

REPUBLIC OF AZERBAIJAN

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ABSTRACT

of the dissertation for the degree of Doctor of Science

**FORMATION AND DEVELOPMENT OF
ENTREPRENEURSHIP IN THE SECTOR OF TOURISM OF
THE REPUBLIC OF AZERBAIJAN**

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GENERAL DESCRIPTION OF WORK

The relevance of the topic and the development degree of its study: Tourism is a significant sort of economic activity and a vital component of residents' lives in modern society. The importance of tourism and, as a result, the development of entrepreneurship in the tourism sector cannot be overstated, as tourism contributes to population employment and economic growth, infrastructure development, and the preservation and enhancement of cultural and natural wealth in countries around the world.

The business in tourism services has sustained considerable losses as a result of the COVID-19 pandemic, which has had a large economic impact on both developing and developed countries around the world. To summarize, the coronavirus pandemic cost the worldwide tourism industry \$1 trillion 320 billion in lost income between January 2020 and December 2021.

According to figures for 2020, tourism's contribution to GDP in Azerbaijan fell by 1.2 percent, with earnings from international tourism at 0.3 million US dollars, down 83.3 percent from the previous year. Tourism's share in overall exports fell by 85 percent to 2%, or 0.3 million dollars (in 2019 - 9 percent or 2 million US dollars). Strict quarantine measures, border closures, restrictions on tourist trips, and a decline in the population's income had an impact on the tourism sector, which fell by 90% as a result.

The dynamics of these indicators point to a downward trend in the tourism industry. In comparison to the global average, the consequences are more severe in Azerbaijan. As a result, tourism's restart, digitization, and innovative development are critical components of economic recovery and growth, as well as attaining sustainable development goals.

Our country has achieved significant progress in strengthening statehood and socioeconomic development throughout its independence. Great potential have opened up for the development of the lands liberated from occupation as a new tourism destination as a result of the 44-day Patriotic War of 2020 under the leadership of the Supreme Commander-in-Chief, which concluded in a decisive

triumph for the Azerbaijani army. The economic restoration of the Karabakh and East Zangazur economic zones will be aided by the development of sustainable tourism.

In the pre-pandemic period, the rapid growth of global tourism and its significant impact on the economies of various countries made it necessary to conduct a comprehensive study.

Tourism is one of Azerbaijan's most important and promising economic sectors, thanks to the adoption of important legislation, State Programs, decrees, and directions by the President of the Republic. After the President of the Republic, national leader H.A. Aliyev signed the law "On Tourism" on June 4, 1999, tourism in Azerbaijan began to flourish. This law has become the most important legislative act in Azerbaijan's tourist development, providing a legal foundation and establishing a number of new streams. The importance and potential for the development of the tourist industry have greatly expanded during President Ilham Aliyev's administration.

As a result, on February 18, 2022, an updated law "On Tourism" was passed, with numerous additions relating to the need to diversify the domestic tourism industry, improve regulatory mechanisms, establish the foundations of public administration in the field of tourism, and create new tourist destinations, among other things. The execution of the provisions of this legal instrument would greatly increase the prospects for the tourism sector to further mobilize its innovative potential and modernize its business models.

The order of the President of the Republic of Azerbaijan approving the plan "National Priorities for the Social and Economic Development of Azerbaijan 2030" dated February 2, 2021 is very significant.

With the beginning of this century came the need to drastically alter the state's tourism policy, owing to the country's growing popularity and image among travellers. As a result, the first State Program for Domestic Tourism Development for the years 2002-2005 was developed and implemented successfully. The next such paper spanned the years 2008 through 2016 and attempted to make a long-term difference in this area. Other important directive acts adopted by the government of Azerbaijan focused on a fuller disclosure of the

country's potential and the development of the tourism services market (in particular, the State Program for the Development of Resorts for 2009-2018), the Decree of the President of the Republic of Azerbaijan on development of the regions of Azerbaijan in 2019-2023). The adopted programs have played an invaluable role in improving the business environment and increasing the number of tourists visiting the country. Specialized tourist activity was one of the main ways in the "Main directions of the strategic road map for the development of the national economy and the main sectors of the economy" approved by the President of Azerbaijan on December 6, 2016. These strategic directions necessitate expanding the country's tourism potential, stimulating regional tourism activities, developing new tourist routes, and providing competitive services.

On April 20, 2018, the State Tourism Agency was founded on the basis of the Ministry of Culture and Tourism of the Republic of Azerbaijan, which is a state agency that regulates the development of tourism in the country.

The integration of Azerbaijan into the world realm as a tourist destination has become one of the most important strategic lines of the country's foreign policy. Our country is one of the ten most closely related with the Silk Road, and we participate in a UNWTO program aimed at promoting tourism along its historic pathways.

Positive tendencies in the development of tourism entrepreneurship in the pre-pandemic period include an increase in tourist flows, the establishment of new tourism-related businesses, the development of tourism infrastructure, and the intensive development of the hotel industry, among other things. All of this was made possible by the President of Azerbaijan, Ilham Aliyev's unwavering support for entrepreneurship.

At this time, tourism entrepreneurship is defined as a sort of socioeconomic activity based on an original entrepreneurial idea with the goal of developing a new tourist product, offering high-quality services, and generating a profit.

Processes of formation and development of entrepreneurial activity in tourism are of particular importance, as they influence tourist flows and, in particular, the industry's economic performance,

and are also one of the determining conditions for economic growth, an increase in GDP, and national income.

Despite its successes, tourist entrepreneurship confronts a number of challenges that can be addressed by enhancing the state's regulatory framework and methods.

Thematically, existing scholarly breakthroughs on theoretical and methodological issues of tourism and entrepreneurial activity are generally dispersed. Because some theoretical provisions are not fully developed, there is a misunderstanding of the importance of tourism and the clear role of entrepreneurship in this field. Furthermore, there are issues that must be resolved as quickly as possible. This includes boosting investment activities, strengthening infrastructure standards, introducing innovations and digitalization in tourism, increasing competitiveness, and improving pricing.

The multifaceted nature of this problem needs scientific investigation, research, and identification of key trends, as well as, most importantly, the disclosure of development patterns. An integrated approach to the examination of the problems of further formation and growth of entrepreneurial activity in the tourism sector is particularly important in this regard.

In terms of the topic's degree of investigation, an analysis and generalization of a large body of economic literature revealed that questions about the problem occupy one of the most prominent positions in scientific research and publications by domestic and foreign experts.

Azerbaijani scientists made a significant contribution to the study of the evolution of entrepreneurial activity, among whom it is necessary to pick out academicians, including Z.A.Samedzada, E.A.Quliyev, I.M.Abbasov, E.R.Ibragimov, I.H.Ibragimov, B.Kh.Atashov, M.J.Atakishiyev, A.Q. Alirzayev, E.M.Hajizada, A. F. Musayev, E.Y.Mamedov, N.A.Javadov, F.P. Rakhmanov, Q.B. Soltanov, A.Sh.Shakaraliev, A.N. Gasanov, R.M. Kasumov and others.

Of foreign researchers, it is worth noting the works of A.Y. Baranova, L.P. Grishchenko, N.G. Kadiyeva, E.A. Kosinova, A.B. Krutik, M.A. V. Reshetov, E.N. Latypova, M.A. Morozov, V.S.

Novikov, M.V. Reshetov and others.

These issues were examined theoretically and methodologically by such world classics as P. Drucker, A. Marshall, A. Smith, J. Say, F Hayek, R. Hisrich, J. Schumpeter, and others.

At the same time, domestic authors have yet to explore the issues of tourism business formation and development in the context of a full scientific study. The relevance and underdevelopment of these issues, as well as the critical importance of their resolution, influenced the dissertation study topic selection.

Object of study: The study focuses on tourist organizations and businesses operating in Azerbaijan with the primary goal of expanding this management field.

