

## **Analysis of Factors Affecting the Development of Agrotourism in Azerbaijan**

**By**

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### **Abstract**

In the background of socio-economic and political processes that have taken place in the world in the last 3 years, the crisis tendencies that have arisen in the global economic conjuncture have caused sharp declines in the economy of all countries in many fields. It is known that such negative trends usually affect the tourism sector the most among economic sectors. The main reason for this can be attributed to the initiative to save costs that people did not consider necessary during the force majeure. It should be noted that regressive trends have had a negative impact on all areas of the tourism sector, including agrotourism, whose development has been of great importance in recent times. In recent times, there has been a very serious interest in the development of agrotourism among the types of tourism in the world. These types of tourism play an important role in increasing employment by attracting tourists to the regions, improving the welfare of citizens, achieving sustainability in the incomes of the rural population, preventing urbanization, and promoting cultural heritage and local gastronomy. Agrotourism also conditions people's sensitive approach to this field due to climate changes that have occurred in the ecosystem. The development of agrotourism in the regions of Azerbaijan can create favorable conditions for the elimination of seasonality of tourism and achieving sustainability. In the research work, the factors affecting the development of agrotourism in the Republic of Azerbaijan were analyzed in a broad aspect, and the general content of the work to be done in the direction of the development of agrotourism as one of the areas most exposed to the negative effects of the instability observed in the international environment was interpreted. As a result of the research, the resource potential suitable for the development of agrotourism in Azerbaijan was theoretically investigated, and the advantages that sustainable development of this field can bring were shown. The practical significance of the study is to show as much as possible the important nuances of this type of activity to entrepreneurs and investors who will play a role in the development of agrotourism in Azerbaijan in the near future. The limitations of the study are the lack of extensive statistical data on this field of activity due to the fact that agrotourism in Azerbaijan is mainly seasonal and economic subjects do not carry out their activities in a fully legal manner. It should be noted that agrotourism in Azerbaijan can make important contributions both to the dynamic development of entrepreneurial activity in the regions and to the improvement of the social and cultural level of the rural population

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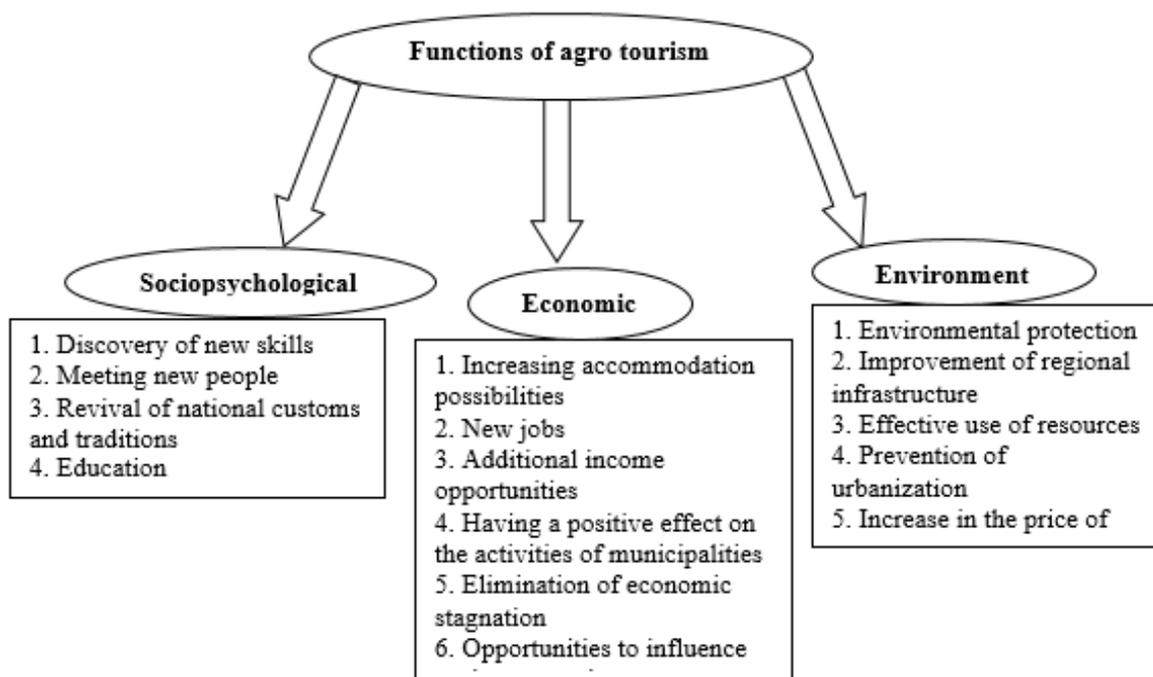
## Introduction

