REPUBLIC OF AZERBAIJAN

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ABSTRACT

of the dissertation for the degree of Doctor of Philosophy

MANAGEMENT OF BUSINESS TOURISM IN AZERBAIJAN AND PROSPECTS FOR ITS INNOVATIVE DEVELOPMENT

Speciality:	5311.01 – «Organization and management of enterprises»
Field of science:	Economics
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GENERAL CHARACTERISTICS OF THE RESEARCH

The topicality and research degree of the subject. In the context of globalization, business tourism is emerging as a significant factor in economic development, international cooperation, exchange of knowledge, and the implementation of innovations. Its development involves not only organizing business trips, conferences, exhibitions, and other business events but also creating conditions for cooperation of entrepreneurs, investors, specialists, and government bodies. Business tourism is a segment focused on professional and business travel, including participation in conferences, forums, corporate events, and other business activities. The MICE industry plays an important role in this area by creating opportunities for a wide range of exchanges. Business tourism also stimulates the development of all sectors associated with the hospitality industry. The managerial aspect of business tourism development is of particular importance. Modern conditions necessitate a shift toward innovative management models based on digitalization, the use of advanced information technologies, improvement of marketing services, development of human capital, and expansion of international cooperation. For Azerbaijan, the development of business tourism holds special significance due to the expansion of international economic relations, the growth of tourism infrastructure, and the hosting of international congresses, exhibitions, and other events. Moreover, the research findings indicate that there is potential to improve the efficiency of organization and management in this sector. According to data from the State Statistical Committee of the Republic of Azerbaijan cited in the dissertation, the number of travel agents and tour operators increased 2.9-fold between 2001 and 2025, the workforce grew 2.8-fold, and the volume of total revenue rose 9.8-fold. This underscores the need to refine organizational and economic management mechanisms, ensure the efficient use of resources, and implement innovative technologies.

The development of business tourism in Azerbaijan is supported by various regulatory, legal, and strategic documents, including the Law of the Republic of Azerbaijan “On Tourism,” dated 27 December 2021, the “Strategic Roadmap for the Development of a Specialized

Tourism Industry in the Republic of Azerbaijan," the "Azerbaijan Business Events Strategy Brief 2024-2026," and the "State Program for the Development of Tourism in the Republic of Azerbaijan for 2026-2030." These documents aim at enhancing infrastructure, increasing competitiveness, attracting investment, and promoting Azerbaijan within the international business events market.

However, challenges remain regarding the geographic concentration of infrastructure, the insufficient development of business tourism in the regions, and the need to enhance digitalization and improve mechanisms for attracting international events. It also cannot be denied that business tourism is not recognized as a distinct legal concept.

Despite research conducted by both Azerbaijani (A.G. Alirzayev, A.A. Abbasov, T.N. Aliyev, L.A. Allahverdiyeva, A.M. Asadov, G.A. Akhundov, B.A. Bilalov, V.A. Gasimly, N.J. Gafarov, I.I. Huseynov, J.M. Jafarov, A.S. Mehtiyev, A.J. Muradov, F.P. Rahmanov, E.B. Suleymanov, K.A. Shahbazov, N.T. Afandiyev, et al.) and international scholars (T. Coles, S.J. Page, L.L. Taylor, O.A. Astafyeva, A.P. Durovich, M.S. Motyshina, A.O. Ovcharov, V.P. Orlovskaya, A.V. Sharkova, et al.) in the field of the organization and management of tourism activities, issues concerning the management of business tourism, the application of innovative management methods, and the improvement of regulatory mechanisms for this sector in Azerbaijan remain insufficiently explored.

Consequently, research into the organizational, economic, and managerial foundations of business tourism along with its innovation potential and development prospects in the Republic of Azerbaijan represents a highly relevant area of both academic inquiry and practical application.

Conducting research on the topic "Management of Business Tourism in Azerbaijan and Prospects for its Innovative Development" stems from the need to improve the organization and management of enterprises operating within the business tourism sector, enhance their operational efficiency, and implement innovative management methods.

The aim of the research is a comprehensive analysis and assessment of the current state of the organization and management of business tourism, identification of challenges, and determination of prospects for its innovative development in the Republic of Azerbaijan.

To achieve this aim, the following tasks have been defined:

- to examine the theoretical foundations of the organization and management of business tourism, and determine its role and significance within the tourism service system;
- to study and synthesize the international experience in the development of business tourism and identify opportunities for its application in Azerbaijan;
- to analyze the current state of the organization of business tourism, and assess the organizational and economic conditions for its development in Azerbaijan;
- to investigate the status of hotels and hotel-type accommodation facilities, the fixed assets of the tourism industry, transport infrastructure, and catering establishments, as well as the activities of travel agents and tour operators in the country, identify relevant reserves and ways of their efficient utilization;
- to analyze the investment provision of the tourism industry of the Republic of Azerbaijan and its share in business tourism sector;
- to develop organizational and managerial mechanisms, methodological and practical recommendations for expanding business tourism, based on market research and with consideration for the prospects for its innovative development in the Republic of Azerbaijan.

Research methods. The methods of analysis and synthesis, comparison, classification, observation, statistical analysis, graphical data presentation, and econometric modeling have been applied in the research. The use of quantitative and qualitative methods enabled a comprehensive assessment of the current state and development prospects of business tourism in Azerbaijan.

The object of the research consists of the enterprises and companies that provide services within the business tourism sector in the Republic of Azerbaijan.

The subject of the research includes the organizational-economic relations and management mechanisms undelying the functioning of business tourism enterprises, methods for enhancing their economic performance, as well as the organizational and economic tools used to implement innovations and improve management within this sector.