Subject of study: The subject of research is based on the trends, patterns, and economic relationships that emerge during the establishment and development of entrepreneurial activity in tourism.

Purpose and objectives of the study: The dissertation's major purpose is to establish and support scientific and practical recommendations for the effective growth of entrepreneurial activity in Azerbaijan's tourist industry, based on the analysis and generalization of the findings of our theoretical, methodological, and applied research.

The following objectives were solved in the dissertation to reach this goal:

- Unveil the essence and content of entrepreneurship on the basis of diverse scientists' ideas on the nature of entrepreneurial activity;
- Conduct research and develop a set of strategies to improve the tourism industry's information infrastructure;
- Establish the major directions for improving state control of small and medium-sized tourism enterprises;
- Create a method to boost labour incentives for tourism employees;
- Implement a unique strategy to analyzing the impact of increased tourist development on Azerbaijan's and EU countries' economic growth;
- Make proposals for the effective growth of tourism entrepreneurship through innovation;

- Substantiate the necessity of assessing the investment attractiveness of the tourism sector and determine the sequence of its implementation;
- Develop a new scientific and methodological approach to the creation of innovative business incubators;
- Demonstrate the necessity of evaluating the tourism sector's investment attractiveness and determine the order in which it should be implemented.

Research methods: The study employed a variety of scientific methodologies, including comparative and system analysis, generalization, statistical method, dynamic comparison, classification, empirical evidence, linear regressions, forecasting, mathematical representations, and other scientific approaches.

The main provisions submitted for defence:

1. It is preferable to define entrepreneurship as a scientific category in direct relation to the development of the present stage of the market economy;
2. Development of a system of interconnected and successively implemented actions to expand the tourism industry's information infrastructure as a prerequisite for increasing the efficiency of services offered;
3. The use of new techniques of development to expand the scope of state regulation of small and medium tourism businesses will lead to a growth in the gross product of the industry as a whole;
4. The impact of the expansion of integral indicators of the tourism industry on the development of the economy as a whole will be assessed to assure society's long-term socio-economic development;
5. The creation of business incubators that collect the whole spectrum of services and considerably improve the efficiency of small and medium-sized tourism businesses is required;
6. In terms of boosting the image and appeal of the domestic tourism sector, developing recommendations to improve the competitiveness and efficiency of national tourism service providers, as well as their participation in the global tourism market, is critical;
7. Employees in the tourist sector of the economy will be more

productive if an incentive system based on an individual approach is implemented;

8. In the near future, evaluating the investment attractiveness of tourism and substantiating the value of investments in this quickly increasing industry would greatly boost the local sector's competitiveness in the international arena;

9. In order to consistently improve the quality of services offered and increase the Republic's overall national output, models for analyzing the influence of tourist entrepreneurship on the development of linked industries are necessary and appropriate.

The dissertation work's scientific novelty lies in its solution of a significant scientific problem: the substantiation and study of theoretical and methodological foundations and conceptual guidelines for the development of tourism business activities in the context of Azerbaijan's socially oriented market economy, as well as the development of practical recommendations for their implementation in the near and long term.

The following are the key findings of the dissertation research, which are notable for their scientific uniqueness:

- In regard to the concept of "entrepreneurship" as an unique sort of socio-economic activity, a new updated scientific knowledge has been produced, and the author's own interpretation is offered;

- To successfully solve challenges in the sphere of establishing the information infrastructure of entrepreneurship in tourism, a set of effective solutions was defined;

- It was identified and scientifically validated the major directions for activating and improving state control of small and medium-sized tourism firms;

- Scientific and practical guidelines for the effective and long-term growth of tourism business activities have been produced;

- A new scientific and methodical approach to the formation of innovative business incubators was proposed;

- To measure the impact of increasing the level of development of tourism entrepreneurship on the economic growth of Azerbaijan and EU nations, a novel scientific technique was proposed;

- A mechanism has been created to strengthen the incentives for

employees in the tourism industry, with an emphasis on enhancing the quality of services supplied;

- It empirically validated the need to assess the attractiveness of tourism businesses as an investment;

- Several models have been developed to estimate the influence of tourism on the growth of agriculture, transportation, information technology, and the non-oil sector of the economy, based on resource potential analysis.

Theoretical and practical significance of the research: The theoretical significance of the dissertation work is that the scientific concepts advanced as classical and neoclassical theories contain various aspects of a comprehensive substantiation of the importance of entrepreneurship and its practical implementation in tourism, which serves as a kind of impetus for entrepreneurial activity in a market economy. The study's practical significance stems from the possibility of government agencies, tourism companies, firms, business structures, and professional associations using the dissertation's conclusions and practical recommendations in making organizational, economic, and managerial decisions in order to form and effectively develop tourism entrepreneurship. Furthermore, the dissertation's materials can be used and incorporated into curricula for specialist personnel's training, retraining, and advanced training. The research was extensive, and it included theoretical and methodological provisions as well as methodological advancements that might be employed in universities and economics faculties to teach an academic discipline on the topic in the formation of bachelor's and master's degrees.

Approximation and application of the work: The dissertation's main content has been published in two monographs, 32 scholarly papers, and 17 theses recommended by the Higher Attestation Commission under the President of the Republic of Azerbaijan. In the periodicals of influential countries and foreign countries, articles and theses with a volume of 20 printed pages were published. They include the followings: "Socio-economic directions of entrepreneurship in the tourism industry" (Baku, 2011), "Development of infrastructure for entrepreneurship in tourism in Azerbaijan" (Kyiv, 2012), "Information

support for entrepreneurship in tourism” (Baku, 2013), “Impact of tourism entrepreneurial activity on solving social problems of the regions of Azerbaijan” (Baku, 2016), “Marketing innovations in the tourism services market of Azerbaijan” (Kyiv, 2016), “Entrepreneurship in the field of tourism: investment aspect” (Kyiv, 2016), “Increasing role of information infrastructure in the development of tourism entrepreneurship” (Baku, 2017), “Assessing the degree of national income and its macroeconomic consequences in Azerbaijan” (Columbia, 2018), “Formation and development of entrepreneurship in tourism” (Baku, 2020), “Innovation development and entrepreneurship management in tourism of Azerbaijan” in 2021, as well as the theses “Entrepreneurial activity in the field of tourism services” (Baku, 2012), “Entrepreneurship of tourism organizations” (Batumi-Trabzon, 2013), “Tourism business in Azerbaijan: trends, problems, prospects” (Baku, 2014), “Information technologies and their role in effective tourism business development” (Lvov, 2014), “State regulation of innovative development of entrepreneurship in tourism” (St. Petersburg, 2015), “Innovative development and intellectual support of entrepreneurship in tourism” (Rostov-on-Don, 2015), “Tourism in the system of the national economy of Azerbaijan” (Baku, 2017).

The main conclusions and proposals of the dissertation research were accepted for use by the well-known French “Panorama Assistance Service” in the tourism market (certificate dated on May 29, 2017), as well as the Azerbaijan Travel Agency “Millennium Tourism& Congress DMC” (certificate No. 12/02, dated on December 2, 2016). In addition, they are accepted for use in the educational process of the Azerbaijan Tourism and Management University (reference N 008 D3/Bi FD/782 dated on December 2, 2016).

Name of the organization where the dissertation was completed. The dissertation has been completed at the Institute of Economics of the Azerbaijan National Academy of Sciences.

The total volume of the dissertation, indicating the structural elements of each element of the dissertation: The dissertation’s whole volume is made up of 461768 characters. Introduction has 22764 characters. The chapter I has 63864 characters, the Chapter II

has 94982 characters, the chapter III has 101766 characters, the chapter IV has 81087 characters, the chapter V has 57530 characters. Conclusion is made up of 10614 characters and references has 29161 characters. There are total 432607 characters excluding tables, graphs, figures, and used literature.