Rural tourism is one of the types of active recreation, which is characterized by travel opportunities organized for the purpose of learning the nature of the environment or rural areas, the standard of living of the peoples living in those regions, national traditions, national characteristics, sometimes combined with sports and business goals. As the tourism sector

living of subjects related to the tourism sector rises. The development of rural tourism creates a demand for the cultural heritage of the areas suitable for tourism purposes in the regions. This not only supports the activities of local craftsmen, artists, musicians, but also increases the population's interest in cultural heritage. One of the tasks of tourist enterprises is to inform tourists about the history, architectural monuments, cultural and national features, customs and traditions, religion, etc. of the region and village where they are located.

develops, the total level of income in the sector increases and, consequently, the standard of

Agro tourism is also understood as a type of recreation that urban dwellers or people living in cities spend in villages. Agro tourism is a form of tourism that is carried out in rural conditions using farms and all its means. Agro tourism includes festivals, art exhibitions, and cultural events related to agriculture [6 p. 44]. Rural tourism enterprises provide additional income for themselves by attracting tourists as a commercial enterprise providing services to farms and other agricultural areas. It includes all means of outdoor recreation (fishing, hunting, nature exploration, horseback riding), educational events (cannery tours, cooking classes or wine festival tastings), entertainment (crop festivals or folklore), hospitality services (tourmanagement), direct sales at farms (roadside exhibitions), etc. Rural tourists visit farms in rural areas, actively participate in daily agricultural activities, purchase products for personal consumption, and participate in tours to learn about the cultural richness and handicrafts of the region. Rural tourism performs a number of important functions due to its socio-economic value and important characteristics (Fig. 1).



**Picture 1.** *Functions of agro tourism*

Rural tourism includes two main areas in terms of regional development: agricultural entrepreneurship and tourism. Together, these areas combine the existing potential and resources to create new businesses in both sectors, directly and indirectly, in terms of improving the living standards of local people [3, p. 20]. From this point of view, in the framework of determining the global trend of tourism, it is necessary to specially mention that rural tourism has great prospects in the future. Since rural tourism is a new type of tourist product in the tourism industry, there are wide opportunities for its formation as a competitive tourism product in the world tourism market. The realization of these opportunities depends on the tourism development strategy determined by each country at the national and regional level. In connection with such an activity, different problems may arise in different regions. The situation and impact of rural tourism in developed countries may vary depending on the level of development of the country. Effective marketing implementation applied in rural tourism makes it possible to achieve results that are considered impossible. Of course, it is possible to achieve this by providing various types of products and services offered to customers in rural tourism through private and public sector organizations. In both cases, the dissemination and distribution of products and services in rural tourism indicates that there are still challenges in rural tourism marketing. In other words, the reason for this is the lack of systematic and consistent organization when the physical and human components of products and services are implemented in rural tourism. In a marketing and proper management mechanism, it is important that the various elements of rural tourism match the existing demand and the needs of potential buyers. It is important to have positive results in rural tourism marketing, it is important to differentiate the perspective of the rural tourism product [11, pp. 99-106].

Along with the mysterious nature, Azerbaijan has a rich history and ancient culture. More than 6 thousand historical monuments are preserved in the territory of our country. As an example of these monuments, buildings confirming the existence of the German people in some regions of Azerbaijan (Goygol, Tovuz, Shamkir, Aghstafa) (preserving their original forms), the German community that migrated from Europe, the Kingdom of Württemberg, and settled in Azerbaijan at the beginning of the 19th century, also left traces in history. Azerbaijan has always been the center of attention of tourists due to its favorable geographical position, very ancient and rich history, natural beauty and hospitable people. Moisey Kalankatli, Ibn-Khaukal, Ibn-Khardadbeh, Al-Istakhari, Al-Masudi, Al-Biruni, Marco Polo, A. Nikitin, I.G. Gerberg, Vakhushti Bagrationi, S.G. Gmelin and others are scientists and travelers who have traveled to our country since ancient times to the present day. [4, page 12].