The main provisions submitted for defense:

- Theoretical approaches to defining the essence of business tourism, its place within the tourism service system, and its relation with the development of entrepreneurship, investment activity, the hotel industry, transport, catering, and other sectors of the economy require further clarification. The need to consider business tourism not merely as an independent segment of the tourism market but also as a comprehensive field integrating various types of services has not been sufficiently substantiated;
- The factors determining the opportunities and constraints affecting the development of business tourism in Azerbaijan require more in-depth study, considering the current state of tourism infrastructure;
- The relationship between investment in tourism infrastructure and the expansion of the country's capacity to attract business tourists and international business events has not been sufficiently justified;
- The need to transition from a traditional business tourism management model to an innovative model based on digitalization and the application of advanced technologies requires further scientific justification;
- The characteristics of demand for business tourism services and potential options for enhancing the competitiveness of

Azerbaijan's business tourism market require further investigation based on marketing analysis;

- The role of congress and exhibition activities in expanding business tourism and developing tourism infrastructure requires further scientific substantiation;
- Approaches for improving the business tourism management system, including the development of public-private partnership, the enhancement of tourism infrastructure, the wider application of digital and innovative management tools, improvements in marketing effectiveness, human capital development, the attraction of international business events, and the formation of a competitive national business tourism product, require further research and scientific substantiation.

The scientific novelty of the research lies in the following:

1. Theoretical and methodological approaches to defining the essence and role of business tourism as both a distinct segment of the tourism market and a factor in socio-economic development have been clarified.
2. Based on the study of the experience of leading countries in the development of MICE tourism, opportunities for adapting international mechanisms to the conditions of Azerbaijan have been identified, considering the specific characteristics of the national tourism market.
3. A comprehensive MICE analysis of inbound and outbound business tourism in Azerbaijan for the period 2019-2025 has been conducted, together with a comparative analysis of the distribution of MICE events between Baku and other regions of the country. The analysis made it possible to identify the main trends, structural characteristics, and the dynamics of the development of this segment of the tourism market, as well as the existing geographical concentration of business tourism, and to substantiate the need to expand relevant infrastructure in the regions.

4. The principal socio-economic effects of MICE tourism development on business events have been systematized and substantiated, and congress activities have been analyzed and their role in the development of business tourism in Azerbaijan has been established.
5. The main organizational and economic conditions, infrastructure-related factors, and innovative components of contemporary business tourism in Azerbaijan have been identified.
6. Econometric models for inbound and outbound business tourism covering the period 2013-2025 have been developed, making it possible to assess the influence of socio-economic factors and the use of the findings to justify strategies for improving management and fostering the innovative development of industry.
7. Based on the marketing research, factors shaping demand, customer preferences, and promising market segments have been identified, thereby enabling the determination of strategies to enhance the competitiveness of the national business tourism product.

The theoretical significance of the research lies in the systematization of scientific approaches to the study of business tourism, the clarification of its role within the tourism system, and the elucidation of its interrelationships with infrastructure, entrepreneurship, investment, innovation, and digitalization.

The practical significance of the dissertation lies in the potential application of its findings to the development of targeted sectoral and regional programs, comprehensive measures for the innovative advancement of business and MICE tourism, improving public and private management mechanisms, developing regional infrastructure, highly qualified workforce training, promoting Azerbaijan in the international business tourism market, and attracting business events. The research findings may also be utilized in educational processes for training specialists in the fields of tourism, management, and economics.

Approbation and application. The research findings have been published in international and local scientific journals, in accordance with the requirements of the Supreme Attestation Commission under the President of the Republic of Azerbaijan. The key findings and provisions of the dissertation have also been published in the proceedings of three scientific conferences, two of which are international, and are presented in five scientific publications, one of which appeared in an international journal indexed in a reputable database recognized by the Supreme Attestation Commission under the Ministry of Science and Higher Education of the Russian Federation.

The theoretical and methodological foundations of the dissertation, its key findings, and the proposals developed were presented at the following national and international scientific conferences and published in the form of abstracts and conference proceedings:

— «ICTEBS — 2nd International Congress on Tourism, Economic and Business Sciences» / International Scientific Conference // Kocaeli, Turkey, 1–4 November 2018;

— International Conference on Global and Regional Development, dedicated to the 100th anniversary of National Leader Haydar Aliyev: «Priority Directions of Economic Development of the South Caucasus Region» // Baku, Azerbaijan, 19–21 December 2023;

— UMTEB-XVII — International Scientific Research Congress / Prague, Czech Republic, 4–6 May 2025.

Participation in these conferences is confirmed by the relevant certificates.

The name of the institution where the research has been carried out. The dissertation has been completed at the Department of «Management» of Azerbaijan Tourism and Management University.

Total length of the dissertation, including the length of its sections. The dissertation consists of an Introduction (16617 characters), three Chapters (Chapter I: 78137 characters; Chapter II: 72365 characters; Chapter III: 84694 characters), Conclusion (7894 characters), a list of References comprising 103 sources (17487 characters) and an Appendix (6399 characters). The total length of the work is 164 pages (284264 characters), including 26 tables, 6 schemes, 7 diagrams and 3 graphs; and the main text excluding tables, schemes, diagrams, graphs and the list of references consist of 136 pages (247143 characters).

MAIN CONTENT OF THE RESEARCH

The introduction of the dissertation covers the following key points: the topicality and research degree of the subject; the object and subject of the research; the research aim and objectives; research methods; the main propositions submitted for defense; the scientific novelty of the study; the theoretical and practical significance of the research; approbation and application.