MAIN CONTENT OF THE DISSERTATION WORK

The importance of the issue under investigation, the degree of its study, the object and subject of the study, the purpose, objectives, research techniques, and the primary provisions submitted for defense are all stated in the dissertation's introduction. The scientific uniqueness, theoretical, and practical relevance of the dissertation work are sufficiently revealed here, as is the necessary information regarding the approval and implementation of the research findings, as well as the volume of structural parts of the dissertation as a whole.

The dissertation's first chapter, **“Theoretical and methodological foundations of entrepreneurship and tourism,”** discusses entrepreneurship theory and conceptual characteristics of tourism, conducts a scientific analysis of the formation of entrepreneurial activity and its development in the field of tourism, and shows the evolution of scientific approaches to modern entrepreneur characteristics.

The definition of the notion of “tourism” is the scientific starting point in the study of tourist entrepreneurship. As a result of the active formation and growth of tourism in the sphere of tourism language, major changes are taking place, according to our generalizations. Many scientists characterize the term “tourism” from various perspectives. The shortcomings in the understanding of the term of “tourism” are mostly due to the industry's uniqueness. It is vital, in our opinion, to pay attention to tourism, which is a component in economic stability, as well as to consider the variables that contribute to the effective growth of tourism and the relationships between tourists and travel businesses in the tourism industry. This concept of tourism encompasses a variety of perspectives.

The terminological updating, which is related with the concept

of the substance and content of the item under investigation, is one of the most important methodological features of economic science.

There are numerous definitions of “entrepreneurship”, but no cohesive methodology has yet been developed. One of the key reasons is that entrepreneurship has changed and developed over time, broadening its scope and functionality. That is why it is vital to gain a better understanding of the core and content of entrepreneurship.

Based on a study of the nature of entrepreneurial activity and numerous scientific perspectives, scientists create their own position on the idea of “entrepreneurship”. Entrepreneurship is a unique sort of socioeconomic activity that necessitates personal capital and responsibility, as well as a willingness to take risks. It is built on innovative development within the confines of present legislation, with the goal of creating a profit.

The following are some important characteristics of entrepreneurship to consider: economic benefit; entrepreneurial risk; uncertainty and responsibility; self-organization and independence of economic entities; economic benefit.

Our research revealed that the theory of entrepreneurship has progressed through five major stages, as follows: the first is marked by the emergence of this concept associated with risk; the second is marked by the highlighting of innovation; the third is marked by increased influence on the entrepreneur’s creative qualities; and the fourth is marked by an increase in the importance of entrepreneurship. The combination of two opposing variables determines the modern fifth one: a) competition for sales markets; b) business collaboration and partnership development. The research concludes that classical and neoclassical scientific notions encompass many components of the theoretical justification of entrepreneurship and its most thorough implementation in tourism, which acted as a form of push for entrepreneurial activity in a market economy.

According to the findings, entrepreneurship, including tourism, has gone through four stages of genesis and development throughout its history. The initial stage of the project began in the late 1980s. This period was marked by the rapid rise of entrepreneurship and was related with the emergence of the cooperative movement. The

second stage may be traced back to the beginning of the 1990s, when Azerbaijan's economy was undergoing profound reforms. By the mid-1990s, the third stage had emerged. There was a noticeable pause in the development of all existing sorts of entrepreneurial activity at this point. The fourth occurs at the start of the twenty-first century and is marked by the strengthening of the market economy's social priorities, the improvement of the legislative and regulatory framework, the rapid growth of the tourism industry, and the establishment of an effective mechanism for state entrepreneurship support.

We came to an unambiguous conclusion about his significant personal role as an entrepreneur as a leading subject of the modern economic system, whose personal, professional, and, above all, business qualities have evolved over their relatively long period of development, based on the study of the evolution of scientific approaches to the characteristics of an entrepreneur. In today's world, an entrepreneur is defined as a person with a broad perspective who uses innovations in his activities, is willing to take risks, and can forecast the sequence of steps necessary to reach a goal. All of this, in our opinion, will help to expand commercial operations, enhance revenue opportunities, and, ultimately, serve as a catalyst for the development of civilized market interactions.

The second chapter, "**Organizational, economic, and legal prerequisites for the formation and development of tourism entrepreneurial activity**", examines the organizational, economic, and legal aspects of modern tourism, reveals the impact of tourism's economic activity on the formation and development of its entrepreneurship, demonstrates the organization of infrastructure support for tourism entrepreneurship, and supports the need for state regulation and support of tour operators.

The dissertation examines the dynamics of inbound and outbound tourist indicators in Azerbaijan for the period 2011-2020 in order to further investigate the country's tourism market.

Table 1 shows the trends in national tourism metrics in terms of their components (inbound and outbound tourism). As shown in the table, there was a positive trend in the number of international visitors visiting Azerbaijan during the pre-pandemic era (2011-2019). Positive

swings in the country's economy and tourist attraction, the hosting of prestigious international events, the expansion of hotel brands, and other factors all contributed to this trend.

Table 1. For the period 2011-2020, the dynamics of international (inbound and outbound) tourist metrics in Azerbaijan (thousand people)

Indicators	Years									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Number of foreign citizens visiting Azerbaijan	2239,2	2484,1	2508,9	2297,8	2006,2	2248,8	2696,7	2849,6	3170,4	795,7
including for the purpose of tourism, of which:	1561,9	1985,9	2129,5	2159,7	1921,9	2044,7	2454,0	2605,3	2863,5	519,4
Recreation and entertainment	519,8	687,8	705,2	709,9	668,8	697,1	839,3	1042,4	1164,0	164,9
Business	591,9	595,3	648,9	670,5	632,3	691,7	834,4	787,4	850,5	177,5
Therapeutic	33,3	43,0	46,2	46,3	36,5	41,5	49,1	63,1	63,9	10,4
Religious	10,5	13,2	13,7	13,7	11,5	12,6	14,7	15,3	16,6	3,0
Visiting relatives, friends	381,4	607,5	673,7	677,1	542,0	562,0	674,9	651,6	719,9	133,2
Other tourist purposes	25,0	39,1	41,8	42,2	30,8	39,8	41,6	45,5	48,6	30,4
For other purposes	677,3	498,2	379,4	138,1	84,3	204,1	242,7	244,3	306,9	276,3
Number of Azerbaijani citizens who left abroad	3550,2	3874,4	4284,7	4244,3	4095,8	4281,9	4108,9	4908,1	5567,7	1164,6
Including for the purpose of tourism, of which:	2308,2	2828,9	3306,7	3319,4	3256,2	3592,1	3447,4	4096,7	4347,3	746,6
Recreation and entertainment	513,1	897,6	1053,9	1014,6	1045,2	1096,1	1054,9	1126,3	1251,7	194,8
Business	1150,3	1172,3	1290,9	1277,8	1185,3	1371,6	1306,5	900,2	848,8	168,5
Therapeutic	92,6	116,5	169,0	169,8	140,0	192,7	189,6	288,6	268,8	42,9
Religious	64,0	66,2	82,5	117,8	133,5	127,1	120,1	245,3	250,0	39,2
Visiting relatives, friends	390,8	457,2	579,9	565,0	592,6	613,9	586,1	844,5	876,4	157,9
Other tourist purposes	97,4	119,1	130,5	174,3	159,6	190,7	190,2	691,8	851,6	143,3
For other purposes	1242,0	1045,5	978,0	924,9	839,6	689,8	661,5	811,4	1220,4	418,0

The table was developed by the author using data from the Republic of Azerbaijan's State Statistical Committee for the year 2021. p. 289.

