



**AZƏRBAYCAN RESPUBLİKASI TƏHSİL NAZİRLİYİ
AZƏRBAYCAN DÖVLƏT İQTİSAD UNIVERSİTETİ**

BEYNƏLXALQ İQTİSADİYYAT MƏKTƏBİ

***Kafedra: Beynəlxalq İqtisadiyyat (ingilis dilli)
İxtisas: Dünya İqtisadiyyatı***

BURAXILIŞ İŞİ

Mövzu: Dünya iqtisadiyyatında beynəlxalq turizmin inkişafı və rolu

Tələbə: Aydan Hacıyeva

Kurs: IV

Qrup: 1003

Elmi rəhbəri: i.ü.f.d., dos. İnara Rzayeva

Kafedra müdiri: i.ü.f.d., dos. Altay İsmayılov

BAKI – 2019



The Ministry of Education of Azerbaijan Republic
Azerbaijan State Economic University

International School of Economics

BACHELOR THESIS

Theme: The role and development of international tourism in the world economy

Author: Aydan Hajiyeva

Supervisor: Assoc. Prof. Inara Rzayeva, Phd

BAKU-2019

Plan

Introduction

Chapter 1. World market of international tourism

- 1.1. Features of the development of international tourism in a globalized world economy
- 1.2. Analysis of factors affecting the development of international tourism
- 1.3. The role of international tourism in world trade in services.

Chapter 2. The impact of international tourism on socio-economic macro indicators at the global and national levels

- 2.1. Impact of international tourism on the balance of payments
- 2.2. Impact of international tourism on employment
- 2.3. Analysis of trends in the development of international tourism in Azerbaijan

Conclusion

References

The role and development of international tourism in the world economy

Introduction

Tourism is one of the most active forms of recreation and entertainment along with many socio-economic, cultural and political and cultural functions of particular importance in the life and work of organization. Tourism has global importance, social and economic ties between the two countries and peoples, mutual relations, expanding the coverage of the areas that is, the business interests, different governing. In the view of tourism is awesome way of resting, it creates many chances for people to travel, to spend their leisure time affordable, to see different places, to visit relatives and friends, religious, scientific and etc. without carrying any paid work in other places. Looking from a macroeconomic point of view, the tourism is a financial and social action within the tertiary segment of the national economy, which is affected by other branches of the economy additionally contains a positive effect on other areas. The financial benefits of the tourism industry are enough. The tourism industry creates a noteworthy number of occupations and ventures in this zone have a generally brief payback period. At the same time, the nearby economy as entire benefits from the tourism improvement, as the tourism areas tend to have a more created urban foundation and services. The sightseers makes extra request for administrations and shopper products, in this manner invigorating the economy's tertiary division (administrations, commerce, businesses etc.). The transport segment and genuine domain division are other two imperative branches which gain a parcel through tourism advancement. International tourism has new opportunities for the tourists, it serves visitors different types of industry according to the traveller need, interest, motivation and purpose. Tourism is very affective industry that force to the countries to preserve cultural heritages and ancient places in different areas. It create encourage in the home country to preserve environment and natural biological resources such as plants, animals, birds, different types of trees in the

area of each country. Tourism has multiplier effect as an economic phenomenon. It impact on entire economy of a country because it contribute positive or negative influence on employment, export, services, GDP, income revenues, expenditures and eventually economic growth.

Tourism affected by different factors in different countries. Generally these factors depend on the present political, natural, environmental, social and cultural, demographic, economic condition of a country.

So, in the first chapter of my work contains information about world market of international tourism. In the first section of this chapter include information, and comparisons about features if development of international tourism in the globalized world economy. In the second section it includes analysis of factors affecting development of international tourism. And the third section of first chapter contains information about the role of international tourism in world trade services. Also, in this chapter we will talk about tourism arrivals and regions which are improved it's tourism industry as a result to pass other regions according to the number of international tourist arrivals during the last years. International tourism arrival is very crucial factor that give information about present situation of tourism in a country. Different nations try to develop their standards of living, services in tourism such as accommodation, transportation and other services in order to increase number of tourist arrivals toward the country.

The next chapter of this project is about the impact of international tourism on socio-economic macro indicators at the global and national levels. In the first section I want to provide some information balance of payments and this section is called impact of international tourism on the balance of payments. In the second section of this chapter is about impact of international tourism on employment. And the third section is about analysis of trends in the development of international tourism in Azerbaijan. Its rich national cultural heritage, historical monuments, forests, beaches and tourist product can be created in Azerbaijan, which is proud of its original. One of every eight workers employed in the tourism sector of the

tourism is very labor-intensive, but at the same time, high wage level is considered one of the advantages of the world. From this point of view of tourism in Azerbaijan, particularly in reducing poverty, population of remote villages can be used as a tool in preventing discharge of moving and powerful.

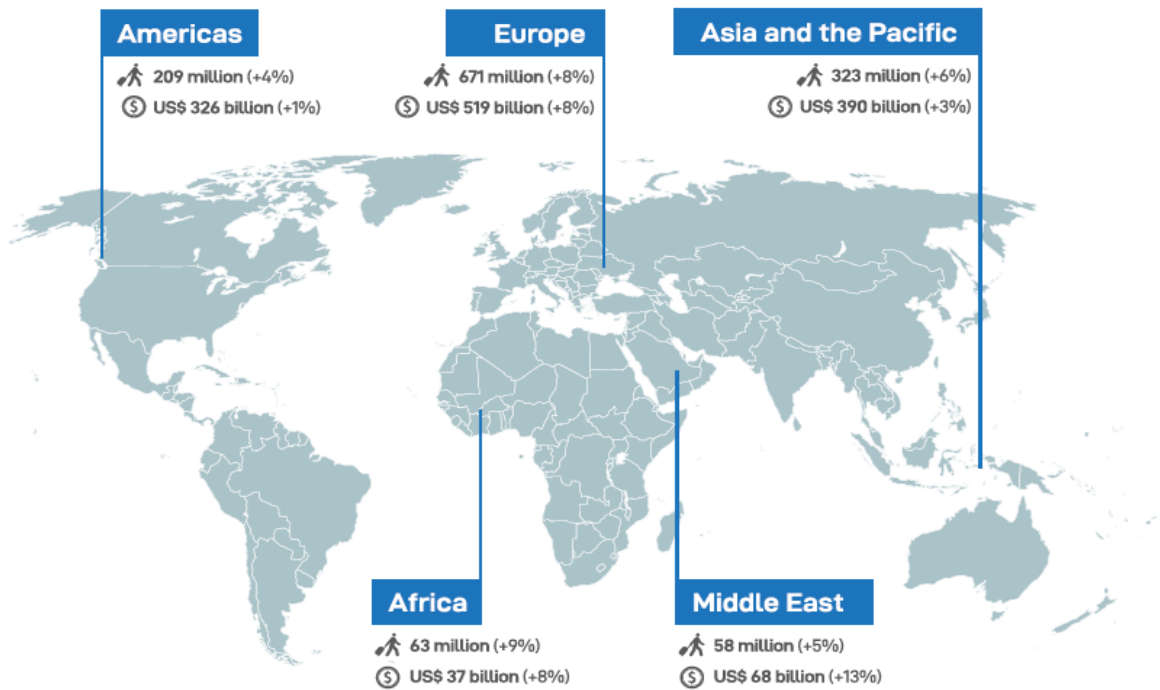
At the end of this project we will be provided information about how tourism industry is developing and how it is connected with other sectors of the economy.

Chapter 1. World market of international tourism

1.1. Features of the development of international tourism in a globalized world economy

The World Tourism Organization is United Nations specialized agency which is charge for the promotion of accessible, dynamically growing tourism. Organization was established 43 years ago, October 1975. Organization has an active status and it is the related organization of United Nations Economic and Social Council. United Nations World Tourism Organization generates marketing knowledge and sustainable development policies in the area of international tourism. It fosters education programs and works, projects to encourage development on tourism in every year. It includes 158 members in the same countries and 500 affiliate members representing the private sectors (World Tourism Organization, unwto.org) It include different tourism associations, organizations and educational institutions which are participating adoption new world tourism policies and standards. The destinations of the United Nations World Tourism Organization are to advance and create economical tourism to contribute to financial advancement, worldwide understanding, peace, success and all inclusive regard for, and recognition of, human rights and principal flexibilities for all, without refinement as to race, sex, dialect or religion. In seeking after these points, UNWTO pays specific consideration to the interface of creating nations within the field of tourism. Its headquarters located in Spain, city Madrid.

World Tourism Organization (UNWTO) submits report that contains statistical data, graphs that show the development tourism sector of country, development tourism sector according to the world different regions too.



Source: World Tourism Organization (UNWTO) ©

UNWTO Barometer is one of the major statistical publications of United Nations World Tourism Organization. It controlled short-term tourism trends, on a regular basis to ensure global tourism stakeholders with daily analysis on international tourism. This report published four times a year and it includes analysis of trends according to different countries and source markets.

Over the decades, tourism has experienced proceeded development and extending diversification to gotten to be one of the quickest developing financial segments within the world. Modern tourism is closely connected to advancement and envelops a developing number of unused goals. These elements have turned tourism into a key driver for socio-economic progress. Nowadays the trade volume of tourism rises to or indeed outperforms that of oil trades, food items or automobiles. Tourism has gotten to be one of the major players in international commerce, and speaks to at the same time one of the most pay sources for numerous creating nations. This development goes hand in hand with an increasing enhancement and competition among goals. This worldwide spread of tourism in industrialized and created states has created economic and work benefits in

numerous related segments - from development to agriculture or telecommunications. The commitment of tourism to financial well-being depends on the quality and the revenues of the tourism offer. UNWTO helps aims in their maintainable positioning in ever more complex national and universal markets. As the United Nations office dedicated to tourism, UNWTO mainly directed toward especially creating nations stand to benefit from economical tourism and acts to assist make this a reality. The World Tourism Organization of the United Nations is distinguished 12 tourism industries that can be considered to be serving to the travellers in general. (source: UNWTO Tourism Highlights 2018) These industries are called:

1. Accommodation for travellers
2. Food and beverage service
3. Railway passenger transport
4. Road passenger transport
5. Water passenger transport
6. Air passenger transport
7. Transport equipment rental
8. Travel agencies and other reservation services activities
9. Cultural services
10. Sports and recreational activities
11. Retail trade of country specific good
12. Other country-specific tourism characteristic activities

Tourism industry generally a huge group of these industries which ensure range of products and services proposed at serving tourism and the needs of foreign travellers and visitors. This group or chain also indicates towards and takes us to the value chain of the industry. Tourism is one of the basic factor that creates demand in the market and it also spread demand among the countries. Tourism industry boosts economic activities of each country. It motivates a country to reach global standards. Tourism also stimulates more consumption of a country.



(Source: UNWTO)

The travel and tourism industry is world's biggest and most diverse industry. Many countries depend on energetic industry as an essential source for creating revenues, employment, private segment development, and foundation improvement. Tourism advancement is empowered especially among the developing nation around the world when other shapes of financial advancement, such as fabricating or the exportation of the normal assets, are not commercially practical.

