hasanzadeh, M. (2023). The development of agrotourism in Azerbaijan: Based on the Italian experience. *Agora International Journal of Economical Sciences*, 17(2), 68-77.
- İsmayilov, V. İ. (2018). Development prospects of agrotourism in Azerbaijan. *Journal KAMERA*, 46(2), 2-6.
- İsupova, L. V. (2012). Agrotourism: Experience, problems, solutions. In *Materials of the International Scientific Practical Conference*. Saratov.
- Karadayi-Usta, S., & Serdarasan, S. (2023). Supplier selection and capacity allocation in medical tourism service supply chain. *Opsearch*, 1-27.
- Kaul, R. N. (1985). *Dynamics of tourism: A trilogy*. New Delhi, Sterling.
- Khan, M. N., & Hassan, T. (2019). Balancing Economic Growth and Environmental Sustainability through Energy Consumption in Pakistan. *Journal of Energy and Environmental Policy Options*, 2(4), 109-116.
- Kocmanev, A. L. (2012). *Bulletin of the Voronezh State University*, 5-12.
- Natalya, V. (2020). Professional mobility of future tourism specialists. *The Journal of Economic Sciences: Theory and Practice*, 40-52.
- Petrakis, M. (2021). Entrepreneurial Integration of Sustainable Development in Business Practices. *Journal of Energy and Environmental Policy Options*, 4(4), 1-7.
- Porro, L., & Gia, N. (2021). Assessing Transport System Efficiency and Sustainable Development in Trade and Manufacturing Sector. *Journal of Energy and Environmental Policy Options*, 4(2), 9-16.

- Prideaux, B. (2000). The role of the transport system in destination development. *Tourism Management*, 21(1), 53-63.
- Roussel, Y., & Audi, M. (2024). Exploring the Nexus of Economic Expansion, Tourist Inflows, and Environmental Sustainability in Europe. *Journal of Energy and Environmental Policy Options*, 7(1), 28-36.
- Seetaram, N. (2010). Computing airfare elasticities or opening Pandora's box. *Research in Transportation Economics: Special Issue on Tourism and Transport*, 26(1), 27-36.
- Seetaram, N. (2016). Introduction. *Tourism Economics: Special Issue on Tourism and Transport*, 22(1), 203-206.
- Situngkir, H. (2024). The Role of Corporate Social Responsibility in Enhancing Company Value: Evidence from Sustainable Companies. *Journal of Energy and Environmental Policy Options*, 7(2), 17-27.
- The State Statistical Committee of the Republic of Azerbaijan. (2019). *Tourism in Azerbaijan*.
- Walters, S. R. (1985). *Travel Industry World Yearbook: The Big Picture*.
- William, F. (2023). Sustainable Energy Solutions for Urban Residences in Australia through Hybrid Systems. *Journal of Energy and Environmental Policy Options*, 6(3), 1-7.
- Yetimoğlu, S. (2022). The Impact of Technology Applications in Tourists' Experiences. In *Handbook of Technology Application in Tourism in Asia* (pp. 205-230). Singapore: Springer Nature Singapore.
- Zheka, V., & Vishnevsky, D. (2022). Integrating Antifragility into Sustainability Strategies for Long-Term Success. *Journal of Energy and Environmental Policy Options*, 5(3), 22-27.