Table 1 shows the prevalence of outbound tourism in the time

leading up to the pandemic. This, in our opinion, is due to the country's resort and recreational regions, as well as its hotel network, failing to match international standards. A related argument is that local travel agencies prefer to organize international tours for their citizens due to the increased profitability of this type of tourism compared to inbound tourism.

The report supports the importance of increasing domestic tourism. It should be mentioned that the primary causes of domestic tourism's slow growth include, first and foremost, the country's small number of tourism facilities (particularly in rural areas), as well as the high cost of tourist services (accommodation, food and logistics).

The appropriateness of prioritizing domestic tourism marketing appears fair, given that it will help to faster regional growth and the creation of new jobs in high demand. The fact that a portion of the monetary costs of citizens of the republic meant for overseas travel would be redirected to domestic money circulation, contributing to an increase in the revenue side of the state budget and the growth of gross domestic product, should also be considered.

The hotel industry is the most important part of the tourism industry. Almost all hotel indicators have declined as a result of the COVID-19 Corona virus pandemic. According to the State Statistical Committee, the income of hotels and hotel-like facilities in 2020 was 116.8 million manats, about four times less than the similar figure in 2019. As a result, this sector's share of GDP fell by 1.2 percentage points to 1.2 percent.

Political stability, the general economic situation, a free competitive environment, infrastructure support, the legislative framework, an innovative approach to activities, demand for hotel services, information and advertising support, and professional staff are among the factors influencing the development of entrepreneurial activity in the hotel industry.

This industry is one of the most important in terms of the scope and strength of the direct and indirect impact of tourism on economic development. According to our research, this direct impact is taken into consideration with a rather high level of representativeness in Azerbaijan, although indirect analogues, which are no less important,

are still neglected. The indirect influence of tourism on the economy can be measured using a coefficient known as the tourism multiplier, whose efficiency in the tourism industry, given its unique characteristics, can become more pronounced.

According to our estimate of the dynamics of the proportion of tourism receipts in the structure of the country's macroeconomic indicators, tourism revenues will account for 1.1 percent of total GDP in 2020, and 4.8 percent of total exports of goods and services (see Table. 2). These figures have been cut in half due to the uncertainty in 2020 compared to 2019. The low share of tourism receipts in total exports of goods and services before the pandemic, on the other hand, suggests the existing reserves and potential opportunities for the tourism industry to play a significant role in the country's economic development.

Table 2. The share of tourism receipts in the composition of Azerbaijan's macroeconomic indicators has changed throughout time.

Years	Share of tourism receipts in total GDP, (in %)	Share of tourism receipts in total exports of goods and services, (in %)
2011	1,4	4,0
2012	1,6	7,2
2013	1,8	7,3
2014	2,1	8,3
2015	2,4	12,6
2016	2,4	16,2
2017	2,4	16,2
2018	2,3	11,1
2019	2,4	8,5
2020	1,1	4,8

Source: The table has been compiled by the author based on the data of the State Statistical Committee of the Republic of Azerbaijan for 2021. p. 367.370

In the same chapter, it is proposed to enhance the level of organization of infrastructure support for tourism businesses, which will have a direct impact on the effective growth of tourism in general, for a more deserving development of all major components of the tourism infrastructure.

Because the development of tourism infrastructure has an obvious social component, both public and private funds should be sought to fund its implementation. Poor infrastructure support for a particular type of business may be the cause of an imbalanced investment structure in the country, in which some sectors of the economy are invested while others are not.

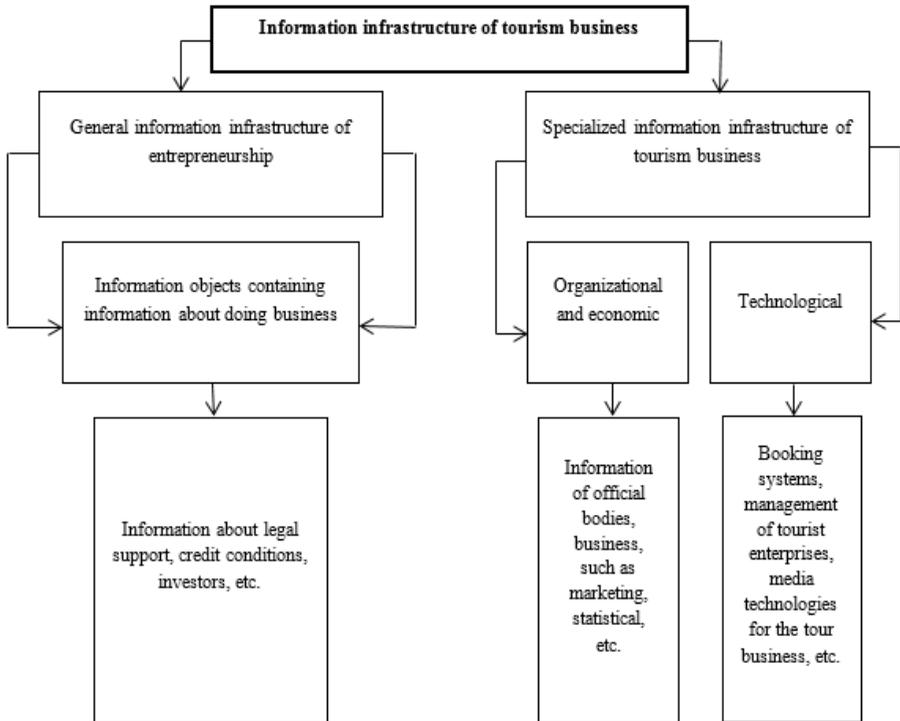
The development of the tourism industry is inextricably linked to its information support, which includes providing complete information about potential investors and partners, access to necessary marketing research and business consulting, and, most importantly, legal support for business processes.

Given the importance of this facet of tourism, the establishment of a system of information support at the national and sectoral levels is essential. Entrepreneurship (including tourism) should, in our opinion, create a single information space utilizing creative ways and build an acceptable system on this foundation. The presence of such a system will enable easy access to business, banking, and technical information, as well as the identification of new partners and markets, the promotion of tourism products and services, and the use of a wide range of state and commercial information resources for analytical and reference purposes.

Tourist information centres (TICs) are at the heart of tourism's information infrastructure, and they play a critical role in establishing a single tourist space.

In the context of the TIC, it seems appropriate to create a digital marketing network, with the assistance of which it becomes possible, in the presence of a database with real-time remote access, to swiftly receive the information required, regardless of the centre's operation. This issue is framed in such a way as to encourage strong interactive conversation among tourism market participants.

Tourism, as shown in Figure 1, encompasses a wide range of information activities, is one of the primary beneficiaries of advances in integrated processing and information support for entrepreneurship, and contributes significantly to the development of information infrastructure.



Scheme 1. Information infrastructure of tourism business

Source: Compiled by the author based on research materials.

The theoretical conclusion is that tourism as a sort of economic activity can only be grown effectively with an ideally saturated tourism infrastructure that fits the needs of tourism entrepreneurship.

An examination of the characteristics of the growth of tourism entrepreneurship in Azerbaijan highlighted the necessity for state engagement at various hierarchical levels to strengthen economic activity.

The article claims that government regulation is particularly crucial in lowering the risk of touristic firm. First, we are discussing ways to improve the tourism market's information openness. This means that conditions must be created in which the reduction of uncertainty, which is directly tied to the market economy, may be achieved by collecting and storing data about the state of business entities and their offering.

In these times of uncertainty, state support for small and medium-sized businesses (SMEs) in tourism is especially important. The presence of SMEs in the tourism sector boosts population employment, encourages innovative development, and improves the quality of tourism services. In this regard, the state's policy is to increase their support and, first and foremost, to create favourable conditions for their development, as well as the establishment of appropriate financial aid channels.