The first chapter examines the theoretical foundations of tourism, its role in the socio-economic development of the country, the significance of business tourism, and the specifics of its management, as well as international experience in its development. Among the various forms of tourism, business tourism holds a distinct position. Unlike other types, it combines travel with business activities, with the primary objective of achieving commercial, scientific, and corporate outcomes. Its essence is reflected in the MICE industry, which encompasses business meetings, incentive travel, conferences, congresses, exhibitions, and similar events. The priority in business tourism lies in the achievement of business objectives and rigorous accountability. Key organizational features include a high level of responsibility, risks, clearly defined corporate policies, cost optimization, strict adherence to timelines, financial accountability, and the inclusion of the MICE segment. These characteristics have been systematized in a classification developed by the author. Business tourism is increasingly innovative,

integrating digital technologies, artificial intelligence (AI), and principles of sustainable development into the organization of business events. Such technologies enhance the impact of business trips, enable remote participation in conferences and exhibitions, overcome geographical barriers, and broaden the range of potential participants. By examining international experience and considering the specific context of Azerbaijan, a classification of the core principles and mechanisms of business tourism has been developed. These principles include goal- oriented and results-driven approaches, corporate regulation, high service standards, a multiplier economic effect, infrastructure dependence, as well as security and confidentiality. Management mechanisms encompass the activities of MICE agencies, corporate booking systems, contractual arrangements, the use of key performance indicators (KPIs), digital and hybrid technologies, and various financial and marketing tools. The impact of business tourism on the national economy is substantial. It fosters intersectoral linkages, develops infrastructure and the knowledge economy, creates jobs, and improve overall employment level. Its important economic functions also include mitigating the seasonality of tourism activities, advancing urban and regional infrastructure, and developing combined tourism products based on the concept of "Bleisure." Panning plays a crucial role in the management of these tourism activities. It relies on the interconnections between infrastructure, information support, marketing, local communities, and the political and institutional structures. These elements are integrated into a conceptual framework for tourism planning developed by the author. Globalization has transformed business tourism into a key driver of a knowledge economy, fostering international cooperation, development, the exchange of information and expertise, the expansion of business networks, and the implementation of innovations.

The role and significance of business tourism within the tourism service system. A synthesis of academic approaches allows business tourism to be viewed as a distinct sector of tourism activity, involving the temporary travel of individuals away from their permanent place of residence to achieve professional, business, or

economic objectives using a comprehensive range of tourism services. Unlike recreational tourism, the primary goal of a business trip is to achieve a specific professional or economic outcome. At the same time, business travelers generate additional demand for services such as accommodation, food service, transportation, communications, culture, and leisure services. Consequently, business tourism exerts a multiplier effect on tourism infrastructure and related economic sectors. This study distinguishes between the concepts of "business tourism" and "MICE tourism." Business tourism is the broader term, encompassing various trips linked to professional and economic purposes. MICE tourism is viewed as a specialized segment of business tourism focused on meetings, incentive travel, conferences, and exhibitions. Accordingly, business tourism management is defined as a system of managerial actions aimed at planning, organizing, coordinating, promoting, and controlling the activities of stakeholders in this sector. Its specific nature is determined by the need to simultaneously ensure economic efficiency, service quality, product customization, technological integration, and risk management. Under current conditions, the innovative aspects of management, including service digitalization, the use of modern information technologies, the improvement of marketing tools, and the adaptation of tourism products to the evolving needs of business travelers, have become particularly significant.

International experience in the development of business tourism. A study of international experience shows that Europe occupies the leading position in terms of the scale of international tourism, followed by Asia and Oceania, America, Africa, and the Middle East. In 2020, the COVID-19 pandemic caused a sharp reduction in tourist flows in all regions. Since 2021, international tourism activity has been recovering, and by 2025, several regions had reached or exceeded their 2019 levels. Business tourism occupies a stable place in the structure of international tourist flows. Its share in various years was approximately 10-14%, which indicates the continued stable demand for business travel. Analysis of international markets shows differences in the structure of tourist expenditure. The largest share of business travel expenditure is seen in the markets of

China, Japan, the US, Germany, and the UK, while in Mexico and India it is significantly lower. This reflects differences in the structure of national tourism markets, business activity, and international economic relations. Studying the experience of leading countries has made it possible to identify several areas of practical relevance for Azerbaijan: the development of specialized MICE infrastructure, attraction of international congresses and exhibitions, public-private partnership, digitalization of services, international promotion of the destination, and training of qualified personnel. In general, foreign experience shows that the successful development of business tourism requires an integrated approach that combines tourism infrastructure, transport, the hotel industry, investment, marketing, innovation, and government support. Considering these approaches can contribute to the formation of an effective model for the management of business tourism in the Republic of Azerbaijan that reflects national conditions and existing tourism potential.

The second chapter analyzes the current state of business tourism in the Republic of Azerbaijan, assesses the organizational and economic conditions for its development, and examines infrastructure, investment activity, transport, and innovation processes.

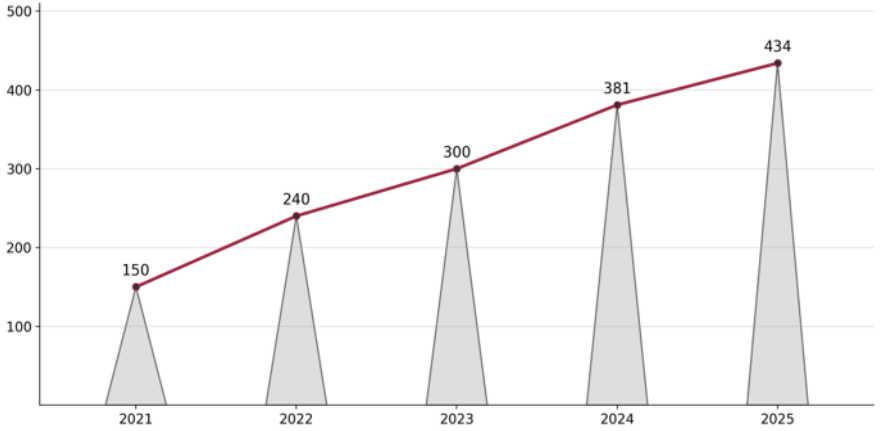


Diagram 2.1.1. Number of Travel Agents and Tour Operators in the Republic of Azerbaijan. Source: Compiled based on data from https://www.stat.gov.az

Modern trends in business tourism. Statistical data on the development of Azerbaijan's tourism industry over the period 2021-2025 period show a 2.9-fold increase in the number of tour operators, a 2.8-fold rise in the number of employees, and a 9.9-fold growth in total revenue. This underscores the importance of modernizing management mechanisms, optimizing resource utilization, and implementing new technologies (Diagram 2.1.1).