In 1819, the first German colony - Helenendorf (now Goygol) was established in Azerbaijan. 8 German colonies established in Shamkir, Gazakh, Tovuz, Agstafa regions (Annenfeld, Georgsfeld, Grünfeld, Eigenfeld, Traubenfeld), rock paintings of primitive people in Gobustan caves (60 km west of Baku), Albanian churches and chapels on the top of the mountains, magnificent fortress walls and castles, as well as vast caravanserais, magnificent palaces of Islamic culture, memorial rites and other buildings are the obvious examples [4, page 14]. Because these monuments are not sufficiently publicized, there is no mass flow of tourists to the mentioned regions, and some buildings have reached the point of destruction due to neglect. All of these points indicate that our country as a whole has considerable opportunities in the direction of protecting multicultural values. These possibilities justify additional reserves for attracting foreign tourists in the future.

### ***1.1 Objectives***

The object of the study is the tourism sector of Azerbaijan and especially the business entities engaged in rural tourism.

### 1.1.1 Materials and methods

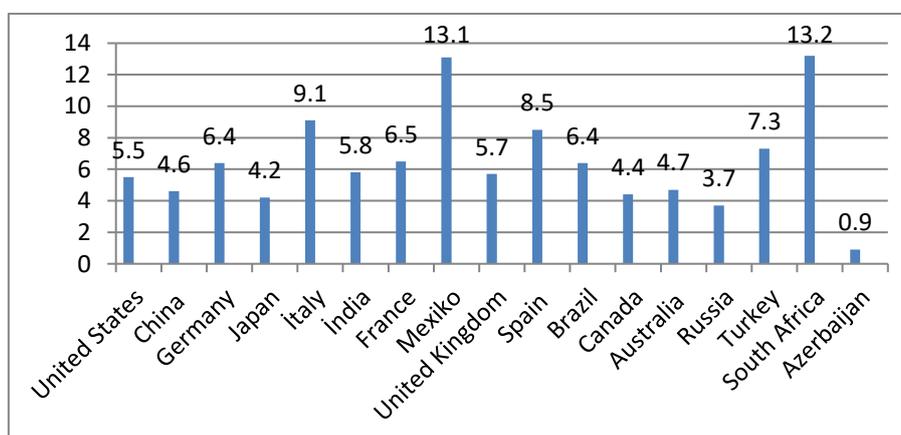
Research methods: observation, comparison and statistical analysis methods were used in the research.

### 1.1.2 Results

In modern economic conditions, the strategic goal of the state in the Republic of Azerbaijan is to achieve economic diversification and use all possible opportunities in this direction with maximum efficiency. If we look at the experience of the advanced countries of the world according to the level of economic development, we will see that it is an important condition to realize the sustainable development of not one field, but more sectors as the main criterion for the sustainable development of the economy. In recent years, large-scale projects implemented in Azerbaijan in order to ensure the development of alternative fields to the oil sector should be evaluated from this aspect. In particular, the state programs implemented in the direction of the development of industry, agriculture and tourism in the last five years should be specially emphasized in this regard. In this direction, the potential opportunities of the tourism field are of decisive importance in the direction of the realization of the set goals.

The development of tourism also promotes the rise of regions from a socio-economic point of view in a short period of time. While normal living conditions are established in the regions, many people tend to live in rural and regional areas, which also solves the main problem of the peasants and creates a basis for increasing alternative sources of income. Today, there are many opportunities for the development of tourism in Azerbaijan. World experience shows that up to 30% of state and population incomes in tourism developed regions are related to tourism activities. The development of tourism as a social field is related to the service sphere. Including the development of social infrastructure in the regions where tourism is developing. The areas of social infrastructure are related to the areas of transport, public catering, housing, hotels and household services. Infrastructural areas of tourism provide urban planning and complex territorial development in regions. Social factors in the development of tourism are measured by demographic and educational level. The socio-economic development of tourism leads to raising the standard of living of the population and improving the state of well-being. If touristic bases are created in the regions by businessmen or under the patronage of the state, this means, first of all, the opening of tens of thousands of jobs, the easy sale of agricultural goods, and the improvement of the social well-being of the region's population. It should be noted that the development of tourism directly depends on the proper use of the potential opportunities of its species according to their purpose.