The study's analysis enabled the key directions for upgrading and enhancing state regulation of small and medium-sized tourism firms to be identified: improving the legislative framework for SMEs; strengthening the state's involvement in controlling the development of SMEs in promising fields; new methods of boosting SMEs; offering favors for SMEs' use of state resources (material, technical, financial, and informational) and the mandated use of innovations; assistance in organizing staff training (advanced training, training, and retraining) for small and medium-sized firms; support for overseas economic relations.

The aforementioned directions and activities will ensure the emergence of new trends in the tourism industry's development, the diversification of the national tourism offer, and the stability and permanence of the domestic tourism market's development.

The dissertation's third chapter, "**Conceptual foundations and priority areas of innovative development of entrepreneurship in tourism**", examines the current state and trends in tourism entrepreneurship, examines digitalization processes and forms of manifestation in tourism, considers marketing innovations in the tourism services market as one of the main areas of innovative processes, and considers the determining role of the state as an incentive provider.

This chapter identifies the major roadblocks to the development and implementation of tourism-related innovations: a weak legislative framework for innovation regulation and development; a poorly organized market for innovative projects; a lack of innovation culture; a protracted payback period for creative initiatives; and an insufficient level of official support and stimulation of enterprise innovation.

The employment of a cluster method can improve inventive potential, but only if country-level procedures are implemented that allow for the use of flexible finance for cluster development. The adoption of

these procedures will make it possible to use state financial assistance more flexibly for the development of new cluster initiatives. The creation of tourist clusters in Azerbaijan's regions, in our opinion, will serve as a tool to stimulate the development of tourism in the regions, have an impact on job creation, wage growth, and budget contributions, and, most importantly, will contribute to the development of the regions' innovative environment.

The following suggestions, in our opinion, should be used for the effective and innovative development of tourism company activities:

- In order for Azerbaijan to enter the global innovation sphere and produce a competitive national tourism product, a thorough examination of the state of development of various types of innovations, as well as the country's tourism sector's innovative potential, is required;

- When designing a methodology for creative development, it is required to evaluate all indicators related to the field of tourism services, as well as the conditions of a specific tourist destination and study the state of tourism resources;

- Tourism entrepreneurial activity aimed at finding new, untapped regions of labour, material, and financial resources via the application of current technologies and technology;

- Entrepreneurs must be able to respond quickly to new changes in tourism-related areas of activity, as well as create the most up-to-date working practices in order to get favourable outcomes from their efforts;

- All contemporary computer technologies, from specialist software programs for operating a tourist enterprise to the utilization of worldwide computer networks, should be used by the tourism industry;

- Create an environment that encourages prompt engagement among all transaction participants;

- In the face of innovative competition, which makes it impossible to precisely foresee market conditions, managers of business structures should pay particular attention to the entire system of specific characteristics.

The adoption of the following guidelines will allow for the rapid introduction of tourism-related innovations, as well as the expansion of tourism organizations' competitiveness and their entry into the international tourist environment.

The digitalization of practically all areas of the Azerbaijani economy, including tourism, is significantly responsible for the country's economic growth. One of the key components of economic recovery and growth will be the reintroduction of tourism following the pandemic, as well as the active implementation of digitalization. According to studies, contemporary tourism digitization trends include a step-by-step reorientation of market participants to the online domain, as well as a corresponding reorientation of financial flows and the establishment of conditions for boosting tourism profitability.

The development and promotion of digital products for tourism places appears to us to be the most promising approach right now. Because pricing is increasingly becoming a crucial element in the choice to acquire a tourist package, travel companies must pay special attention to digital customer service and apply price preservation measures.

The growing trend of digitization in tourism company activities necessitates the appropriate use of modern information technologies (IT) and the benefits of the global Internet, particularly at the stage of developing and marketing a tourist product.

Artificial intelligence (AI) is the most recent trend in tourist digitization. The potential of AI technology, according to many specialists in this sector, is many times bigger than the capacity of search engines and individuals. AI, it appears to us, will significantly impact tourism in the near future. In terms of tourism entrepreneurship, AI has the potential to improve the quality of services for visitors, provide personalised services, and better meet the demands of actual people.

The inclusion of SMEs in the tourism industry allows for more innovative development, including digitalization procedures. The existing digitization potential for the intensive development of small and medium-sized tourism firms is mostly dependent on a subject's and the industry's technological and financial capacities.

The digitalization of the tourism industry manifests itself in a variety of ways. Online purchases of ready-made tours, smartphone applications, blockchain technology, and digitalization of amateur tours are just a few examples.

Tourism digitalization trends will shift in the future. The process of removing traditional travel agencies with brick-and-mortar locations

from the market will start. Only those tour companies that successfully execute the customisation process in the supply of services to customers will have a competitive advantage, converting potential customers into regular customers and ensuring their survival based on high profits.

As a consequence of the research, the following factors have been identified as impeding the development of digital technology in the tourism industry: Financial and economic (it is very difficult for small and medium-sized tourism businesses to invest large sums of money in the digitalization of this area of activity, and support and stimulation are not provided); stability of the general situation (dissimilarity in the political and financial resources of the regions for international cooperation); normative-legal (lack of a normative-legal space that regulates the contact of subjects in the process of transition to the digital field); normative-legal (lack of a normative-legal space (many have no idea about the great possibilities of digital technologies or have incomplete knowledge).

Eliminating all of the aforementioned obstacles will contribute to the long-term development of digital technology in Azerbaijan's tourism sector.

The same chapter discusses marketing advances in the tourist services business. It should be noted that innovations in the field of travel market research and promotion of a tourist product include the development of systems for monitoring competitors, the client market, creating an image, conducting advertising campaigns, and developing bonus programs for clients, all of which are related to the marketing research innovation strategy. To perform successful marketing research in the tourism industry, we believe that the following scheme should be followed: consumer preferences and interests - market research - profit creation through the introduction of new forms and customer satisfaction. A tourist organization should carry out the sequence of measures that we propose. As a result, one of the key objectives of this organization, in addition to delivering a new package of services for implementation, should be a thorough examination of client interests and preferences. As a result, marketing research will be a valuable source of such information.

According to the findings, the tourist services sector is the most attractive area for implementing innovative marketing strategies that will

help businesses gain competitive advantages. At the same time, tourist services market research can provide a solid foundation for making the best use of a country's or region's geographical potential.

The creation and implementation of innovations in the sphere of tourism necessitates the participation of individuals from many sectors of endeavour. As a result, without the active participation of the state, a new approach to its development is unimaginable. Based on this, we believe that two main conditions must be met: the state's active participation and support in the creation and implementation of innovative projects, as well as the allocation of funds and the provision of subsidies for the implementation of projects in the field of tourism innovation and entrepreneurship.

Creating the essential environment for the innovative development of SMEs is one of the state's top priorities. There are a variety of ways to promote small firms in the real world, but a unique structure known as a business incubator has grown popular. We suggest a novel approach to the establishment of a business incubator, one of the features of which is a comprehensive service for a new business owner. The document lays out a step-by-step process for establishing a business incubator, as well as its goals and objectives.

The proposed new scientific and methodological approach to the creation of innovative business incubators will have a significant positive impact on the quantitative and qualitative growth and competitiveness of small and medium-sized tourism enterprises, as well as on the improvement of entrepreneurial activity in the tourism sector.