During this period, the volume of tour packages sold increased 28.4-fold, while the combined profit of travel agents and tour operators rose from 2.97 million to 50.9 million manats (an increase of approximately 17.2 times). The number of tour packages sold grew from 9,811 to 86,147 (Diagram 2.1.2). This indicates an expansion of the economic potential of the tourism industry and points to favorable preconditions for the development of business tourism.

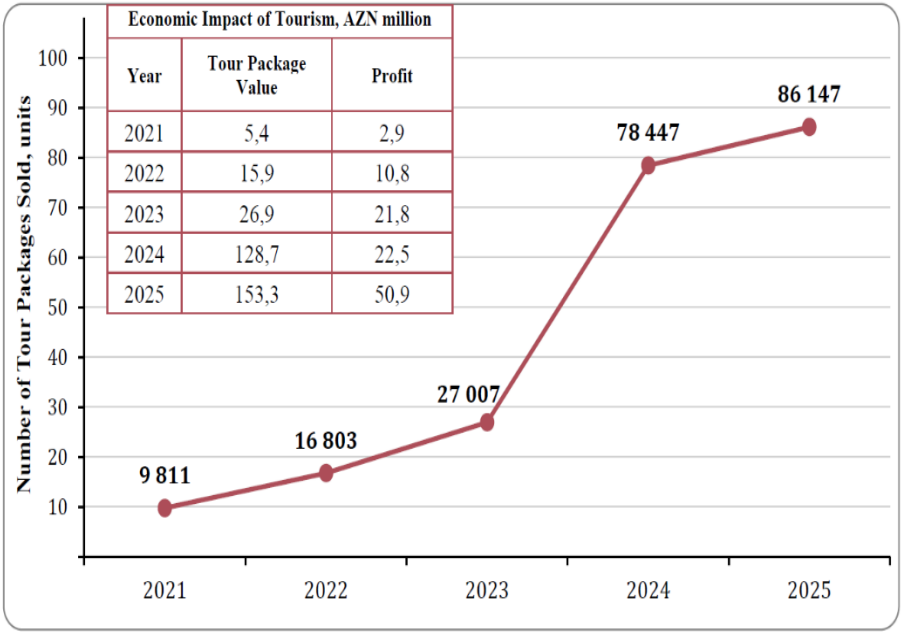


Diagram 2.1.2. Number of Tour Packages Sold, their Value, and the Profit Generated from their Sale. Source: Compiled based on data from https://www.stat.gov.az

Considering the specific nature of tourism enterprises in Azerbaijan, the author has developed a classification of companies operating within the business tourism services sector. Three groups have been identified: corporate companies, firms specialized in MICE and B2B services, and large-scale full-service tour operators. These entities organize business trips, conferences, and similar events, and provide services for foreign delegations (Scheme 2.1.1).

TOURISM COMPANIES IN AZERBAIJAN PROVIDING BUSINESS TOURISM SERVICES	→	CORPORATE COMPANIES	• PASHA Travel • Azerbaijan Travel International (ATI) • Millennium Tourism • Ulduz Tour	→	SERVICES PROVIDED	• Organisation of corporate events • International management of business travel • Business and inbound tourism • Organisation of business events and corporate trips
	→	FIRMS SPECIALIZED IN MICE AND B2B SERVICES	• Victory Tour • MICE.az • MICEBaku.az • Mice and Travel • Azteza Travel • Liberty Azerbaijan DMC • Greenwich Travel Club	→	SERVICES PROVIDED	• Development of specialised projects • Organisation of congresses and incentive programmes • Planning of business trips and arrangement of customer accommodation • Tour operator activities in the B2B segment • Provision of specialised MICE services • Organisation of exhibitions, conferences and other business events
	→	LARGE-SCALE FULL-SERVICE TOUR OPERATORS	• Baku Holiday Travel (BHT) • Sun Tour Azerbaijan DMC • Fly2Baku	→	SERVICES PROVIDED	• Corporate concierge services and VIP transfers • Services for foreign delegations and hotel reservations • Transport and excursion services

Scheme 2.1.1. Classification of Active Tourism Companies in Azerbaijan and the List of Services they Provide in Business Tourism (developed by the author).

The development of business tourism is stimulated by large-scale international events. Between 2020 and 2025, Azerbaijan hosted over twenty international forums, including the Global Baku Forum, COP29, and Baku Energy Week, and others. On July 6, 2024, the city of Shusha hosted a summit of the Organization of Turkic States (OTS), attended by heads of state. These events help expand international relations, strengthen business ties, and enhance Azerbaijan's recognition as a destination for international business events, thereby creating further conditions for the growth of business tourism.