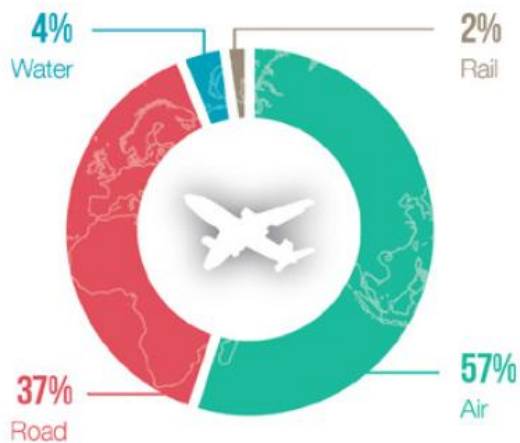


Tourism is more than you imagine!

(source : UNWTO Tourism Highlights,2018)

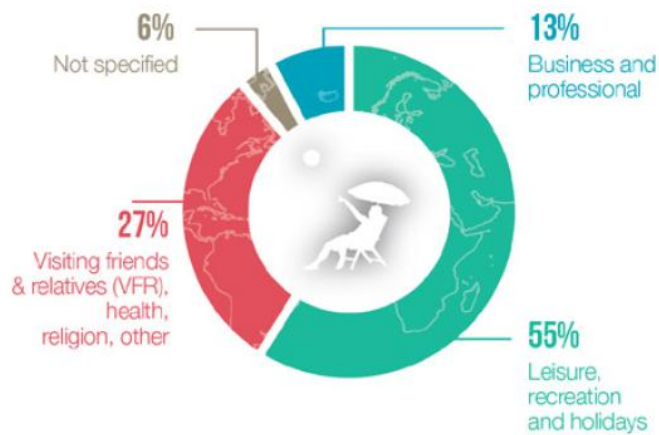
Tourism conducted by different types of transport. The tourists in different location can choose modes of transport for travelling. Modes of transport changes according to the purpose travel, characteristics of the land and different climatic conditions. For to ensure comfortable, efficient trip, travelling and speedy arrival international tourism is increased its transport facilities day by day. Nowadays, air transport is more widely used by travellers than other type of transport.

Mode of Transport (2017)



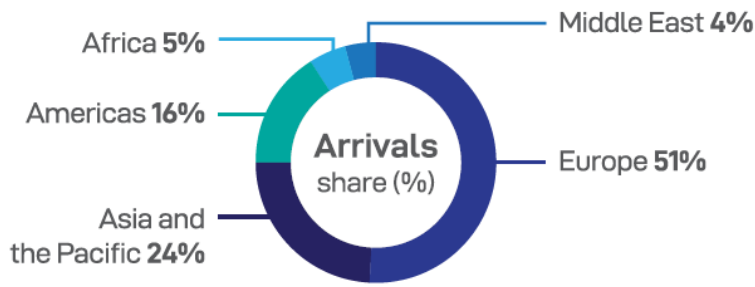
Another main feature after transport types is purpose of visits in international tourism. Today people visits for different purposes include health, religion, visiting relatives and friends, entertainment, leisure, recreational, business, professional, spend holiday and etc.

Purpose of visit (2017)



Leisure, recreation and holidays (55%) are the most popular among the purpose of travellers. Different types of new attractive places and awesome places lead this purpose broadly widen in today's international tourism industry.

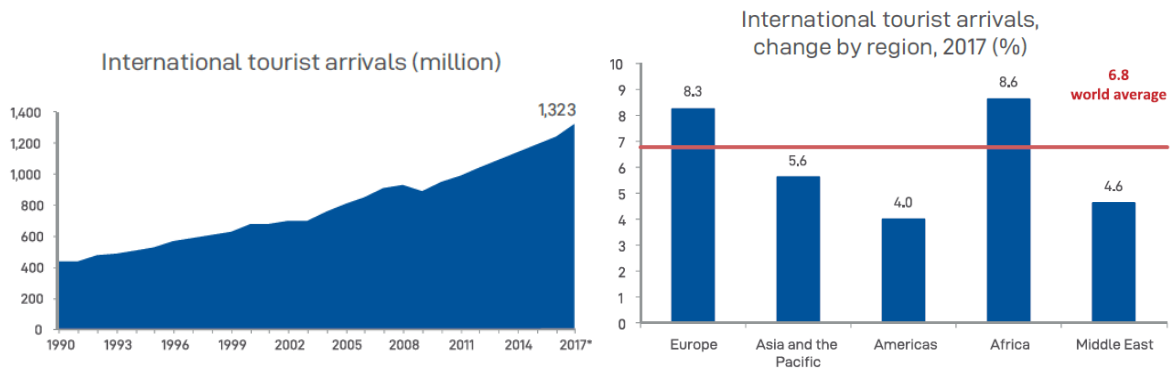
Tourism arrivals are very changeable attribute among the global tourism trends. Arrivals toward Europe and Asia are risen to pick in recent years. Data from the report of World Tourism Organization also show this to us.(source: UNWTO Tourism Highlights,2018)



The reason behind this success is rapid development, technological improvement, suitable condition to tourism, new attractive place, political stability in these countries. Stronger economic activity in Eurozone and in emerging markets underpins this growth coupled with a robust travel demand from major developing economies in Asia.

Graph 1.

Graph 2.

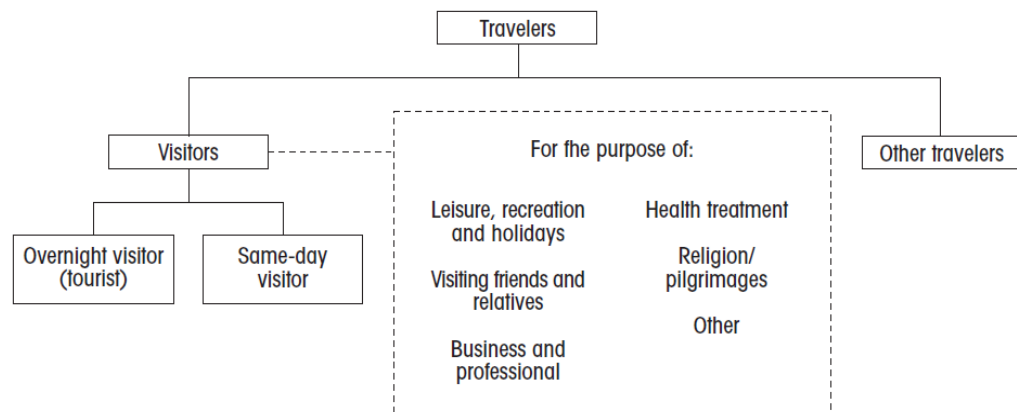


(Adopted from World Tourism Organization, UNWTO Tourism Highlights, 2018)

The World Tourism Organization, the basic intergovernmental institution concerned with tourism, has led the way in creating a set of rules for general use. In 1991, the World Tourism Organization and the Government of Canada organized an International Conference on Travel and Tourism Statistics in Ottawa, Canada which accepted a set of rules, standards and recommendations related to tourism concepts, and classifications (Adapted from World Tourism Organization, concepts, definitions, and classifications for Tourism Statistics, (1995), p.22).

Classifications explained various kinds of visitors: tourism, tourist, same day visitor, visitor, traveller.

Figure 1.



Source: Adapted from World Tourism Organization, Concepts, Definitions, and Classifications for Tourism Statistics, (1995), p. 22.

Domestic tourism and international tourism do connecting with each other. There is strong relationship between these two forms of tourism sectors. Tourist's choices alter depending on circumstances, and household tourism may be substituted for international tourism and vice versa under different conditions, impacts such as financial conditions, improvement in incomes, price differences between nations, social and political conditions.

Over the past decades, in many Western countries domestic holidays were widely replaced by outbound holiday tourism, influenced by the rise in living standards and discretionary incomes, while developing countries have seen sharp increases in domestic tourism (WTO,1995b, p.34).

International tourism is one of the important and effective engine used for globalized economy today. Support and investment directed to tourism is an effective mechanism for economic growth. Growth can be reached through creation of new attraction in tourism and travel sector and also through enhancements and infrastructure. There is no an uncertainty that international

tourism and travel is one of the major part of the globalized world economy. It is one of the largest service sector in today's world.

Tourism is a kind of activity that stimulate economy and its contribution to gross domestic product (GDP), foreign exchange generation and job creation. Tourism influence on culture, economy of a state and also it has impact to the welfare of the society as a whole. Climate change, fossil fuel consumption are among issues of tourism issues. The positive impacts of tourism were the primary focus, with far less emphasis on the social and environmental consequences. Tourism has contribution to economic development include balance of payments, tax revenues, investment and unemployment.

International tourism has grown rapidly over the past 60-70 years. It is one of the largest global sector and a significant contributor to local and national economies. The growth of international tourist arrivals has been virtually continuous; from 25 million in 1950, to 278 million in 1980, 528 million in 1995, and exceeding the 1 billion mark for the first time ever in 2012 with 1,035 million international tourists (UNWTO report 2013). Just over half of all international tourist arrivals travel for holidays, recreation and types of leisure, followed by 27% to visit friends and relatives, religious regions/pilgrimages or health/treatment, and 14% of trips are for commerce and proficient purposes.(UNWTO report, 2013).

International tourism is also primary policy focus because of its business dimensions. It is one of the main sources of foreign exchange 1/3 of developing countries. Important role of tourism in developing economies should be highlighted through export base activities, travel as an export activity especially grow between 2000-2011 ,but it declined because of the growth of international commercial transactions (ICT).In developing and transition economies as well as developed economies tourism export has declined since 2000 levels. One exception in developed economies is Oceania tourism importance in service sector has increased substantially since 2000.

Tourism especially important in island states such as Caribbean, Africa, Oceania and etc. Another reason of tourism effects countries economy is that is major perceived indicator sustain international economies. Tourism is an avenue to reach competitive economic specialization and improve domestic economy.

It has some major features in the context of development:

Tourism is consumed at the point of production; the traveler should go to the destination and spend cash there, opening an opportunity for neighborhood businesses of all sorts, and permitting local communities to benefit through the informal economy, by offering goods and services directly to visitors.

Most Less developed economies have a comparative advantage in tourism over developed countries; Tourism is a more diverse industry than many others. It has the potential to support other economic activities, both through providing flexible, part-time jobs that can complement other livelihood options, and through creating income throughout a complex supply chain of goods and services. Tourism is labor intensive, which is particularly important in tackling poverty. It also provides wide variety employment opportunities especially for women and youngsters—from the highly skilled to the unskilled – and it usually requires relatively little training. It creates opportunities for many small and micro entrepreneurs, either in the formal or informal economy; it is an industry in which start-up costs and barriers to entry are generally low or can easily be lowered.

Tourism provides not only fabric benefits for the poor but also social pride. It creates greater awareness of the natural environment and its economic value, a sense of ownership and decreased vulnerability through diversification of income sources. The infrastructure required by tourism, such as communication and transport, water supply and sanitation, public security, and health services, can also welfare poor communities.

Do the impacts of tourism advancement on economic development work through the standard wage determinants? In the case the impact of tourism development on economic development works through standard salary determinants, the arrangement suggestion is that government ought to offer assistance the tourism

industry extend to the degree that it advances development within standard wage components, since venture in tourism that does not lead to development within the standard salary components may be a less successful advantage for the economy within the long-term. A tourism-growth show that takes under consideration not as if were tourism improvement but too standard wage components such as capital aggregation as the potential components that influence financial development.

Cobb-Douglas based production model is estimated utilizing standard least squares regressions and estimated results show robustness using regression and model misspecification robustness utilizing combination of diverse intermediary factors.