Based on a sample of data for Azerbaijan and 18 EU nations, the study examines the impact of tourism entrepreneurship development indicators on the country's economic growth. The favourable economic impact of entrepreneurial development in the tourism industry of Azerbaijan and EU nations is supported by correlation and regression analysis results (dynamic regression model for assessing Arellano-Bond panel data). It has been empirically confirmed that a 1% increase in the number of tourists arriving in the country results in a 3.38 percent increase in the value of GDP growth per capita; a 1.33 percent increase in the number of flights within the framework of international tourism; and a 3.64 percent increase in the share of revenue from international tourism

in total exports.. At the same time, it was discovered that the tourism services sector's competitiveness is directly linked to the country's level of innovative development and digitalization, specifically, readiness for information and communication technologies (ICT). In Azerbaijan, the effect of improving ICT readiness takes longer than in EU countries, with a 2-year time lag. It has been empirically proved that improving the country's ICT readiness by 1% contributes to a 0.49 percent improvement in tourism competitiveness in Azerbaijan and EU countries, as well as a 0.72 percent increase in the country's level of innovative development. As a result, for the effective development of entrepreneurship in tourism, the governments of Azerbaijan and the EU countries, as well as other stakeholders (businesses, investors, start-ups, and so on), should not limit themselves only to the direction of ICT and digitalization, which is a priority today, but also to raising the country's overall level of innovative development, which includes other trend areas.

The dissertation's fourth chapter, **“The impact of tourism business development on the solution of social problems,”** examines the relationship between tourism business development and meeting the needs of the population in employment, determines the impact of tourism business on the population's level and quality of life, and provides a comparative description of tourism and its business development in Azerbaijan and a number of other countries.

A substantial number of workers are employed in the tourist sector of the economy, both in the service sector (staff of travel companies, hotels, etc.) and in the field of material production (road construction, hotels, hotels, etc.).

Table 3 depicts the relationship between the number of tourism businesses and the number of persons who participate in tourism activities.

As can be seen from the table, the number of tourist employees employed in 2020 is the lowest of all preceding years. In non-state tourism businesses, a similar situation has arisen. The number of people employed by state-owned firms in this sector increased four times during the studied period. In terms of the number of tourism organizations, there were 132 less in 2020 than there were in 2019. It is worth noting that until 2020, all of the above metrics showed consistent growth. The corona

virus pandemic, which has affected jobs both inside and outside the tourism industry, is to blame for the drop in employment.

Table 3. The number of tourist organizations and the number of people who work for them is changing (persons)

	Y E A R S									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total employed in tourism	1541	1730	1729	1794	1586	1838	1891	2074	2205	1464
From them:										
At state enterprises	17	18	24	14	16	16	29	32	68	78
At non-state enterprises	1524	1712	1705	1780	1570	1822	1862	2042	2137	1386
Including:										
Private	1476	1596	1592	1675	1443	1642	1689	1861	1937	1279
Foreign	23	28	33	28	27	78	57	65	125	69
Joint	25	88	80	77	100	102	116	116	75	38
Number of tourist organizations	141	170	197	218	243	272	339	374	432	300

Source: The table has been developed by the author based on the data of the statistical collection "Tourism in Azerbaijan" of the State Statistical Committee of the Republic of Azerbaijan for 2021, p.13

Although the potential for drawing the public to this area of activity in the country is quite large, as our study revealed, the level and structure of those directly working in the tourism sector are not effective enough. In our perspective, it is critical to remove all barriers to the growth of small and medium-sized firms, as these two types of businesses offer excellent chances to expand their workforce.

The income of tourism-related organizations in Azerbaijan's cities and regions has been investigated. Tourism organizations had good income indicators before the epidemic began in January-February 2020, according to the report. With the implementation of quarantine measures and border closures, the tourism sector's revenue, as well as the revenue of tourism-related organizations, has virtually evaporated. This circumstance impacted the country's earnings and, as a result, the population's level and quality of life.

The proper interaction of all parts of the tourism infrastructure, in our opinion, will increase the population's quality of life as well as

the territory's attractiveness to businesses, investors, tourists, and recreationist.

A comparative examination of the reasons why the development of tourism and associated entrepreneurship in individual nations has greatly outpaced Azerbaijan is carried out in the same chapter, using the example of nearby Georgia and a number of other countries. We chose the following countries based on geographical, historical, and cultural ties: Georgia, Kazakhstan, Russia, and Turkey are four of the world's most populous countries.

A comparison of the development of tourism and its entrepreneurship in Azerbaijan and the aforementioned countries revealed that Georgia leads in practically all of the analyzed metrics. Because travel companies enjoy considerable official assistance in the form of tax benefits and subsidies, success in the development of tourism in Georgia has become possible. As a result, entrepreneurs have the ability to lower travel service prices. As a result, tourism services in Georgia are two times less expensive than in Azerbaijan. It has been determined that the tourist service in our country is still not competitive when compared to similar services and organizations in the tourism industry in Georgia and Turkey.

We have come to the conclusion that effective tourism development and entrepreneurship will be possible only if there is a mechanism in place to ensure that tourism policy is coordinated with the country's development prospects, which are identified as the main priorities of the "Strategic Roadmap for the National Economy and Key Sectors". The expense of corporate tourism will rise as a result of this collaboration.

Because we believe that assessing and stimulating the work of tourism enterprise employees is insufficient and warranted, a mechanism for increasing the stimulation of their work is proposed in the same chapter of the dissertation. Specific recommendations are made to improve the assessment of activity results and the validity of the salaries of tourism enterprise managers and specialists, in order to determine their contribution to the final results of their activities, the development of the motivational process, and the improvement of the quality of the business environment in this sector of the economy. We

propose using the functional cost method at tourist enterprises for such an assessment, which is based on evaluating the personal qualities of specialists and determining the cost of the functions they perform, taking into account the quality of their performance as well as the enterprise's results. The ranking of all executable functions according to their level of complexity is offered as a calculating technique. It is proposed that each of these functions be assigned weight coefficients, which should total one hundred percent or points. Because these one hundred percent or points correspond to the official compensation, after the computation, the cost of each function listed in the job description can be determined. The study suggests that the cost of all work in each structural unit be determined in the same way, and that remuneration be distributed precisely and fairly, increasing the validity of managers' and specialists' wages in the tourism industry.

The dissertation's fifth chapter, "**Main Directions for Improving the Efficiency of Entrepreneurial Activity in the Field of Tourism,**" identifies the main directions for improving investment activity in tourism businesses, increasing the level of their development through public-private partnerships, and demonstrating ways to increase tourism's influence on the development of key sectors of the economy.

The growth of tourism entrepreneurship, as well as its effectiveness, is largely attributable to the attraction of capital. The state is primarily responsible for meeting the demands of regions and tourist businesses for large investments. At the same time, given the attractiveness of tourism as an investment destination, mobilizing private investments and combining them with public ones can have a substantial positive impact on the effectiveness of entrepreneurship formation and development in this industry.

The regulation of attracting investments in the intensive expansion of the tourism company is one of the primary variables impacting the economy's recovery. Let us focus on the most pressing issues with regard to regulating the tourism sector's investment vector: fostering a healthy competitive environment; ensuring the tourist sector's progressive expansion and comprehensive modernization; improving the degree of profitability of tourism firms with stable

contracts.

In today's world, assessing the investment attractiveness of tourism-related businesses is critical, because when examining an investment project and assessing the risks associated with it, significant emphasis is given on the justification of the extent of the mobilized resources. It is also worth noting that the objective reality is that such treatments are rarely carried out.

When studying and evaluating the investment attractiveness of a tourism firm, we believe it is best to employ a system of aggregate indicators classified as follows: The First group assesses investment attractiveness; the second group assesses economic efficiency of work and resource effectiveness; and the third group assesses market competitiveness.

In the first category of indicators for evaluating an enterprise's investment attractiveness, we believe it is important to include data that allow for an assessment of the company's financial status. In the second set of indicators, it is required to examine the enterprise's rate of development in terms of resource efficiency and resource allocation. In this instance, the resource efficiency function must be calculated. Indicators of market competitiveness, including the enterprise's position in the relevant market, should be included in the third group: the size of the client base, the volume and dynamics of the services provided, the amount of income generated from the services provided, the ability to expand the scope of activities and, as a result, increase the market share it holds, and so on.