Analysis of inbound and outbound business tourism for 2013-2025 shows significant dynamics in this segment. The maximum volume of inbound business tourism was registered in 2019 with 850.5 thousand tourists. In 2020, due to the COVID-19 pandemic, the figure decreased to 177.5 thousand people. In subsequent years, there was a recovery, and in 2025 the number of inbound business tourists reached 396.9 thousand, representing an increase of 52.0% compared to 2024. Outbound business tourism reached its maximum value in 2016 with 1371.6 thousand tourists. The pandemic and restrictions on international mobility have led to a sharp decline. In 2021, the figure was 137.2 thousand people. Subsequently, there was a recovery, but in 2025 the number of outbound business tourists decreased to 277.6 thousand, which is 16.3% less than the 2024 level. The share of business tourism in the total tourist flow is also characterized by significant fluctuations. Inbound business tourism accounted for from 11.2% to 42.6% of the total inbound flow, and outbound business tourism accounted for from 19.5% to 39.0%. This indicates the significant importance of business trips in the structure of international tourist mobility in Azerbaijan and at the same time the need for further expansion of inbound business tourism. An analysis of the number of business events shows that the pandemic has had a significant impact on MICE tourism. The number of on-site events decreased from 42 in 2019 to 7 in 2020, after which a recovery began, and by 2025 the figure reached 63 events. The number of inbound events decreased from 53 in 2019 to 6 in 2020 and amounted to 29 in 2025. Thus, the restoration of outbound business activity occurred faster than inbound business

activity, which confirms the need to strengthen the international promotion of Azerbaijan as a MICE destination.

Organizational and economic conditions for the development of business tourism. An assessment of the main tourism-related sectors shows generally positive long-term dynamics. In 2013-2025, the number of workers in relevant areas increased from 409 thousand to 861 thousand people, value added rose from 2.08 to 6.96 billion manats, and its share in GDP increased from 3.6% to 5.4%. Investments in the tourism-related sectors under consideration, despite significant fluctuations, reached 833.8 million manats in 2025. The 2020 pandemic led to a significant deterioration in most indicators, but the subsequent recovery indicates the presence of sustainable potential for the development of the tourism industry. One of the main problems remains the geographical concentration of tourism infrastructure. A significant number of hotels, food service companies, and the financial turnover of relevant organizations are concentrated in Baku. This limits the possibility of hosting large business and MICE events in the regions and increases the load on the capital's infrastructure. The food service sector also maintains a high concentration of economic activity in Baku. In 2025, the Baku economic region accounted for 42.5% of public food service businesses and 72.4% of their financial turnover. This structure indicates the need to expand food infrastructure in the regions, especially in business event centers. An analysis of the activities of travel agents and tour operators indicates a recovery in the industry, but a high concentration of tourism business in Baku remains. This limits the development of regional tourism products and requires expansion of the activities of tour operators beyond the capital. Investment activity is an important condition for the development of business tourism. The growth of investments in the country's economy creates preconditions for the expansion of hotels, transport, and other infrastructures. At the same time, insufficient investment in fixed assets for accommodation and catering may limit further improvement in the quality of business tourism services.

The role of transport infrastructure. Transport is one of the key elements in facilitating business travel and MICE events. In 2013-

2025, transport value added, gross and net profits, and employment and wages of workers increased significantly. At the same time, in 2025 there was a decrease in investment in fixed capital of transport compared to 2024. Thus, the transport system of Azerbaijan creates favorable conditions for the development of business tourism, however, further improvement of transport infrastructure and a more uniform development of transport connections between regions remain necessary conditions for expanding the geographical reach of business travel.

Innovation and digitalization of business tourism. Attention in the second chapter is paid to innovative areas of development of business tourism. Digitalization is one of the main tools for introducing innovations in the tourism sector, providing online booking, electronic services, business communication, remote partnership, and the organization of MICE events. The information and communication technology development index characterizes not business tourism itself, but the digital environment that creates the conditions for its development. Its significant increase during the period under study indicates the expansion of the digital capabilities of the tourism industry. Positive trends are also observed in the provision of tourist accommodation and catering enterprises with computer equipment and access to the Internet. In 2021-2025, the number of computers at these enterprises increased by 63.2%, and the number of enterprises rose by 24.3%. The number of computers with Internet access grew by 67.0%, and the number of enterprises with Internet access increased by 29.8%. Expanding digital infrastructure makes businesses more prepared to serve business travelers by enabling e-booking, digital payments, real-time communications, online and hybrid events, and personalization of services. Modern innovative solutions in business tourism include artificial intelligence, virtual and augmented reality, mobile technologies, contactless payments, geolocation services, intelligent transport solutions, digital platforms, blockchain, and tourism product personalization tools. In general, the analysis shows that Azerbaijan has significant potential for the innovative development of business tourism. However, its implementation requires further digitalization of enterprises,

development of regional infrastructure, expansion of investment activity, improvement of transport accessibility, and the formation of an effective MICE tourism management system.

The third chapter presents marketing research on the business tourism market of the Republic of Azerbaijan and a MICE analysis of inbound and outbound business tourism, examines the geographical distribution of events between Baku and the regions, and develops econometric models of the key factors influencing business tourism.

From a methodological perspective, there are several types of marketing research in tourism, which are grouped as follows:

- **Continuous and ad hoc research.** Most marketing research consists of a mix of continuous research (aimed at identifying key market trends) and ad hoc research (periodic research aimed at identifying threats and opportunities).
- **Quantitative and qualitative research.** Quantitative research is always based on structured questionnaires in which every respondent answers the same questions. Qualitative research takes customer attitudes and motivations as its starting point that must be explored, as the responses to them cannot be predicted in advance.
- **Primary and secondary research.** Primary research is conducted when a tour operator collects data directly from service providers using methods such as observation, experimentation, and market analysis. Secondary research involves using information sources that were previously gathered through other studies or reference materials, often for purposes other than marketing, and can be utilized by the enterprise in the research process.
- **"Comprehensive" and collaborative studies.** "Comprehensive" and collaborative studies enable low-cost research through sharing expenses, as multiple economic entities have an interest in such investigations.

– **Research at the customer and intermediary levels.** Research at the customer level relies on customer surveys; this is known as a "continuous survey." Research at the intermediary level is less common in the tourism market.