The observational detail of the relationship between tourism and development in extant literature regularly takes the following shape (e.g., Dritsakis,2012):

$$\text{GDP per capita} = B_0i + B_1\text{Tour} + B_2\text{Exr} + e(t)$$

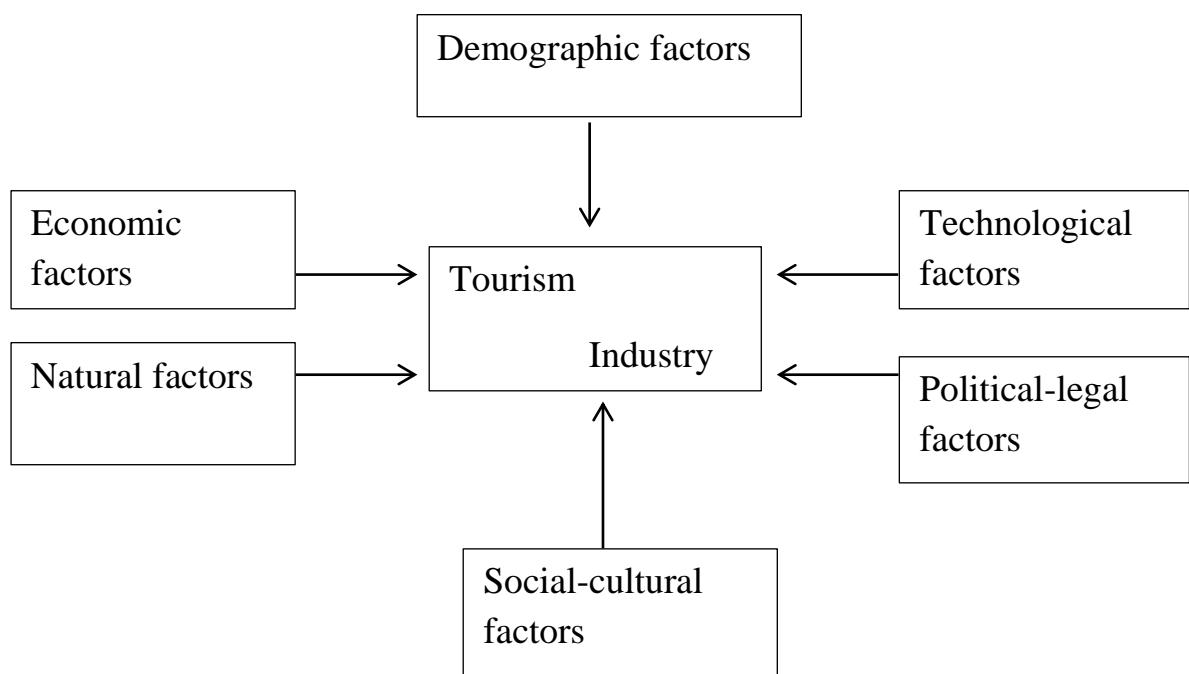
Tour is either tourism receipt and the number of international visitor entries and Exr is trade rate. B1 is greater than zero, increases in tourism activities are related with increases in GDP (Pin T. NG., Ding Du, Tourism and Economic Growth, 2017). It is critical to note that such a determination helps estimate affiliation between tourism improvement and financial development, but does not help in understanding the financial component fundamental at affiliation. In the case tourism is an expansion determinant of wage, tour still remains measurably significant after wage the standard wage determinants such as capital formation are included if tourism works through standard wage determinants instead. Tour will lose its factual significance as before long as standard wage determinants are included. Cobb-Douglas is a production function consisted with law of diminish returns and basic highlight of advanced development hypotheses. Tourism development influences income through standard wage determinants.

1.2 Analysis of factors affecting the development of international tourism

The tourism division is progressively important source of revenues through making of work opportunity.

Because the sector is generally labor-intensive, investments in tourism tend to create a larger and more rapid increment in employment than equal investment in other financial activities. There are some important factors that are affected to development of international tourism industry.

Figure 2.



(Prepared by author)

Political factors – The country which the tourists live in must have stable political conditions and it must be provided by the local authorities in the country. Political factors involved friendly relationship among the countries and this is supported by economic, technical, cultural connections and international trade agreements.

Demographic factors – Population growth, population size, ethical tourist travel, improvement of information technologies, urbanization, people live in rural areas are demographic factors. The growth of the population size is increases world's

potential of tourism. Both of the growth of the life expectancy and falling down pension age are lead growth of the third age group of population in tourism.

Economic factors - The whole economic conditions of the state, GDP,GNP, income level, unemployment rate , exchange rate are include economic factors which are affected to the tourism industry. Currency exchanges are very important factor for travellers because visitors want to manage their expenses efficiently and to visit more places during the travelling.

Generally the factors that influence to the tourism are divided into two major groups: global factors and local factors. Global factors are involved political, economic, natural, seasonal factors. Political factor must consider the most important factor among others. Because if a country's not stabile political conditions it has low level of visits. As an example, In Azerbaijan Republics 20 per cent of territory occupied by Armenians and it has negative effect to the country's improvement of tourism industry. Country cannot utilize its natural resources and ancient lands for the tourism purpose. Also like this political situation has the negative impact on the number of tourists coming to the country.

Political factors include the followings:

- The political regime of the country to travel, the response to this regime often prevents to tourism sector to be oriented to that country.
- The political regime of the country where the tourist comes out.
- The political regime between the two countries. In addition, international relations, military conflicts and domestic policies are also factors to be considered here.

Tourism is very sensitive to political events. For example, a U.S. terrorist act on September 11, 2001 caused a drop in tourist flows to this country, as well as decrease in tourism revenues. Unfortunately, our country, which is currently 20% of territory occupied by Armenians, and is suffered from the serious consequences

of this factor. Thus, many tourists are refusing to come to our country at the last moment due to this factor.

At the same time economic factors should be emphasized in particular. The majority of tourists involved in tourism are economically developed. Economic factors include economic development of the country, the level of welfare of the population, level of improved technical and material base (transportation, placement and nutrition network, infrastructure, modern technology). It is necessary to have sufficient economic development due to the availability of tourism products. That is, the person who has the opportunity can go on a journey. Thus, there is no mass tourism in the economy that has no income. In a country with a high number of unemployed people, which there is less wages, there is no mass rest.

As main economic factors, should be noted the following:

- The amount of national income ,
- The amount of per capita income,
- Distribution of national income,
- Net income groups included in the country,
- Cost of tourism products and services.

Social factors – One of the factor that strongly influences the development of tourism is a social factor. Social factor are mainly comprised of:

- Family characteristics - The number of married, single-parent or children in the family and their school status and age are influenced by tourism.
- Age structure of the population. As the population growth in country increases tourism, changes in the country's aging structure also affects tourism, new customer categories and new tastes.
- Urbanization. Atmosphere pollution, such a noise, stress, and tension in the social pressure. This, in turn, causes urban population move to rural areas. In our republic this indicator is increasing. Thus, as the flow of people from the

villages and other urban areas to the people of the city to look for work in the city increases the difficulties of urban life, it opens the way for the development of rural tourism.

- Language difficulties. The weakness of many people in terms of foreign language makes them more likely to travel in their own countries than in foreign countries.
- Social mobility. The workplace, cultural level, social behaviors are among the factors affecting tourism from the social point of view, tourism has a great impact on the development of the different regions. Development of tourism in the regions prevents unemployed people from entering major cities.

Tourist trips are mostly between neighboring countries. The reason is similar traditions, language proximity and lifestyle with neighbors.

Natural factors – weather conditions (rainfall, rainy weather) causes earthquakes, tsunamis, floods, ecological balance, industrial accidents (spread of fuel, pollution if the water basins). Seasonal tourism destinations have strong impact on the work of tourism firms. Some types of tourism are seasonally adjusted. At that time, employees are recruited and dismissed according to the season.

Apart from the global factors considered, there are a number of local factors that affect the activity and development of tourism:

- Restriction on tourist demand
- The restrictions on tourism offerings are related to the availability of tourism resources.
- Ecological restrictions are related to environmental pollution. In some destinations, majority of tourists are affected by the environment.

Time limit – Minimal rest time for tourists and less tourism activities do not allow the company to increase revenues.

- Legal limitations – the existence of legislative acts relating to the protection of the environment.
- Lack of literacy skills – The absence of a private entrepreneur in the field of tourism.
- Restricted resources that form the basis of tourism industry – low capital, lack of specialized staff, availability of hotels and restaurants.

Tourist sectors, their markets, and environmental factors have strong impact on the region's competitiveness. The chain of tourism services is interconnected. Tourist organizations have a special management structure, they play a coordinating role in tourist area. Social and economic changes played special role in the improvement of tourism industry, tourism management and tourism organizations. In the last quarter of the twentieth century and early part of the twenty-first century, the relationship between demand and supply in tourism was based largely on the dynamics of people's perception, expectations, attitudes and values (Prosser, 1994). Tourism had become very much in fashion industry in which there were very close links between tourism demand and the concepts of status.

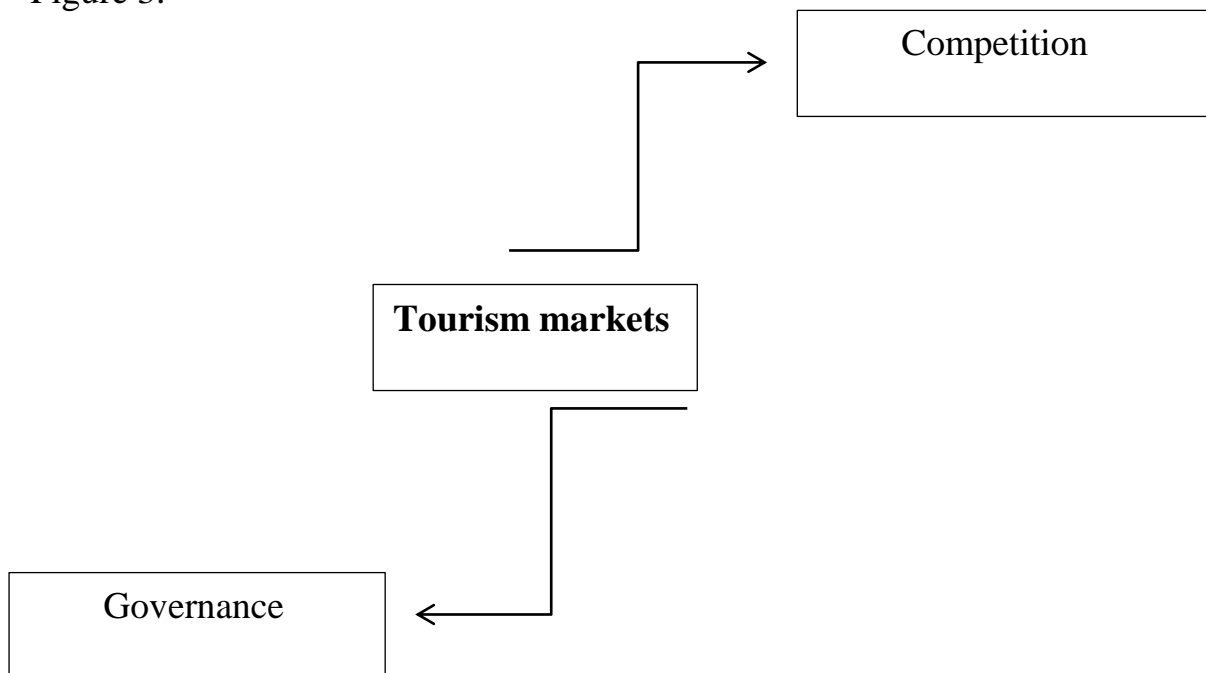
Tourism is creating harmful effects to fishes and aquatic resources in different ways. The activities adopted by the travellers are annoyed both fishes and other aquatic resources as a result reduces fishes and aquatic resources. The ultimate result shows economic losses for the specific community. The employment also linked with income. Tourism is creating only few opportunities for the few special groups rather than devastating large fishers group. Many fold activities of tourism lead detrimental effects on environment.