The proposed scheme for measuring investment attractiveness also serves as a means of attracting investment, as it defines the key elements of an enterprise's attraction to investors.

The promotion of a favourable investment climate is a primary objective for Azerbaijan. This is due, first and foremost, to a variety of factors, the most important of which are the need to update the existing material and technical base, update the range of tourism products and services being produced, and expand the size of their sale to consumers. The nature and techniques of attracting investments, as well as the conditions for encouraging excellent investment practices in the sphere of tourism by domestic firms, should be given special

emphasis.

The recommendations in this section are targeted at increasing the amount of foreign investment in the tourism industry. The following stand out among the constant measures targeted at resolving this issue: a radical improvement in the tourism investment climate; bringing the current system of incentives for foreign investors in line with modern requirements; establishing and further developing the country's international cooperation in order to achieve world standards in the field of tourism; strengthening the marketing strategy and improving the efficiency of marketing activities in the tourism business to activate foreign investors and increase the degree of reliability to further constructive interactions with domestic bodies.

The aforementioned steps will aid in the improvement of tourism investment activities, and, as a result, the expansion of activity and efficiency of entrepreneurial activity in this sector of the economy.

The world's experience reveals that, at this point, the state's implementation of a tourism development strategy cannot be considered a privilege, but must be carried out in collaboration with business. Public-private partnership (PPP) is an excellent model of such an "alliance". In this light, we believe it is fair to consider this type of relationship as a key aspect in boosting tourism entrepreneurship development.

Figure 2 depicts our recommended solution for public and private sector cooperation in tourism development.

As shown in the diagram, the state's exercise of high-level powers creates the conditions for active business development, resulting in profit for business and, in turn, GDP growth, tax revenues, increased exports, and new jobs for the state, all of which contribute to the expansion of employment in the tourism industry. Despite the socioeconomic benefits of tourism development, the state considers it to be extremely burdensome. While the private sector retains a big portion of the earnings, the state's costs of supporting tourism infrastructure are quite high and are not met by its income. The state's insufficient financial capacities and presence in the private sector point to the necessity of their collaboration in the PPP framework.

In our opinion, the unity of "state-business" in the domestic

economy will contribute to positive changes due to the high synergy effect, which will become an effective lever for ensuring the country’s comprehensive development and successful implementation of individual economic entities' intended goals.

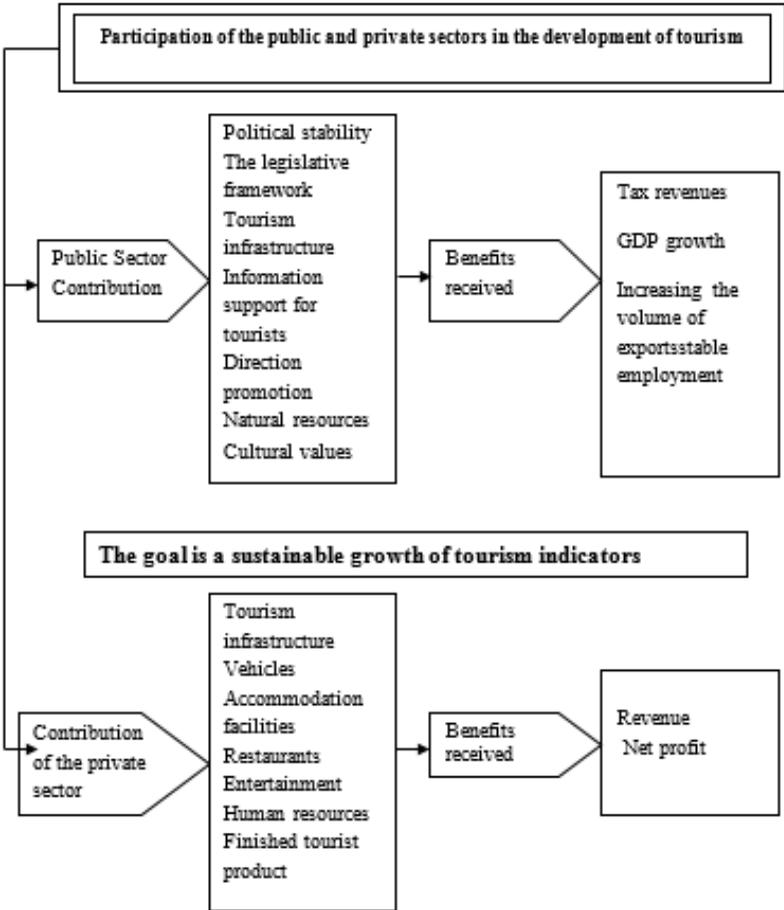


Chart 2. Contribution of the public and private sectors to tourism development and the benefits they receive

Source: developed by the author based on research materials

A variety of connected criteria affect the expediency of observing interests and the coordinated application of efforts in the “state-business” connection within the framework of PPP to handle

the priority problems of tourism infrastructure. The following are some of them:

- Resource constraints, as a result of which the state is unable to tackle problems with tourism infrastructure in a complex only through budget funds (that is, without investing entrepreneurial capital);
- The economic and financial climate is volatile, and businesses are looking for safe investment opportunities;
- Commercial businesses typically have more rational management and flexibility to a multivariate environment (relative to government structures).

The success of public-private partnerships is particularly obvious in the implementation of large-scale tourism projects with a strong focus on innovation. In this scenario, we believe it is critical to adhere to two mandatory conditions:

- Clear defining of strategic goals by the state and realization of those goals through the implementation of local projects;
- Establishing the norms of partnership between the government and the private sector for the duration of the implementation of common projects.

In our opinion, the PPP model in the Azerbaijani tourist sector should evolve in the direction of concretizing the general target program of this partnership for separate real projects that are appropriate for its functional qualities.

Using the benefits of PPP to expand domestic tourism aims to fully engage the industry's potential and, as a result, leads to an increase in the level of demand for its entrepreneurial component.

Several econometric models of the impact of tourist indicators on other sectors of the economy are presented in this chapter (agriculture, transport, information technology and the non-oil sector).

In the non-oil sector of the Azerbaijani economy, tourism plays a considerable role. As a result, the impact of tourism on the development of the non-oil sector is the most essential aspect of the analysis. Logarithmic regression demonstrates that a 1% increase in tourism revenue corresponds to a 0.76 percent increase in non-oil GDP in this scenario.

Model of the impact of tourism income on the development of the non-oil sector of the economy using first-order (logarithmic) differences

Dependent variable: LOG(NON_OIL)

Variable	Coefficient	Std. error	t-statistic	Probability
C	4.983784	0.109186	45.64479	0.0000
LOG(TOTAL)	0.766509	0.017755	43.17743	0.0000
R-square	0.993604	Average Dependent Variable		9.643944
Change R-square	0.993071	S.D. dependent variable		0.742246
S.O. regression	0.061763	Akayaki inf. Criterion		-
				2.598811
Sum. sq. deviations	0.045806	Schwartz criterion		-
				2.507517
Log Probability	20.19167	Hannan-Queen criterion		-
				2.607262
F-Statistics	1864.290	Durbin-Watson Sta.		0.684853

Model:

LS LOG(NON OIL) C LOG(TOTAL)

Model Equation:

LOG(NON_OIL) = C(1) + C(2)* LOG(TOTAL)

Changed settings:

LOG(NON_OIL) = 4.98378389309 + 0.766509165132* LOG(TOTAL)

We may conclude that the quantitative influence on other sectors of the economy is due to the use of logarithmic transformations of variables in the regression model, based on the results of numerous models for analyzing the impact of tourism and its entrepreneurship on important sectors of the economy.

In the case of variable predictions, these models outperform classic least squares models by a wide margin and provide far more accurate and logical outcomes. As a result, other countries can apply this method, taking into consideration their statistical data and constructing multipliers and coefficients.