An analysis of MICE activities from 2019 to 2025 reveals varying trends across different types of business events. In outbound business tourism, the number of business meetings rose from 17 to 21, incentive tours from 1 to 4, congresses and conferences from 0 to 3, and exhibitions from 24 to 35. In inbound business tourism, the number of business meetings fell from 39 to 17 and incentive tours from 10 to 1. Conversely, the number of congresses and conferences increased from 3 to 10, while the number of exhibitions remained constant at one event. Thus, the structure of inbound business tourism shows a gradual strengthening of the role played by congress and conference activities. An analysis of the geographical distribution of MICE events indicates a persistent concentration of business activity in Baku. In 2019, the capital accounted for 70% of events, with the remaining regions accounting for 30%. In 2020, all recorded events took place in Baku. In subsequent years, the share of events held in the regions gradually increased, and in 2023, it surpassed that of the capital for the first time at 54% compared with 46%. In 2024, the ratio stood at 48.3% and 51.7%, while in 2025, it was 44.8% and 55.2%, respectively. These results point to an emerging trend toward the geographical diversification of business tourism and an expanded role for regional destinations.

To enhance the quality of market research in the business tourism sector in the Republic of Azerbaijan and to complement the research presented in the dissertation, it is advisable to develop econometric models in two aspects:

1) Measuring the dependence of the number of business tourists visiting Azerbaijan (inbound business tourism) on the key factors influencing it. The following data are used for the first aspect of the analysis:

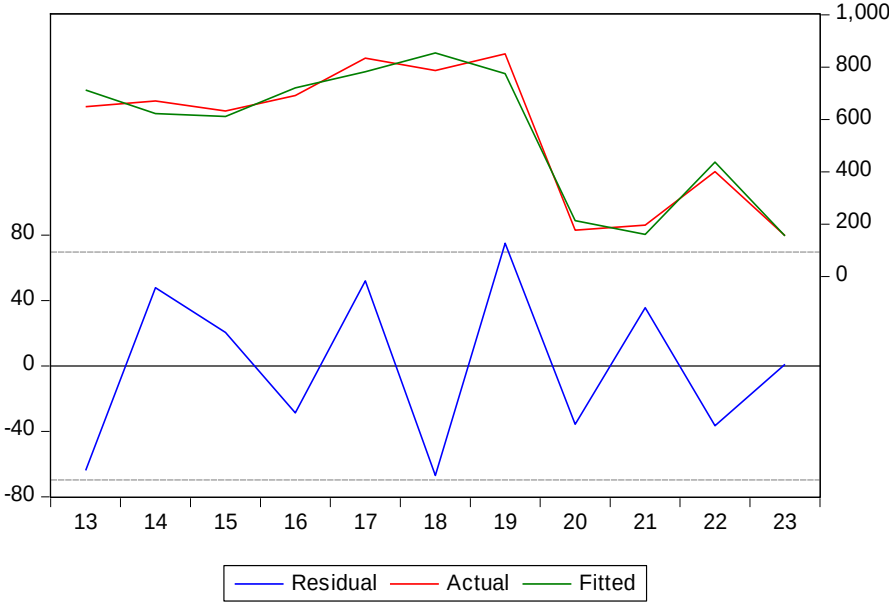
* Consumer Price Index CPI in the Republic of Azerbaijan (reflects the level of domestic prices and affects the cost of accommodation and the total cost of a business trip);

* Nominal (NEER) and real effective exchange rates (REER) of the manat against foreign currencies in percentages in the Republic of Azerbaijan (NEER reflects exchange rate dynamics and affects the currency value of goods and services in Azerbaijan; REER reflects price competitiveness and indicates the actual change in the cost of accommodation, adjusted for prices);

* Nominal household income in the Republic of Azerbaijan (characterizes monetary income and economic activity and reflects the state of domestic demand and business activity);

* Average monthly nominal salary in the Republic of Azerbaijan (reflects the level of salary, as well as changes in income and economic activity).

Figure 1. Dynamics of actual values (Actual), fitted values (Fitted) derived from Model 1, and the differences between them (Residual).



Using the data mentioned above, an econometric model is constructed to measure the dependence of the number of business tourists visiting Azerbaijan (inbound business tourism) on the key factors influencing it:

IBT = 5396.9322114 - 536.35646156*COVID2020 + 31.0697425075 *REER - 36.5231146764*NEER + 111.255154327*LOG(AMS/CPI) - 560.941110916 *LOG(NHI) (Model 1).

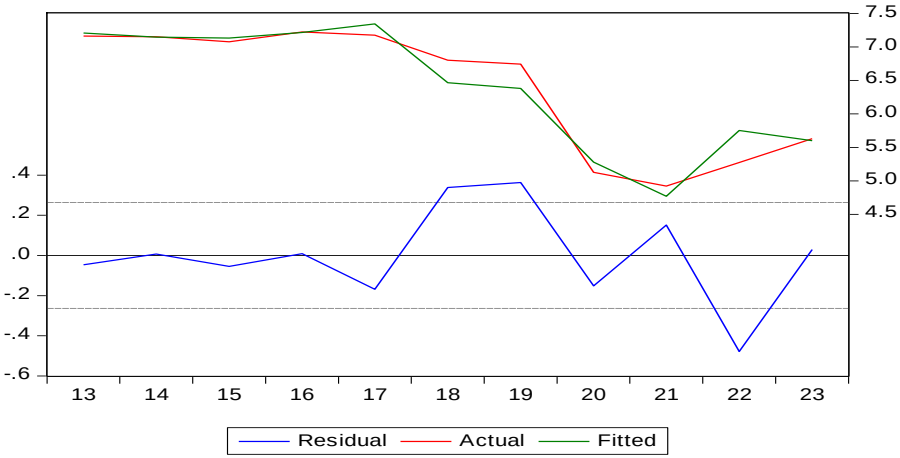
Here: IBT - inbound business tourism; **REER** - real effective exchange rate of the manat against foreign currency in percentages; **NEER -** nominal effective exchange rate of the manat against foreign currency in percentages; **AMS/CPI -** average monthly nominal salary / consumer price index; **NHI -** nominal household income.