Climate changes also have impacts to tourism in many ways including siltation and salinity causes huge influence to tourism. Scarcity of clean water in coastal tourist region is common issue that will lead havoc for future tourism.

Social-cultural factors – life standards and life expectancy of local population, social freedom of citizens for travelling to other countries and cities, wide international trade relations and transport relations in the country. International

economic relationships between the states are moreover influenced to tourism segment or tourism industry. Social factors influences tourism in different forms such as crime, insecurity and cheat in common. Major reason of these can be lack of the security especially for foreign visitors. Country Bangladesh suffer from security problems, cheating that are create negative impacts to tourism industry.

Figure 3.



(Prepared by author)

Different competitors need special market positioning for their business to achieve success in the competitive tourism market. Competition is very important factor affecting tourism market because every tourism based organization need more tourists for to improve its market share. Many creative ideas, different places for sightseeing, preserved ancient places help improvement tourism organization.

1.3 The role of international tourism in world trade in services.

The continuation of the introduction of tourism products to the mass of the population is the sales path. The tour operator determines sales channels to sell the product he has prepared. Tourism operator sells the product primarily from its office to consumers. Direct sales allow the customer to offer different types of products, if the customer is any customer or group of consumers, there may be some changes in the tour program offered at the client's request. This elasticity is made to avoid losing customers. In order to sell the product, it is advisable to conduct information for those responsible for huge businesses. It is possible to conclude service contracts with large enterprises and offer their employees discounted prices. Modern information and communication technologies are rapidly developing. However, it is widely utilized in recent years to offer opportunities for society and the development of the economy. One of the main goals of the Internet at the modern level of its development is to help people in search of business partners, employees and production facilities. Recently, even the smallest organization has such an Internet presence. Nowadays tourism products and services offered online by many companies. It is impossible to imagine society without terms such as "Web Site", "Chat", "E-mail". The results of recent statistics show that Internet technologies promote marketing and it has real economic importance. This leads companies to reduce their costs on the one hand and increase profitability on the other. The role of internet marketing in the modern state of information society building is increasing. The application of Internet technologies to the economy has created great opportunities not only at the level of individual enterprises, but also on the macroeconomic level.

Electronic sales of tourism products have recently become vast. Especially in European countries this indicator is considerably improved. In Germany, one of Europe's largest travel markets, almost 70 per cent of homes are PC (Personal Computer). In the modern era, well-known chain hotels and airline companies spend a great deal of money to increase their internet sales. These are the reasons

of their offers, additional benefits and bonuses. Improving stocking programs, allowing product and sales services to be upgraded. For this reason, it is necessary to be aware of the new computer market programs and be the participant of the hotel room reservation system. Amadeus is one of the popular program in this area. This reservation system was established in 1987 by 'Air France', 'Iberia', one of Europe's largest airlines, and also by 25 smaller airlines.

Tourism is recognized as having various features that render it particularly profitable as an agent for advancement and a driver for socio-economic advance. Since it envelops wide range of merchandise and administrations segments, tourism creates multiplier impacts over numerous other economic exercises within the tourism value chain, entering local economy and extending the growth affect from trade.

The tourist's travel or trades among performing actors in the value chain involved regulations, relations within the nations. Tourism value chain incorporates all exchanges happening for tourism suppliers, supply of goods and services. Given its numerous universal in reverse and forward linkages into different parts of the economy, tourism was recognized by the WTO and Organization for Economic Corporation and Development as one of key divisions with extraordinary potential high advancement affect, by means of connecting local firms with lead firms at numerous focus points along the tourism value chain. Poor income countries are, however, not always take the benefit from tourism for the rest of the economy. Tourism in low income countries is characterized by lower indirect effects and higher stage of leakage. But the upper-middle income countries considered more successful in participating tourism activities and taking benefit from this sector activities for the rest of the economy than poor income or low income countries.

Over 140 members of WTO have made arrangements in the tourism sector to liberalize external services and external service suppliers. The commitments created for to unlock the tourism potential in the countries. This is a great number of liberalization commitments than has been made under GATS for any sectors

(Tourism and Trade: Global Agenda for sustainable development, 2015, section 4). International trade in tourism service made extra employment, generates tax-revenue, attract investment and foreign currency, since the sector has strong multiplier effects. Trade in tourism services has been focused on developed countries, but the share of developing countries in overall world tourism has increased slowly to almost one third of the world total. In order to develop trade services developing and least developing countries have to deal with some critical issues and barriers in this content. These issues are very crucial ingredients in the future planning to strengthen their capacity in tourism industry. Tourism services are supplied by tour agents, tour operators, transport companies. In their service business relations, a lot of suppliers in developing countries have weak bargaining power and low level of negotiating skills often result in not beneficial contractual conditions. An arrangement of measures and arrangements can be embraced by the Governments of developing countries and private-sector specialists acting in collaboration, with the point of diversifying the supply of tourism administrations, empowering collusions among private agents to diminish costs and increment productivity and bartering control, progressing their quality/cost proportion by contributing in human asset improvement, and updating suppliers' negotiating abilities. Once more, the interest of activities at the territorial and sub-regional levels can be viable in moving forward the haggling control of benefit providers from developing nations.

Developing countries can utilize the multilateral trade content and free trade agreements to pass the barriers and encourage of implementation of new generation trade policy services, to help them meet up to a more competitive trade content and globalized markets. They may take beneficial strategies of participating GATS negotiations to provide market access for their suppliers to the most important generating markets and enhance their contribution of trade in services of improvement.

Chapter 2. The impact of international tourism on socio-economic macro indicators at the global and national levels

2.1 Impact of international tourism on the balance of payments

International tourism has strong influences to the country's major macro indicators at both national and global levels. It has multiplier effect to the sectors of a country. International tourism effects positively or negatively to the macro indicators such as balance of payments, GDP, employment, tax revenues at different levels.

In the context of balance of payments we must focus on description of economic relationship between residents and non-residents. We take well-known equation for basic researches in tourism market. The macroeconomic equation shown like this:

$$Y = C + I + G + X - M$$

Here, X represents exports of goods and also services. And M represents imports of goods and services. Let's focus on X as an inbound travel item means export of a service to the non-residents (Source: International workshop on services trade statistics, South Africa, June 2009). Non-residents are called inbound travellers and inbound visitors when they are arriving in a country for the purpose of studying, working, or temporarily living (refugees). M represents outbound travel item means import of a service. Outbound travellers are residents travelling to a foreign country for many purposes like VFR, medical and health, leisure, academic and etc.

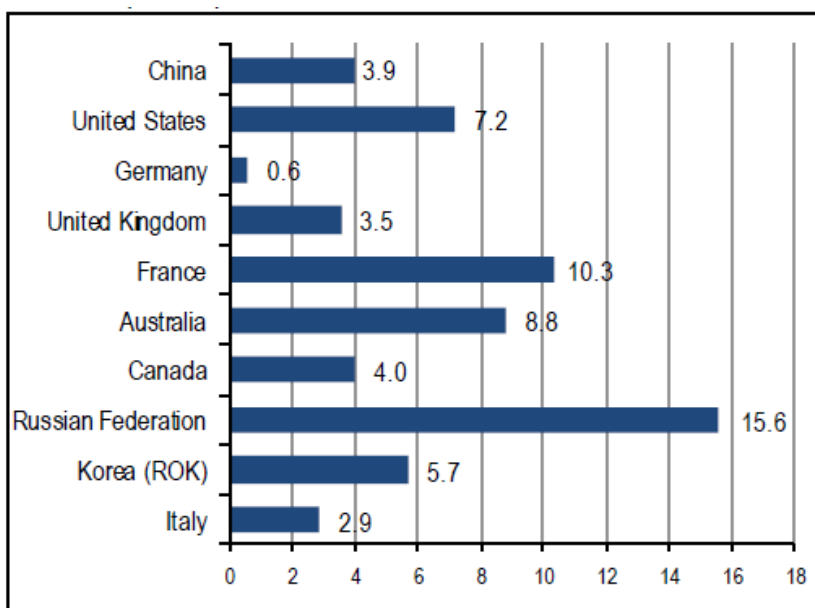
Balance of payment appears the financial relationship between inhabitants and non-residents, counting exchanges related with international tourism characterized

on the basis of a concept of home comparative utilized in balance of payments. Inside balance of payments the term "travel" does not allude to all exercises of individuals whereas on visits exterior their nation of home but only to the esteem of use these journeys: Travel credits cover merchandise and administrations for possess utilize or to provide away acquired from an economy by non-residents amid visits to that economy. But travel charges cover products and administrations for claim utilize or to provide away acquired from other economies by inhabitants visits to other economies. Tourism as financial movement through various capacities encompasses an exceptionally wide and heterogeneous effect on economy and society. Some theorists as its essential capacities: wellbeing, social, financial, political, financial and etc. Within financial functions there are functions of direct impacts and functions of indirect impacts. Financial direct impacts include influence on balance on payments, national income and employment. Financial indirect impacts include influences on other economic activities. In any case, we must not disregard multiplicative impacts and so called other tourism functions, especially of worldwide tourism. Every country has its export tourism activity and import tourism activity. Export activity gives tourism extraordinary advantage in regard to other financial exercises and sectors. Export and import directly affected to the balance of payments of a country, but export influences it in a positive way, while import influences it unfavorably. Positive difference is a higher export than import progresses balance of payments, while negative difference cause decrease in balance of payments. Foreign traveller spending directly affects spillovers of national incomes between economies, from the countries tourists come from to the countries tourists go to and in which they spend. Balance of payments affected by expenditures of inbound visitors under tourism item. It is clear that the sum of foreign currency revenues for a country must exceed the amount of foreign currency expenditures. The expenditures included under business within the balance of payments incorporate the spending on tourism trips with a trade or proficient main purpose, as well as those on travel by regular, border workers and other short-term specialists and teams; this scope is

broader than that of tourism measurements which as it were incorporate the consumptions of visitors on trade trips. Expenditures under personal within the balance of payments include those made on tourism trips with an individual fundamental reason, those of long-term studies and patients, and others .Many developing countries, such as Turkey are faced significant balance of payment deficits. At this point, tourism is an ideal compact for to close the gap in the balance of payments.

World Tourism Organization mentioned in the report world top ten tourism spenders include Russia, France, Australia which have huge increase in first nine to eleven months of 2018.The US and Republic of Korea also recorded light spending figures in this period and all of them lead to growth of inbound tourism

Graph 3.