We can measure the impact of tourism on the development of

major industries, including the non-oil sector of the economy, by using the presented models. This statement, in our opinion, is correct, because the overall income from tourism as a whole is used to analyze the development of entrepreneurial activity in the tourist sector, whose importance was demonstrated in this section of the dissertation.

CONCLUSIONS

The findings of our research on the emergence and growth of tourism-related entrepreneurial activity enabled us to draw appropriate conclusions and make specific recommendations.

1. The study revealed some positive trends in the formation and development of the tourism industry in Azerbaijan, including the expansion and consolidation process, the creation of a high-quality tourism product, the intensive development of the hotel industry, the consolidation of tour operator firms, the increase in the number of people employed in tourism business structures, the strengthening of specialization, and the effective use of human resources. All of this created the groundwork for the tourism industry's continued rapid growth, as seen by the key indicators for January-February 2020. Unfortunately, due to the advent of the pandemic, this progressive tendency was not further developed, resulting in a drop in tourism economic activity.

2. Changes in the economic core and content of the notion of "entrepreneurship" are reflected in the author's definition, which reflects present phenomena of reality.

3. It has been established that the scientific concepts put forward as classical and neoclassical theories contain various aspects of the theoretical justification of entrepreneurship and its practical implementation in tourism, based on the study of the theory of entrepreneurship and the conceptual foundations of tourism.

4. It has been established that tourism, as an economic form of activity, serves as a stimulus for the republic's economic development and a multiplier for increasing value-added throughout the country, harmoniously combining most sectors of the national economy and forms of activity, it is a tool for redistributing gross national income in favour of countries with a highly developed tourism sector, and it

stands out for its short payback period.

5. The study's findings revealed that the continued development of tourism's economic activity will contribute to the growth of all participants' incomes, ensuring the industry's high profitability for economic entities represented by entrepreneurs of a new formation, capable of ensuring the tourism sector's qualitative and quantitative growth.

6. It is established that increasing the degree of information support for tourist business activities is vital for the development of all important components of the tourism infrastructure, which will have an impact on the effective growth of tourism in general. It has been concluded that information infrastructure is the most important aspect in a successful tourist business. It is proposed that single information space for tourism business information can be created using new ways, and that a system for its information support will be developed on this basis, allowing for the fast receipt of any relevant information. It is proposed that a network of electronic marketing should be established within the context of the country's operational tourist information centres. The presence of such a network will help to develop a fully interactive communication system between travellers and tourism service suppliers.

7. The main directions for activating and improving state regulation of small and medium-sized tourism businesses are substantiated, with their implementation ensuring the formation of new trends in the country's tourism industry, diversification of the national tourism complex, and the stability and permanence of the domestic tourism market's development.

8. It is argued that the use of digital content and online platforms provides numerous benefits to travellers and tourism entrepreneurs, hence speeding up the process of modern tourism recovery and development. It should be mentioned that future tourist digitization trends will be changed. Travel agencies with physical locations will be shut down. Those tourism organizations who adopt the process of customisation in the supply of services to consumers will benefit, ensuring their existence on the basis of making a profit.

9. A novel technique has been recommended to effectively

develop small tourism firms by creating business incubators that provide comprehensive support to a new entrepreneur, particularly in the first stage of organizing activities, hence increasing the possibility of successful performance. A technique of consistent engagement between business incubators and small firms is proposed based on a study of best practices from established foreign nations. The main concepts for establishing business incubators are outlined, as well as their features and benefits. The value of establishing business incubators in areas that specialize in the development of new tourist products has been shown.

10. Recommendations for the effective innovative development of tourism business activities have been developed, and their implementation will allow for the rapid introduction of innovations in the field of tourism, as well as the growth of tourism organizations' competitiveness and entry into the international tourism environment.

11. To measure the influence of increasing the level of entrepreneurial development in tourism on the economic growth of Azerbaijan and EU nations, an innovative approach is offered. The development of entrepreneurship in the tourism sector of Azerbaijan and EU countries has a beneficial economic effect, according to the results of correlation and regression analysis. It is recommended to the governments of these countries, as well as other stakeholders (businesses, investors, start-ups, and so on) for the effective development of entrepreneurship in tourism, not to limit themselves only to the direction of ICT and digitalization, which is undeniably a priority today, but to increase the level of innovation development in general, covering other trend areas such as financial, insurance, marketing, managerial, socio-cultural, and so on.

12. Current trends in the growth of innovative tourism entrepreneurship have been highlighted, such as the creation of new, more appealing tourist products for customers than those previously available; expanding the number of new travel services available; development of new areas of application of labor, financial, and material resources using the most up-to-date equipment and technology; application of service innovations; search for new ideas in

the hotel industry; use of tourist clusters in various directions, all of which contribute to the expansion of innovative potential; creation of franchising projects of tour operators, which are important innovative trends in tourism; the introduction of new information technologies, the use of new means of marketing innovation; development of innovative infrastructure in the regions; development of new tourism markets.

13. It has been determined that in places where tourism enterprise income is low, entrepreneurship growth should be organized around the development of new types and forms of tourism, allowing for the most efficient use of existing resources. The need of conducting an analysis of existing resources, appraising the territory's potential, and providing the required circumstances for the tourism complex's economic environment is substantiated in this way.

14. The reasons why particular countries' tourism and entrepreneurial development has greatly outpaced ours have been recognized. Turkey and Georgia, for example, were picked, and their experiences are detailed in one of the dissertation's paragraphs. Simultaneously, it was shown that our country has great potential, which, if fully used, will ensure Azerbaijan's leadership in this region over Georgia and Turkey.

15. A mechanism has been developed to improve the incentives for employees who work in the tourism industry, which is based on an assessment of their personal abilities and the cost of the various functions they perform (taking into account the quality of performance) as well as the effectiveness of the organization's functioning. The proposed mechanism will assist tourism businesses in operating more efficiently.

16. The importance of analyzing the investment attractiveness of tourism firms is established, and a scheme for its implementation is devised to aid in the optimization of the investment attraction process and the improvement of the conditions for its execution.

17. Methods for determining the payback period of investments, return on capital investments, and a discount method for taking into account the impact of the time factor and the risk factor on the results of the tourism project implementation are proposed for the

effectiveness of investments in tourism business activities. Recommendations were made with the goal of bolstering the process of foreign investment inflow into the tourism industry. To achieve this purpose, a system of consistent measures has been devised, the application of which will help to the improvement of tourist industry investment activities, and, as a result, the activation and rationalization of entrepreneurship in this sector of the economy.

18. It is demonstrated that boosting the level of entrepreneurial growth in the tourism sector on a PPP basis is necessary. The public and private sectors' contributions to the growth of tourism, as well as the benefits they gain, are reflected. The main stages of the PPP mechanism are introduced in the following order. The study's findings led to the development of recommendations, which can serve as a useful tool for boosting tourist potential and, in general, the effective development of tourism entrepreneurship.

19. Several approaches for evaluating the influence of tourism and its entrepreneurial activities on the growth of major economic sectors have been proposed. Agriculture, transportation, information technology, and the non-oil industry were chosen to be evaluated. We found validation of the strong impact of tourism in general on the assessed items in the proposed models. In the case of variable predictions, these models outperform classic least squares models by a wide margin and provide far more accurate and logical outcomes. As a result, other countries can apply this method, taking into consideration their statistical data and constructing multipliers and coefficients. It is feasible to measure the impact of tourism on the development of important industries, including the non-oil sector of the economy, using the proposed models.

The following articles and theses related to the subject of the dissertation have been published:

1. Социальные аспекты международного туризма. Əmək və Sosial Problemlər. Elmi əsərlər toplusu. Əmək və Sosial Problemlər üzrə elmi tədqiqat və tədris mərkəzi. Bakı, 2010, № 1(6), s. 73-77.

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