Statistical indicators, tests for constant variance and stationarity indicate that Model 1 is adequate (see: Appendix). It should be noted that the values obtained using Model 1 are significantly closer to the actual figures (Figure 1).

Based on Model 1, the following conclusions can be drawn:

- COVID-19 had a negative impact on the number of business tourists visiting Azerbaijan, and compared to previous periods, their number decreased by 536000;
- a 1% increase in the nominal effective exchange rate of the manat leads to a decrease of 36523 in the number of business tourists visiting Azerbaijan;
- a 1% increase in the real effective exchange rate of the manat leads to an increase of 31000 in the number of business tourists visiting Azerbaijan;
- a 1% increase in the average monthly nominal salary leads to an increase of 1113 in the number of business tourists visiting Azerbaijan;
- a 1% increase in nominal household income leads to a decrease of 5609 in the number of business tourists visiting Azerbaijan.

Figure 2. Dynamics of actual values (Actual), fitted values (Fitted) derived from Model 2, and the differences between them (Residual).



2) Measuring the dependence of the number of business tourists traveling from Azerbaijan to other countries (outbound business tourism) on the key factors influencing it. The following data are used for the second aspect of the analysis:

* Expenditure and number of business tourists traveling from Azerbaijan to other countries.

It is appropriate to use the number of business tourists traveling abroad as the dependent variable in the econometric model, since this indicator characterizes the scale of outbound business tourism and allows for a quantitative assessment of changes in the demand among the people and entrepreneurs for business trips abroad.

Expenditure of business tourists traveling abroad is proposed as the primary explanatory variable. This indicator was selected because the level of spending is directly linked to the economic activity associated with outbound business travel. It reflects the financial resources allocated to international business trips, encompassing various types of costs (transport, accommodation, food, etc.). Using these indicators makes it possible to establish a

quantitative relationship between the number of outbound business travelers and the volume of expenditure associated with such trips.

Using this data, an econometric model is constructed to measure the dependence of the number of business tourists traveling from Azerbaijan to other countries (outbound business tourism) on the key factors influencing it:

LOG (OBT) = 15.0684936545 - 1.27723323191 *COVID2020- 1.20964440266 *LOG(EBT/OBT) (Model 2).

Here: OBT - outbound business tourism; EBT - expenditure of business tourists.

Statistical indicators, tests for constant variance and stationarity indicate that Model 1 is adequate (see: Appendix).

It should be noted that the values obtained using Model 2 are significantly closer to the actual figures (Figure 2).

Based on Model 2, the following conclusions can be drawn:

- COVID-19 had a negative impact on the number of business tourists traveling from Azerbaijan to other countries, and compared to previous periods, the number of them fell by 128000;
- a 1% increase in expenditure per business tourist traveling from Azerbaijan to other countries leads to a 1.2% decrease in the number of outbound business tourists.

In recent years, online tourism resources and services have become a primary driving force in the tourism industry. Digital technologies have enabled customers to book tickets directly with travel companies, thereby lowering prices and eliminating intermediaries. With the widespread use of electronic devices such as laptops, smartphones, and tablets, travel websites and applications assist travelers in planning itineraries and checking flight or trip statuses. Online reviews, transport schedules, and ratings for various destinations and services are becoming increasingly popular worldwide.

The analysis confirms the increasing importance of digitization of the business tourism market. Online booking, electronic payments, mobile applications, digital platforms, electronic communications, and information systems expand the possibilities of interaction of tourists, event organizers, and enterprises of the tourism industry, while reducing transaction costs and increasing the availability of tourist services. Congress activities represent an important area of the development of business tourism. Congress tourism belongs to the highly profitable segments of the tourist market and contributes to the utilization of the infrastructure outside the traditional tourist season. Its development requires appropriate conference and exhibition infrastructure, qualified personnel, marketing promotion, quality standards, digital technologies, and effective public-private partnership.

The third chapter also identifies priorities for improving the management of business tourism:

- government regulation;
- development of regional destinations and utilization of cultural heritage;
- improvement of marketing and branding;
- development of specialized tourism products; digitalization and implementation of innovations;
- use of data and marketing research;
- stimulation of investment and public-private partnerships;
- human resource development.

When considering the priorities for the development of business tourism in our country, it is essential to highlight the innovative trends for 2026, which can be categorized into the following areas: “Green” MICE; Smart Technologies; Business Activities beyond Baku; The Bleisure Format.

Azerbaijan possesses significant potential for the development of business and MICE tourism because of its geographic location, transport accessibility, modern infrastructure, and extensive experience in hosting international events. This potential is directly supported by the country's track record of hosting large-scale

international projects and events. Given its advantageous geopolitical and geographic position at the intersection of the "North-South" and "East-West" international transport corridors, together with modern international airports and developed infrastructure, the refinement of management mechanisms for business tourism will enable Azerbaijan to emerge as a leading MICE hub in the macro-region.

Thus, the findings indicate that the further development of business tourism in Azerbaijan is linked to the following factors:

- diversification of the regional structure of MICE events;
- expansion of congress and conference activities;
- digitalization of services;
- improvement of marketing management;
- attraction of investment;
- strengthening of public-private partnerships.

CONCLUSIONS. The research conducted on the current state and prospects for the development of business tourism in the Republic of Azerbaijan leads to the following conclusions:

1. The COVID-19 pandemic had a significant negative impact on international and local business tourism activity.
2. In the post-pandemic period, a recovery and resurgence of business tourism are being observed.
3. The geographical concentration of tourism and business infrastructure, primarily in Baku, remains a significant issue.
4. Developing regional infrastructure is a prerequisite for expanding the geographical scope of business tourism.
5. Azerbaijan possesses the potential to increase its participation in international cooperation regarding congresses and exhibitions.
6. It is necessary to improve mechanisms for attracting inbound business tourists and promoting the country internationally as a MICE destination.
7. Small and medium enterprises (SMEs) play a key role in shaping and developing the business tourism product.