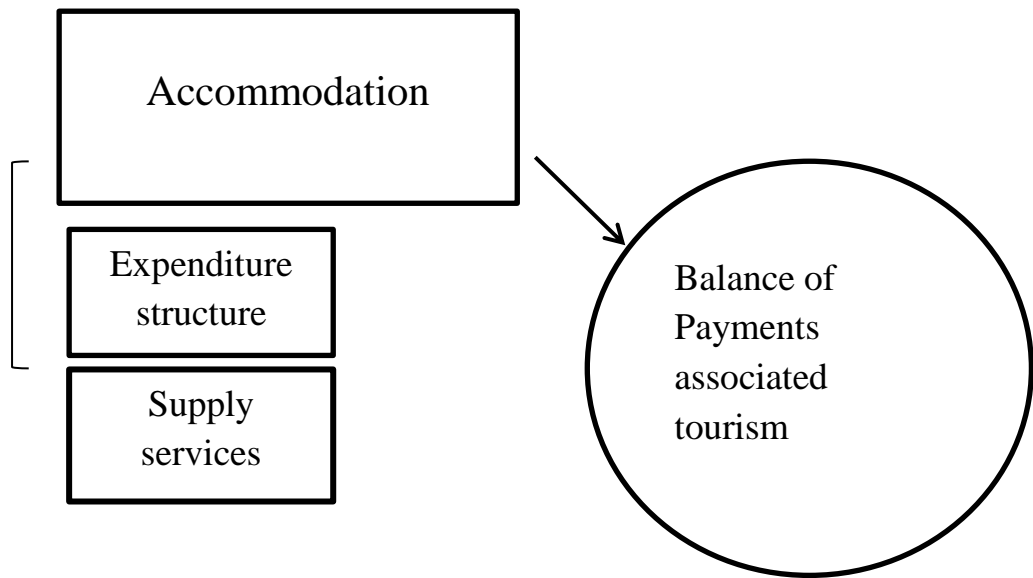


Source: World Tourism Organization (data for the first 9 to 11 months)(2018)

Balance of payments requires nations to show the “travel” item independently for commerce and individual purposes: Commerce travel covers merchandise and administrations procured by persons going overseas for all sorts of commerce activities. Individual travel covers products and administrations obtained by persons going overseas for purposes other than commerce, such as vacations, participation in recreational and social exercises, visits with friends and relations, journeys, and instruction and health-related purposes.

Accommodation, travel behavior, expenditure structure and supply services are greatly influence to the balance of payments associated tourism sector. Accommodation in tourism plays a crucial part in a country’s economy, in result; nations who recognize its positive impact on its economy are giving more significance to the advancement of the settlement segment. The supplies of accommodation, qualitative and quantitative, have a coordinate impact on the overall success of the tourism directions. Tourism could be a social and financial phenomenon which includes development of individuals to nations or places out from their usual environment. The reason of their development may be individual or business/professional. These people can be sightseers, adventurers, inhabitants or non- inhabitants, known as guests and tourism ought to do with their exercises they deliver. A few of the exercises they include in suggest tourism use, for case, settlement they utilize or nourishment. In their travel, settlement gives the base, from which sightseers can lock in in any exercises at a goal, in this manner, voyaging will be inadequate in nonappearance of convenience. Failure to arrange and control accommodation sector, will result in that in numerous tourism goals the focused on tourism advancement have not been accomplished. Socio-economic and social advancement in destination countries are the positive aspects of tourism improvement but on the opposite, it also clears out a few negative downsides to the goal, for case, natural contamination and approaching social impact to the have nations.

Figure 4.



(Prepared by author)

In this point, we should talk about multiplier effect of tourism to the other sectors of economy. Income multiplier is the number of times which an individual amount of tourist expenditure should be multiplied to identify the total effect on the visited place's economy.

Table 1. How tourism spending flows into the economy

Tourists pay for:	Travel companies pay for:
Lodging	wages,salaries,tips & gratuities
food	commissions & payroll taxes
Beverages	food & beverage stocks
Entertainment	music & entertainment
Clothing	administrative expenses
gifts & souvenirs	Professional services & insurance premiums
Photography	advertising & publicity
Medicine	utilities: gas, water, electricity,sewerage
Jewelry	purchases of goods sold
Tobacco	materials & supplies
Hairdressing	repairs & maintenance
Cosmetics	transportation,licences,taxes
internal transport	rentals of premises and equipment
tours & sightseeing	interest charges & loans repayment
Miscellaneous	capital asset replacements

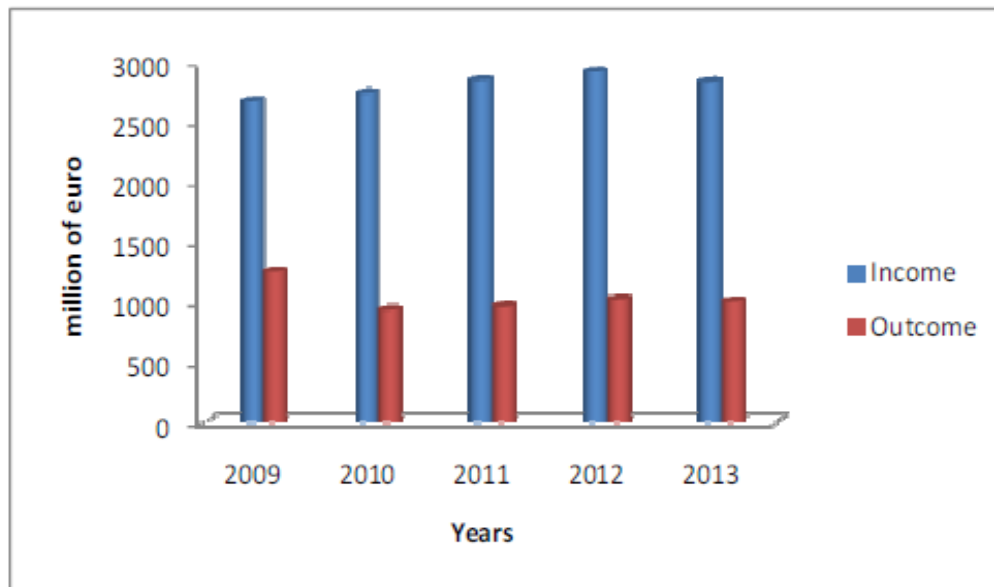
Source: World Tourism Organization

Balance of payment is formed through different expenditures and gains. Tourism spending is represented by different type of payments for to generate more revenue. Payments from tourists and foreigners are considered gains for country. If country can provide all services with high quality gains will be as much as high. Expenditures of travel companies are considered cost of service sector. Travel

companies try to set their expenditures lower than their revenues. They try to maximize their profit in an efficient way with low cost.

One example is a country Bulgaria which has higher revenues in compare to expenditures. There are different and major reasons behind this success of a country's tourism sector. The increment in revenues from tourism results from: Expanding the share of alternative forms of tourism: encourage improvement and validation of tourism products (cultural-historical, balneological, SPA and wellness, ecotourism and rural tourism, congress, experience, golf and yacht tourism); Wider involvement of the untapped potential of the majority of the country's territory in the tourism development through gradual but consistent implementation of regional approach, ensuring mobilization and integration of local initiatives, as well as forming integrated, attractive and economically viable regional tourist products and destinations; Increase within the number of sightseers as a whole, as well as within the relative share of more solvent remote and Bulgarian tourists thanks to made strides quality and included value of tourism services; Increase within the share of trips by Bulgarian citizens inside the nation. In the period 2009–2013 revenues from international tourism reported a steady upward trend in the number of foreign tourists who chose Bulgaria as recreation destination.

Graph 5.



(Source: National Statistical Institute, Bulgaria)

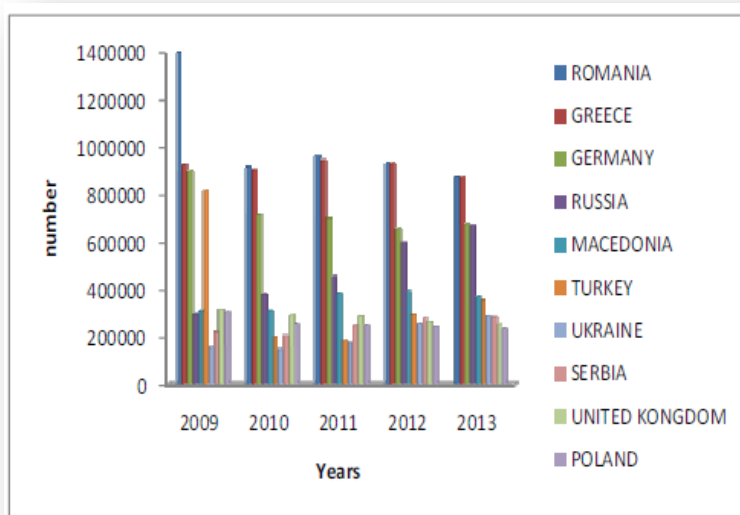
The ratio of revenues and expenses in the balance of payment for the period 2009–2013 is shown on the graph.

Despite the high growth of foreign tourists to Bulgaria most of the regions in Bulgaria do not manage to create quality tourism products.

This leads to two main consequences. One of them opportunities for further improvement in traditional resorts and tourist regions (Black Sea coastline and ski resorts) have reached their limit. Another one is most of the potential of a large part of the country's territory is untapped or slightly used, so the business and the population there cannot benefit from the opportunities of tourism.

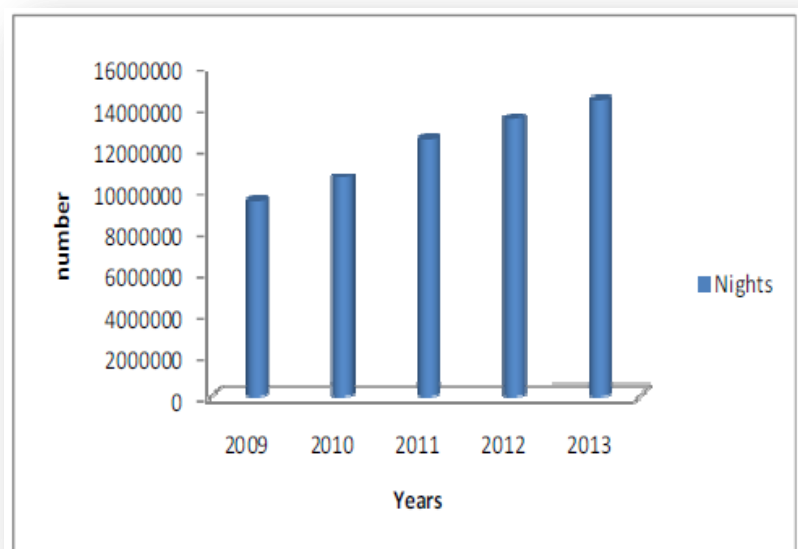
Most of the tourist visits to Bulgaria for having a vacation or holiday. (source : Minkov et al.2007). In Europe Bulgaria's competitors are Turkey, Greece and Romania. Bulgarian commerce and state receive twice lower trade incomes from a tourist unit (one visitor, one booked room), primarily due to moderately low price levels of hotels in Black Sea.

Graph 6.



In this graph we can see visits for tourism of foreign tourists to Bulgaria for the period 2009-2013 shown by countries (Source: National Statistics Institute, Bulgaria)

Graph 7.



In this graph shown nights for the period 2009-2013 (National Statistical Institute, Bulgaria)

In general competitiveness of Bulgarian tourism is characterized as normal on the international tourism market. Bulgaria holds 54th place put out of 124 nations within the world's tourism attractiveness ranking (National Statistical Institute, Bulgaria).