The share of the tourism sector in GDP in 2021. In %



Source: IMF World Economic Outlook (January 2022) \*Projection

In the field of tourism, rural tourism is considered one of the oldest types of activity. The reason for this is the existence of suitable opportunities for rural tourism, compared to the development of other fields, depending on the resource potential of national states [8, page 5]. Today, within the borders of every state in the world, there are ample opportunities to engage in agriculture and related forestry, hunting, and fishing. Currently, 1 billion people of the world's population, that is, up to half of the economically active population, work in these fields. It should be noted that this indicator is approximately 40% of labor resources in Azerbaijan.

According to our opinion, although rural tourism in Azerbaijan is one of the newly formed areas of the economy, the territory, population potential and infrastructure opportunities that are being formed promise an important potential for the development of this area [9, p. 7].

In addition to the covid-19 pandemic and its effects on the economy, the tourism sector is one of the areas most affected by the political and economic negative trends that have occurred in the global sphere in the last two years. Especially in times of crisis, people save on leisure expenses and the unstable political environment leads to a decline in the potential of this area. Global crises have proven that the elimination of such negative trends in economies where tourism has a major share or in countries that depend on only one area takes a long time. It is from this point of view that in the last two years, as an alternative to the oil sector, the Azerbaijan state has implemented large-scale measures in the direction of the development of agriculture, industry, service and tourism sectors.

**Table 1** Key indicators for tourism-specific areas [12]

	2010	2015	2018	2019	2020	2021	in 2021 in % compared to 2019
Number of employees working in fields typical for tourism, people	36 899	49 449	53 222	58 972	49 019	53717	91,0
Volume of additional value created in areas typical for tourism, million manats	-	2 437,3	3 464,3	3 704,9	1 370,1	2062,6	55,6
The specific weight of added value created in areas characteristic for tourism in the gross domestic product of the country, in percentage	-	4,5	4,3	4,5	1,9	2,2	X
The volume of investments made in areas typical for tourism, million manats	949,2	1 063,9	229,7	133,7	79,3	242,4	181,3

**Source:** State Statistics Committee of the Republic of Azerbaijan, <https://www.stat.gov.az/source/tourism/> (2021)

**Note:** 1\$ (USA) = 1.70 AZN (manat)  
1€(euro)=1.79 AZN (manat)

It is known from the research that in 2021, the specific weight of the added value created in the fields typical for tourism in the country's gross domestic product was equal to 2.2%. The main factor in the decline of this indicator compared to previous years is the negative effects of the covid-19 pandemic on a global scale. In the corresponding period, compared to 2019,

the number of employees working in fields typical for tourism decreased by 9.0% to 53,717 thousand people. Although the volume of investments in areas typical for tourism increased by 81.3% in 2021 compared to 2019. Although the current indicators are not unique, the prospective development of the field is promising [12].

The development of rural tourism can have a positive effect on the improvement of the financial situation of the population living in the villages of Azerbaijan. Thus, it is clear from the observations made in rural tourism centers in separate regions (Gabala, Ismayilli, Gakh, Shamakhi, etc.) that rural tourism services, even in the same areas, differ sharply from each other, and 65-75% of the income reaches the village.

Studies show that the level of labor productivity in agriculture is low compared to other sectors. In the country, the hourly labor productivity index for the processing industry is equal to 6.3 manats (3.9 US dollars) at current prices, and 9.4 manats (5.8 US dollars) for the construction sector, while this indicator for agriculture is 1.03 manats (0.6 US dollars).

## **2. Discussion**

When examining the potential opportunities of rural tourism in Azerbaijan on the basis of SWOT analysis, it is possible to come to a definite conclusion with the perspective development of the field. The following can be attributed to the strengths, weaknesses, opportunities and shortcomings of rural tourism in Azerbaijan:

### Strong

- rural tourism is a sustainable field in our republic in terms of potential opportunities and resource provision.
- rural tourism plays an important role in the recognition of our country.
- The boundless hospitality of the Azerbaijani people is an important influencing element for the development of this field;
- In recent years, the tourism choice of tourists coming to our republic changes from the capital to the regions;
- Azerbaijan's perfect landscape and geographical opportunities are characteristic for the development of this field;
- Rural tourism contributes to the protection of the natural environment and cultural heritage;
- The main elements for the development of this field are reflected in the main terms of the strategic road map, etc.