2.2 Impact of international tourism on employment

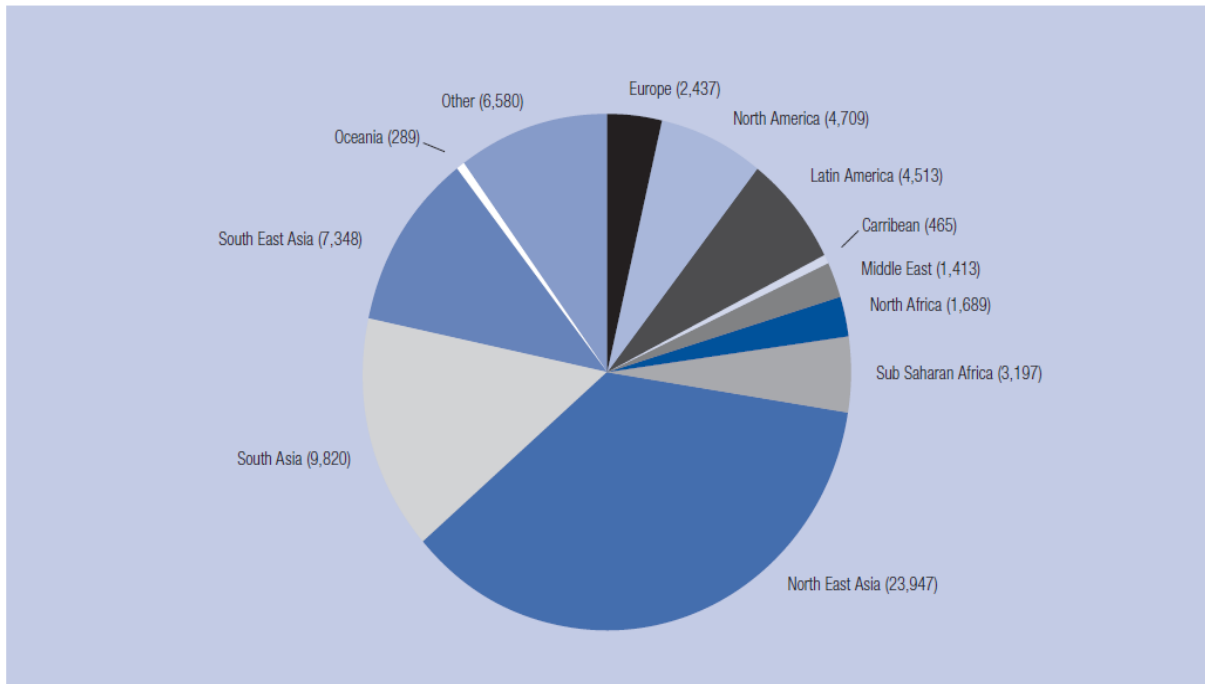
Growth in the sector has made tourism major generator of the employment. As a labor intensive sector tourism made many job opportunities at the different levels. Tourism creates career opportunities for low skilled and semi-skilled workers around the world. Some developing countries use tourism as a job creating and welfare improving strategy. According to the World Travel and Tourism Council reports tourism and travel industry presently provides over 220 million jobs and accounts for 8% of employment, and about 10% of GDP. Women participate 70 per cent of the labor force in tourism sector and more of tourism workers are 25 or under. With an economic improvements job growth is expected to continue with the creation of 60 million new jobs by 2020 (Rochelle Turner, World Tourism and Travel Council). International Labor Organization had estimated that employment induced by economic crisis comprises between 11 and 17 million workers in developed countries and between 19 and 42 million workers in developing countries. The tourism sector can be a major source of career opportunities for many of these unemployed workers. Tourism sector considered as global sectors because a lot of workers in this industry are migrant workers. Countries hosting migrant workers also benefit from tourism and travel services exports generated by the costs of migrant workers in their economies. Reducing restrictions on temporary movement of all labor categories,

Including less-skilled labor, through multilateral, regional and bilateral trade agreements could open win-win opportunities for both sending and receiving countries.

Despite the sector's achievements and potential employment gains, concerns have been raised over poor employment conditions in some countries for workers in the tourism sector. A number of countries work with ILO to sensitize tourism employers and workers to the importance of encouraging decent work in the tourism sector, addressing decent work deficits, promoting the sector as a viable avenue for employment and enterprise creation, and attracting and retaining

workers. A key international initiative towards improving employment conditions in the sector is the UNWTO Global Code of Ethics for Tourism.

The share of world employment in travel and tourism is more noteworthy than that for the auto fabricating and chemicals manufacturing industries combined, over each locale of the world.



Source: Oxford Economics, mid-year update 2012 of annual economic impact figures.

Here, we can see regional contribution to global tourism total employment growth, thousands of jobs between 2012 and 2022. Defining the significance of travel and tourism is in different countries and it's potential as a driver of employment growth is very crucial, especially with the high levels of unemployment now prevalent in numerous countries. Tourism has played increasingly imperative part within economic development of numerous nations. Expanded travel across globe has been driven by development in incomes, greater sums of leisure time, developed and accessible transportation systems, globalization of supply and demand chains and business linkages and greater amount of new tourism services.

Of the increase of 66 million tourism jobs prediction worldwide in the next 10 years, 62 percent are expected in the Asia Pacific region, an expected overall growth rate of 1.9 percent per annum from 2012 to 2022. India and China were directly responsible for 48 percent of travel and tourism jobs worldwide during

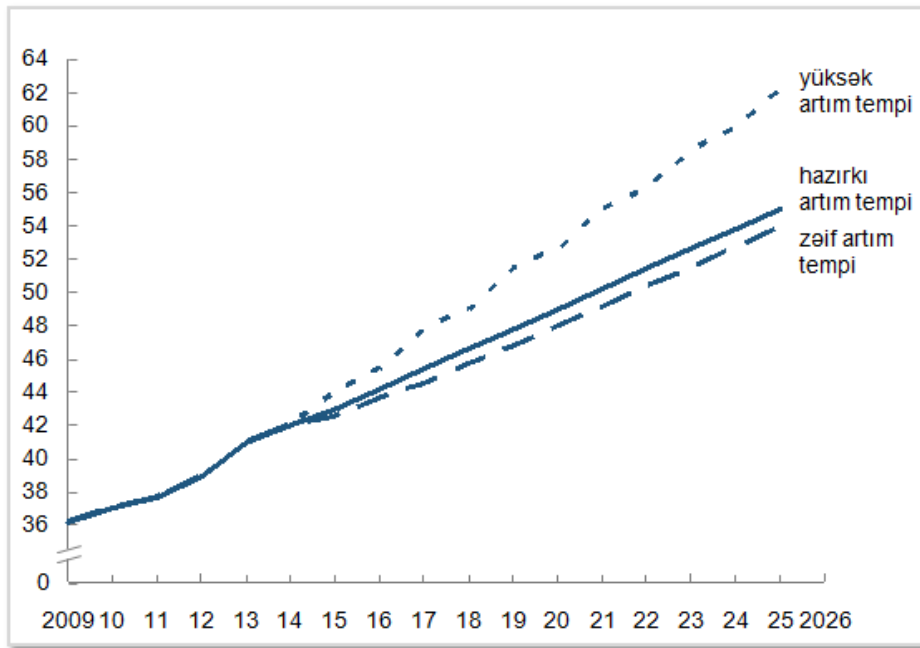
2011, compared with 43 percent across all other sectors of the economy. In Asia, there are seven times as many tourism jobs as auto manufacturing jobs and five times more than chemicals manufacturing jobs. Tourism directly employs nearly as a lot of people as the region's entire education sector. From 2012 Europe is expected to trail the rest of the world with annual growth rate of employment opportunities. Annual growth rate of employment in Europe region is expected to be 1,2 per cent. In the North American market live higher portion of people employed in tourism sector. And employment improved in this years in America shown 4,4 per cent annual growth from 2012. In Canada tourism industry employs more people than mining, chemicals manufacturing. Because of many reasons include new technologies, high opportunities to study, improved easy travelling methods in developed countries service sectors especially tourism service sector widely serve job opportunities to unemployed people in their country. Also tourism ha multiplier effect in the sphere of employment. Because changes in income and employment resulting from a change in expenditure. So we can say that in terms of tourism one dollar spend on tourism is more powerful than one dollar spend in other sectors. After education, tourism is another job creator with an average of 50 jobs. Also demand for tourism and travel industry is increased day by day. Tourism industry divided into different sectors according to its service goals. And each sector has its needed occupations. These sectors include accommodation, transport, attraction, travel organizers, and destination organization sectors. Accommodation sector include hotels, motels, hostels, guest houses, bed and breakfast, farmhouses, apartments, villas, vacation villages, holiday centers, conference centers, camping sites, marinas and etc. This sector is very important for every country because it serve country's physical and mental resources to foreign visitors and it create a good condition for resting, looking forward the country's characteristics as a whole. Jobs for this sector include receptionist, housekeeper, reservation staff, recreation instructor, sales manager, market researcher, event marketing manager and etc. Transport sector include airlines, shipping lines, railways, ferries, bus and coach operators, car rental operators and other services. Main aim of jobs in this

sector is to serve comfortable and reliable trip for both outbound and inbound tourists. Airline pilot, flight attendant, ground services staff, air traffic controller, cruise crews are jobs available for people in transport tourism sector. Attraction is about what activities foreigners participate in. Attraction sector include theme parks, museums, galleries, national parks, wild parks, gardens, heritage sites and centers, sport and activity centers. Jobs in this sector are advertiser, tour guide, exhibition planner, hostess, bartender and others. Travel organizers sector is mainly about management of travel and tourism activities. These are tour operators, tour wholesalers/brokers, retail travel agents, conference organizers, incentive travel organizers. Organization of destination tourism sector grouped by national tourist offices, regional/state tourist offices, local tourist offices, tourist associations. (adapt from Middleton, 1994). Changes in transport, leisure time and tourist destination lead the country develop different new jobs in this sector.

Tourism sector is seasonally dependent sector and it also need for variety of jobs in different places. In the countries which have variety climatic conditions and three or four season in a year it demand more jobs applied.

In Azerbaijan employment opportunities are increasing in the years. Government of Azerbaijan supports the organization of tourism which has impact on an employment. Development of tourism sector, and work for improvement of this industry (trainings, education, technological advance) in Azerbaijan shown reported prognoses in graphs by State Statistical Committee.

Graph 8.



This graph shows prediction about increasing number of workers employed in tourism sector (thousand people). The demand for cadres in the tourism sector has been increasing from year to year, with a steady annual growth rate and is likely to increase in the future as the key targets set out in the Strategic Roadmap. Overall, according to statistical data for 2014, only 10 per cent of the approximately 42,000 people working directly in the tourism industry have official tourism education. According to the data for 2019, approximately 46,000 people working in the tourism sector and have tourism education (State Statistical Committee of Azerbaijan Republics, 2016)

Taking into account the rising demand for tourism in the near future, a number of measures will be undertaken to extend the network of vocational education institutions concentrate on tourism, training on relevant vocational training and improvement of the quality system in order to increase the number of qualified and experienced graduates and professional staff.