### Weaknesses

- There are difficulties in the marketing of rural tourism related to access to international markets;
- Scientific researches and scientific discussions related to rural tourism do not match the level of relevance of the development of the field;
- Although the reforms carried out in the direction of improving the social welfare of the rural population and the economic opportunities of the village in Azerbaijan have led to significant progress, they are not at an entirely sufficient level;
- There are difficulties in collecting and disseminating information on the development of rural tourism.

- There are deficiencies in accommodation and infrastructure;
- Most of the villagers do not know foreign languages;
- The variety of tourism services in the regions of Azerbaijan is limited, etc.
- Rural tourism is a type of tourism that is not completely related to the climate. The lack of a seasonal feature makes it possible to implement it in every season of the year;
- Changing the role of women in rural areas will make it easier for them to integrate into the new work environment;
- People living in the city are more aware of nature.
- There is an increase in television programs promoting rural tourism.
- There is a young and dynamic population in the village of Azerbaijan that can easily adapt to the concept of tourism;
- It will create a new income opportunity for a part of the population by promoting the sale of rural tourism, woodworking, carpets, handicrafts and decorative products;
- The development of rural tourism is important in terms of providing additional income to agricultural producers whose income level is lower than in other sectors.

#### Threats

- Rural tourism can create a basis for hesitation of entrepreneurs who get income from agriculture;
- The presence of well-organized rural tourism centers in neighboring states is a danger.
- Domestic tourism revenues are decreasing.

### **3. Conclusion**

Studies show that the development of rural tourism in the Republic of Azerbaijan, the creation of new sources of income, and the improvement of employment opportunities can make positive contributions to solving the development disproportions observed between the regions by preventing the urbanization process. Another important issue in the development of the area is that a better assessment of the existing potential is also useful in terms of the protection of cultural heritage, agricultural areas and the environment. However, along with the mentioned issues, the problems in rural areas have not yet been fully resolved. I believe that there should be a complex approach to the factors affecting the development of rural tourism and they should be classified in a certain structure. In general, in terms of urgency, the following issues should be solved as a priority:

- There are difficulties in the marketing of rural tourism related to access to international markets;
- Scientific researches and scientific discussions related to rural tourism do not match the level of relevance of the development of the field;
- Although the reforms carried out in the direction of improving the social welfare of the rural population and the economic opportunities of the village in Azerbaijan have led to significant progress, they are not at an entirely sufficient level;
- There are difficulties in collecting and disseminating information on the development of rural tourism.
- There are deficiencies in accommodation and infrastructure;
- Most of the villagers do not know foreign languages;
- The variety of tourism services in the regions of Azerbaijan is limited, etc.
- The presence of well-organized rural tourism centers in neighboring states affects our opportunities in this area;

The Republic of Azerbaijan is one of the countries with high tourism potential due to its geographic location and natural and climatic conditions. It is from this point of view that special attention should be paid to rural tourism in order to turn historical, social and cultural potential into economic profit. I believe that it would be appropriate to prioritize the following issues in this direction:

- In order to develop rural tourism, in the regions where the potential of this type of tourism is high, within the framework of tourism promotion programs for the local population, components such as Azerbaijani culture and history, public relations, foreign language should be included;
- A special strategic plan should be prepared for the development and marketing of rural tourism in the regions;
- Rural areas should be created not only as an area for living and production of agricultural products, but also for tourism purposes;
- The Ministry of Tourism and Culture and the Ministry of Agriculture should implement the measures to be implemented in the direction of the development of rural tourism in a coordinated manner;
- In connection with the development of rural tourism, short-term courses to develop handicrafts, especially for housewives, should be encouraged;
- Residents in rural areas who use their land for tourism purposes should be given certain privileges by the state;
- By encouraging the sale of rural tourism, woodworking, carpets, handicrafts and decorative products, a new income opportunity can be created for a part of the population;
- The development of rural tourism is important in terms of providing additional income to agricultural producers whose income level is lower than in other sectors.

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