2.3 Analysis of trends in the development of international tourism in Azerbaijan

In Republic of Azerbaijan the main principles of the policy in tourism sector adopted in June 4, 1999 called "Law on Tourism of Azerbaijan Republic", approved in august 2002 and "Tourism in Azerbaijan in 2002-2005 the State Program on the development of ", by President of Azerbaijan Republic in February 2004 Approved " Socio-economic development Program of the regions of the Azerbaijan Republic (2004 - 2008 years)" in 2007-2017 and provided for in the state Program. Law of tourism in the Republic of Azerbaijan is the essence of the policy and basic principles of citizens. It is mainly based on creating the conditions for the free movement abroad, measures for the protection of the environment in the field of education, tourism and education and it has been supporting the activity. Training of personnel in this area is one of the important factors in the development of tourism. The process is very volatile market shows for tourists. In such dynamic and changing conditions educated, well trained and experienced personnel and tourists can sell products to prepare the patient to compete. Some areas, including transport and accommodation facilities for recreation and entertainment, information and communications technology, as well as in other areas of specialized personnel training is great need to work on, cultural services, tourism in Azerbaijan today. That is why the changes made in the tourism sector, in a short time its influence within the field of tourism education and educational institutions in this area is growing. Today, it is given serious attention on the training of tourism staff in the higher education centers. In this area along with books and theses are written, conducted research and books are published.

Each year, thousands of trade individuals, agents of worldwide associations, sightseers, sportsmen, craftsmen, hundreds of official assignments, heads of states and governments visit Azerbaijan. According to the Report created by World Economic Forum Azerbaijan is rank 78th place among 140 countries on the Travel & Tourism Competitiveness Index in 2012. Compared to 2011, Azerbaijan moved up from 83rd to 78th place. The reports says that Azerbaijan ranks 46th among 140 countries on Travel and Tourism Regulatory Framework, 87th on business and environment infrastructure and 96th on T&T human, cultural and also natural resources. Additionally, the World Tourism Organization places Azerbaijan 2nd within the world on the development of tourist inflow in percentage ratio.

Data of Azerbaijan State Statistical Committee show us the breakdown of foreign citizens arrived to Azerbaijan and Azerbaijan citizens travelling abroad by purpose of the trip. From 2010 to 2017, the number of foreign citizens arrived to Azerbaijan was significantly increases. Foreign citizens that are travelling for tourism purpose also rises.

Table 1.

	2010	2011	2012	2013	2014	2015	2016	2017
thousand person								
Number of foreign citizens arrived to Azerbaijan-total	1962,9	2 239,2	2484,1	2508,9	2297,8	2 006,2	2 248,8	2 696,70
tourism purpose	1279,8	1 561,9	1985,9	2129,5	2159,7	1 921,9	2 044,7	2 454,00

	2010	2011	2012	2013	2014	2015	2016	2017
thousand person								
Number of Azerbaijan citizens departed abroad-total	3175,6	3 550,2	3874,4	4284,7	4 244,3	4 095,8	4 281,9	4 108,90
tourism purpose	1819,6	2 308,2	2828,9	3306,7	3 319,4	3 256,2	3 592,1	3 447,40

(Source: State Statistical Committee of Azerbaijan Republic)

The second data show us Number of Azerbaijani citizens travel to abroad and number of citizens travel for tourism purpose from our country. Data show us increasing indicators, but in some period e.g. between 2016 and 2017 it shows drop.

Baku is one of the main places for attracting tourists to our country. Many important occasions happened in the center of this city. Government planned strategic goals for the future years. Strategic goals involved complete implementation of tourism potential of Baku by attracting more foreign tourists.

Exhibitions in Baku are awesome opportunities for presenting products and administrations, have business visionaries from all over the world, items of neighborhood and universal producers, unused innovations and concepts, and expand export and purport within the locale.

National Tourism Bureau of Azerbaijan work with National Tourism Council for to carry out campaigns on important target markets, at the same time encourage entrepreneurs to expand the range of options for low-budget placement, will support the creation of tourist centers in the city center. As a result of such coordinated and purposeful efforts, Baku will be able to achieve substantial market share in a short-term flight from the potential tourism demand group, covering 26 cities in which more than 90 million people live.



(Source: Strategic Roadmap of tourism industry of Azerbaijan Republic)

In this context, the Government office organizes gatherings with Indian trade individuals to present openings and advance respective relations. The delegation is

informed almost the history of Azerbaijan, freedom battle of the nation, later political and financial advance.

Azerbaijan is the nation that has ancient conventions in numerous sports. Our competitors are sequentially awarded with decorations in Olympic Diversions, diverse countries', European and Asian championships. National Olympic Committee, 24 Olympic and 45 non-Olympic sports federations work in Azerbaijan. In addition, government strongly bolsters improvement and advancement in the country. Foundation of fundamental framework made openings for holding different national and worldwide occasions. World and European boxing, wrestling, musical acrobatic, fencing and other sports championships are held within the nation. Shahdag Winter-Summer Tourism Complex in Qusar was put into utilize in December 2012. The complex incorporates exchange centers, eatery, café, amusement lobby, equestrian don, skiing and other administrations. The Shahdag Complex Directorate was built up to run the project . Development of the complex began in September 2009.

Along with capital Baku, foreigners, may find many business and investment opportunities, tourism attractions, historical towns in different regions of Azerbaijan. As an important tourism location and economic center of Eurasia and old site of Middle East, Nakhchivan, was declared the capital of Islamic culture for 2018. The culture and history of Azerbaijan grasp the components of numerous civilizations, religions and particular highlights of Caucasus. Islam, Christianity, Judaism and Zoroastrianism are shown here from exceptionally antiquated times and cleared out their impact on the social legacy all through the history of this place. Azerbaijan is among the foremost religiously tolerant countries in the world.

Azerbaijan is the center of international transport corridors. These corridors combine Arctic to Antarctic and Atlantic to Pacific waters. These routes take advantage to our country and Azerbaijan supplies wide transport set. In Azerbaijan local people and foreigners enjoy travelling by air, sea, land and railway.

Formula 1 Azerbaijan Grand Prix, running along the Baku City Circuit, gives fans a view of historical architecture with modernity, especially famous Baku City Boulevard on the near of Caspian Sea. Formula 1 Azerbaijan Grand Prix, attract many tourists come our city, see the view of great architecture, to visit country's attractive locations and to know our country culture and arts.

Eco-tourism in Azerbaijan

Nine kind of climate out of eleven are existing in the world present here. It translates into variety of flora and fauna types in our country. The country established national parks, reserves, sanctuaries, theme parks available in different regions and districts.

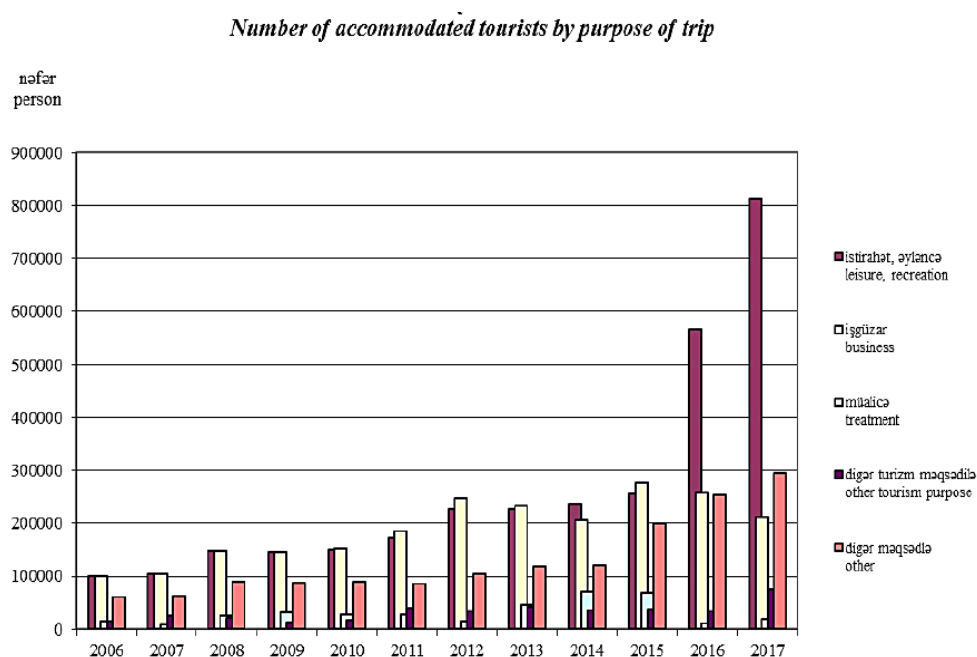
Recreational tourism

Azerbaijan is a country has wealthy hot and mineral springs' birthplaces, warm sulphur-hydrogen water sources and all sorts of mud volcanoes that are used for therapeutic purposes. There are around 800 mud volcanoes existing within the world, 300 of which reside in Azerbaijan. The mud is used for treatment of skin, gastrointestinal disturbances. It is additionally broadly utilized within the cosmetology. Another remarkable restorative item of Azerbaijan is its well-known recuperating "Naftalan" oil which is considered a treatment for numerous infections. Getting to be a well-known put for recreational tourism, Azerbaijan draws in more visitors. It is worth to mention that the number of visitors coming for medical treatment has expanded in final ten years and summed 42 997 visitors in 2012.

The dynamics of purpose of travellers who are coming to Azerbaijan is very crucial for the country goals directed to this industry. The purpose of the tourist trip depends on the available resources and condition of a country include geographical, cultural, social, seasonal and business climate. The Statistical Committee of Azerbaijan Republic analysis and reported the data which is submit

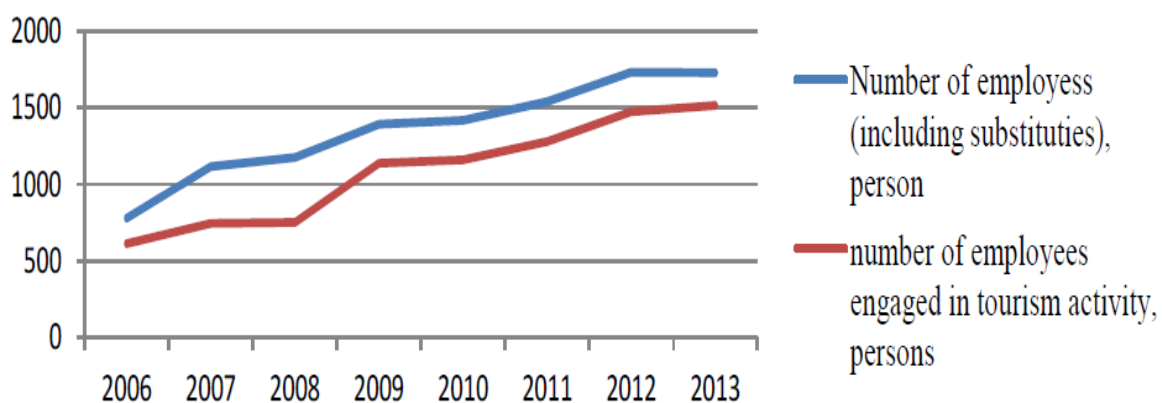
the number of accommodated tourists by purpose of travel or trip. The data show us the purpose and recreation is in the leading place during the years. In 2017, 800000 persons were travel to Azerbaijan for leisure and recreation purpose. Between 2011 and 2013 the highest numbers of the trip according to the purpose is business.

Graph 10.



Tourism in Azerbaijan is one of the attribute affected to the economy of a country and unemployment rate. In Azerbaijan's tourism average number of workers employed in hotels, motels, accommodation facilities, transport, restaurants, resorts and other segments that are directly increased in recent years. Workers in this sectors not only serve to the tourists but also local people and this should be discussed whether it must be included tourism employment data or not. The employment rate is higher in resorts because that are in greater demand.

Graph 11.



Number of employees in tourism industry increased among the years due to improvement of tourism facilities and economic activities directed to the other sectors. In 2013, faster growing demand for tourism services has led to the growth in the proportion of the employed population by 13% from the whole population in comparison with 2002. The level of economic activity of the entire population during the study period increased by 7.3% and summed 4.6 million people. The dynamics of employment in absolute terms were 514.2 thousand people. (World and regional statistics..., 2015). Number of employee in the past six years was increased by about 65%.

Tourism and travel is very important economic sector in Azerbaijan Republic. It is undeniable that tourism industry directly affect to the other sectors improvement in the economy.

Here, mentioned the main indicators of tourism industries in Azerbaijan. Between 2009-2017 numbers of employees in tourism industries increased and reach to 46.837 persons. There is a drop between 2015 and 2016 years but then it continued

increasing. Share of tourism industries in GDP, as per cent was also increasing between 2003 and 2017. The indicators are shown 3.6 and 4.5 in years 2013 and 2017, respectively. The volume of industries is changed dynamically, it increases in some periods and it decrease in other periods. The changes in economic condition affect more to the investments in the tourism sectors. The highest volume of investments in tourism industry, is 2204 million manats estimated in 2014 year. (The State Statistical Committee of the Republic of Azerbaijan)

Table 2.

	2009	2010	2011	2012	2013	2014	2015	2016	2017
Number of employees in tourism industries, person	36 103	36 899	37 600	38 839	40 892	41 886	49 449	43 477	46 837
Gross value added in tourism industries, million manats	-	-	-	-	2 080,2	2 404,2	2 437,3	2 746,1	3 151,0
Share of tourism industries in GDP, as percent	-	-	-	-	3,6	4,1	4,5	4,5	4,5
The volume of investments in tourism industries, million manats	527,8	949,2	1 407,8	1 478,2	1 371,0	2 204	1 063,9	363	267,3

In recent years income of tour companies is increasing because of high level of service to the travellers. Increasing income in tourism companies lead companies to provide their employees not only with high salary, wages but also to force them to spend more cost to advertising and to pay more taxes. State Statistical Committee was prepared a report for to measure the amount of expenditures and incomes in tourism service sector and to show how these indicators change over the years.

Table 3.

thsd.manats

	2012	2013	2014	2015	2016	2017
Gross income of travel agencies and tour operators - total	27 121,50	29 600,90	31 107,10	36 482,20	36 758,3	41 034,20
Expenditures for product (service) output– total	23 540,80	25 292,50	27 018,10	30 811,60	29 101,8	36 734,60
including:						
expenditures spent on for formation of package tours	6 724,7	4 441,7	4 522,4	2 647,5	4 779,0	9 519,9
wage/salary	6 884,60	6 940,30	6 967,10	4 330,00	4 662,1	5 524,70
amortisation of fixed assets	686,2	331,4	270,8	439,3	305,6	253,3
taxes paid to the budget	1 593,2	3 067,6	4 399,1	4 388,3	3 634,00	2 298,3
advertising costs	-	-	-	-	-	1 399,8
other expenditures	7 652,1	10 511,5	10 858,7	19 006,50	15 721,1	17 738,6
Expenditures spent on for services rendered by outside organizations for formation of package tours	6 724,7	4 441,7	4 522,4	2 647,5	4 779,0	9 519,9
including:						
accommodation	2 774,20	2 091,30	2 060,70	1 453,00	2 320,2	4 912,40
transport services	1 665,00	1 054,00	1 068,50	634	1 307,7	2 212,30
food services	1 093,70	551,1	587,4	373	810,3	1 672,20
excursion services	80,1	119,3	122,3	74,9	37,2	228,5
visa services	91,3	40,8	52,6	53,9	100,8	70,4
other expenditures	1 020,40	585,2	630,9	58,7	202,8	424,1

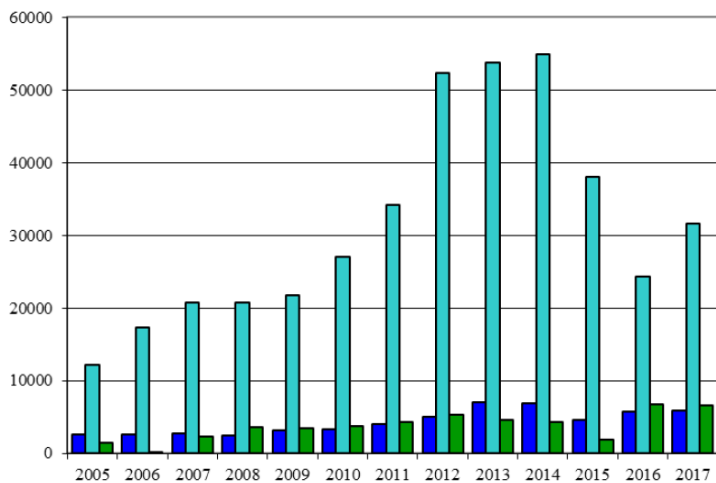
This data show us income and expenditure of enterprises by property types. In 2017, gross income of travel agencies and tour operators was 41 034,20 manats and its enough higher number for newly improved tourism services. And the expenditures of the travel agencies were increasing between 2012 and 2017. As an example expenditures spent on for formation of package tours were increasing from 6 724,7 manats to 9 519,9 manats. Taxes paid to budget were reached 2 298,3 manats (State Statistical Committee of Azerbaijan Republics, data).

Expenditure spent on rendered services by other organizations for formation of package tours were significantly increasing and become 9 519,9 manats.

Table 4.

Expenditures spent on for services rendered by outside organizations for formation of package tours	6 724,7	4 441,7	4 522,4	2 647,5	4 779,0	9 519,9
including:						
accommodation	2 774,20	2 091,30	2 060,70	1 453,00	2 320,2	4 912,40
transport services	1 665,00	1 054,00	1 068,50	634	1 307,7	2 212,30
food services	1 093,70	551,1	587,4	373	810,3	1 672,20
excursion services	80,1	119,3	122,3	74,9	37,2	228,5
visa services	91,3	40,8	52,6	53,9	100,8	70,4
other expenditures	1 020,40	585,2	630,9	58,7	202,8	424,1

Like in other countries in our country tour operators are not working alone. They work together with accommodation services, food, transport, excursion, visa services. Each of the company must burden some financial risks and costs for to gain profit. Transport services pay some amount of money to provide vehicles for travellers and take profit form the service. In our country, AZAL is an air transport company and it provides many tourists (inbound and outbound) with safe and



comfortable air transport system.

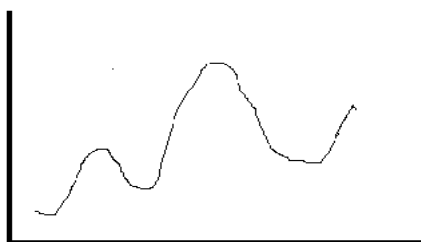
Graph 12.

This histogram shows number of Sold package tours, unit between 2005 and 2017 years. Blue area shows numbers of package tours sold to Azerbaijan citizens for travelling abroad. It reached

its peak in 2014 year and it was between 50000 and 60000 units. In the next years until 2017 it was falling down. Burberry area shows package tours sold to Azerbaijani citizens for travelling within the country. It also decreases in the recent years and indicator was not reached 10000unit. Green part of the histogram shows package tours sold to foreigners for travelling within Azerbaijan Republic. It was increasing according to the years and reached approximately to 9700 unit.

So, we can develop three types of graphs for to show dynamics of package tours sold.

Graph 13.



(Prepared by author)

This graph represents number of package tours sold to Azerbaijan citizens for travelling abroad. It increases during the years, here are some drops but generally the situation is positive.

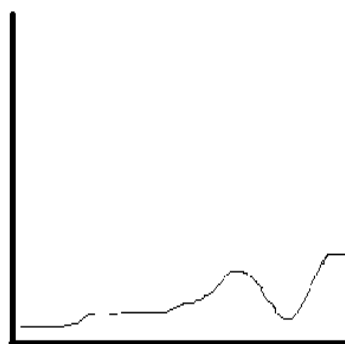
Graph 14.



(Prepared by author)

The second graph represents number of package tours sold to Azerbaijan citizens for travelling within the country.

Graph 15.



(Prepared by author)

This graph shows the dynamics of the number of package tours sold to foreigners for travelling within the Azerbaijan Republic.

So, we can say that tourism industry in Azerbaijan Republic is developing during the recent years and both of the local people and foreigners take benefits from this sector thus they travel to and from our country.

Conclusion

So, tourism industry is developing and it directly influencing on today's globalized world economy. In this project we were saw tourism influences on the sales, tax revenues, employment, environment and demographics. Tourism has a sort of economic impacts. Travellers contribute to sales, profits, jobs, tax revenues, and income in an area. The most direct influences happen within the primary tourism sectors such as lodging, cafes and restaurants, transportation, amusements, and retail trade. Through secondary effects, tourism influences most sectors of the economy. An economic impact analysis of tourism activity normally focuses on changes in sales, income, and employment in a region resulting from tourism activity. So, we can say that tourism has a multiplier effect on other sectors of an economy. If international tourism develops and pass new path it can positively affect world economy as a whole.

Thus, in this project, we come to the conclusion that, as in many countries, the importance of tourism products in our country is increasing day by day. In order to achieve comprehensive development of the Azerbaijani economy, it is possible to develop the tourism industry that can compete with the oil and gas industry. For this reason, there are all opportunities in our country. Therefore, developing tourism in our country, such as religious tourism, winter tourism, beach tourism and other tourism areas, can be submitted.

References

1. *Du, Ding, Lew, A.A. and Ng, Pin. 2015. Tourism and Economic Growth. Journal of Travel Research;*
2. *Surya Poudel , The influence of the accommodation sector on tourism development and its sustainability;*
3. *The economic impacts of tourism , David PT Harcombe;*
4. *Best Practices For Alternative Tourism Services In Bulgaria, Stanislava Draganova Koracheva;*
5. *International workshop on services trade statistics South Africa, June 2009;*
6. *International trade in tourism-related services: Issues and options for developing countries .Background note by the UNCTAD secretariat;*
7. *Tourism and trade : Global agenda for sustainable development;*
8. *Tourism impacts, planning and management - Tourism Growth, Development and Impacts;*
9. *Economic Factors Affecting Tourism Supply, Shahram Gilaninia;*
10. *World Tourism Barometer, UNWTO 2018;*

11. *UNWTO Tourism highlights, 2018 edition;*
12. *American Journal of Economics, Finance and Management, The Impact of Tourism on the Balance of Payments ,Rakela Thano;*
13. *The State Statistical Committee of the Republic of Azerbaijan;*
14. *Essentials of Tourism industry, Ministry of Education of Azerbaijan, Ilqar Huseynov;*
15. *CESD Policy Report on Tourism Sector in Azerbaijan;*
16. *Strategic Roadmap of development of tourism industry in the Azerbaijan Republic, 2016.*

Internet sites

1. <https://unctad.org/en;>
2. [http://www.market-width.com/blogs/Importance-Tourism-Industry-Economic-Value.htm;](http://www.market-width.com/blogs/Importance-Tourism-Industry-Economic-Value.htm)
3. [https://en.wikipedia.org/;](https://en.wikipedia.org/)
4. [https://www.stat.gov.az/source/tourism/;](https://www.stat.gov.az/source/tourism/)
5. [http://www2.unwto.org/;](http://www2.unwto.org/)
6. www.azpromo.az
7. [/www.ukessays.com/](http://www.ukessays.com/)