8. Further development of this sector requires wider application of digital and innovative technologies.
9. The development of business tourism must consider the principles of sustainability and the rational use of tourism resources.
10. The liberated territories offer potential for establishing new business and event tourism destinations.

RECCOMENDATIONS. Based on the problems identified during the research and the conclusions drawn, the following proposals have been developed to improve the management system and further development of business tourism:

1. **Establishment of a regional business tourism system.** To reduce the geographical concentration of business tourism in Baku, it is proposed to establish specialized business tourism centers in regions of Azerbaijan that possess the requisite tourism and economic potential.
2. **Development of a regional infrastructure network for congresses and exhibitions.** It is proposed to develop multifunctional congress and exhibition complexes designed to host various business tourism events.
3. **Development of public-private partnership (PPP).** It is proposed to use the PPP mechanism in the construction and modernization of business tourism facilities. It is advisable for the government to focus on creating basic transport and engineering infrastructure and for the private sector to focus on the construction of facilities directly related to business tourism.
4. **Implementation of measures to support SMEs.** To expand the participation of SMEs, it is proposed to provide special instruments (financial and non-financial) to support enterprises operating in the tourism sector. Priority may be given to projects that are implemented in those regions where the level of tourism infrastructure is not high enough.

5. **Establishment of a unified digital platform for business tourism in Azerbaijan.** This platform will unify information for business tourism stakeholders. It can also be used for event registration and the promotion of regional business tourism products.
6. **Building a dedicated MICE events calendar.** This will serve as a centralized electronic database listing all business tourism events taking place in Azerbaijan.
7. **Development of a program to internationally promote Azerbaijan as a MICE destination.** This will ensure the systematic participation of Azerbaijani representatives in various MICE events. Furthermore, the program involves holding specialized presentations to showcase the country's capabilities to organizers of international business meetings.
8. **Establishment of a framework for attracting international events.** It is proposed to create a specialized entity, a "Convention Bureau." This bureau would be responsible for promoting Azerbaijan as a MICE destination, preparing bids to host international events, and coordinating partnerships between the government and the business tourism infrastructure. This shift will enable a move from a passive, "wait-and-see" approach to the systematic attraction of events.
9. **Development of infrastructure in the liberated territories, considering the potential for business tourism.** When developing tourism infrastructure in the liberated territories, it is proposed to include facilities capable of hosting various business tourism events. It is also necessary to address issues regarding transport, food service, accommodation, and internet access.
10. **Establishment of a system for workforce training for the MICE industry.** It is proposed to expand educational programs across all areas of business tourism. Practical training could be conducted in collaboration with accommodation providers, travel companies, and event organizers.

11. **Implementation of a system for assessing the economic efficiency of business tourism.** It is proposed to establish a statistical assessment system for the business tourism sector that tracks the number of business tourists, the number and scale of MICE events, and the revenue and tax receipts generated by enterprises. These indicators should serve as the basis for evaluating the efficiency of public and private investment projects in the field of business tourism.

12. **Development of an integrated "Business + Leisure" ("bleisure") tourism product.** To extend the length of stays for business tourists, it is proposed to combine business events with various cultural, historical, gastronomic, and recreational programs.

The following scientific articles have been published on the topic of the dissertation by author:

1. H.J.Jafarli, «Definition and Benefits of Business Tourism in the Context of Globalization» / International Scientific Journal «ICTEBS — 2nd International Congress on Tourism, Economic and Business Sciences» // Kocaeli, Turkey, 1–4 November 2018, p.41-45

2. У.Дж.Джафарлы, «Деловой туризм и его развитие в Азербайджане» / «Tourism and hospitality studies» («Turizm və qonaqpərvərlik tədqiqatları») International Scientific Journal, Azerbaijan Tourism and Management University // Baku, Azerbaijan: 2018, p.156-161

3. У.Дж.Джафарлы, «Состояние делового туризма в Азербайджанской Республике: проблемы, перспективы развития» / International Conference on Global and Regional Development, dedicated to the 100th anniversary of National Leader Haydar Aliyev: «Priority Directions of Economic Development of the South Caucasus Region» // Baku, Azerbaijan, 19–21 December 2023, p.255-278

4. У.Дж.Джафарлы, «Динамика въездного и выездного делового туризма в Азербайджанской Республике - проблемы, перспективы развития» / «Economy and Entrepreneurship» («Экономика и предпринимательство») International Scientific Journal // Moscow, Russia: 2024, p.831-839

5. У.Дж.Джафарлы, «International experience in the development of business tourism - problems, development prospects» / UMTEB-XVII — International Scientific Research Congress // Prague, Czech Republic, 4–6 May 2025, p.1239-1245

6. У.Дж.Джафарлы «Организационно-экономические условия для развития делового туризма в Азербайджанской Республике - проблемы, перспективы развития» / «Vocational Education and Human Capital» («Peşə təhsili və insan kapitalı») Scientific-Practical and Methodological Journal // Baku, Azerbaijan: 2025, p.78-86

7. У.Дж.Джафарлы, «Проблемы и перспективы развития конгрессного туризма в мире и в Азербайджанской Республике» / «Tourism and hospitality studies» («Turizm və qonaqpərvərlik tədqiqatları») International Scientific Journal, Azerbaijan Tourism and Management University // Baku, Azerbaijan: 2025, p. 9-23

8. У.Дж.Джафарлы, «Проблемы и перспективы развития маркетинговых исследований на рынке делового туризма Азербайджанской Республики» / "AUDIT" Scientific-Practical Journal, Baku Business University // Baku, Azerbaijan: 2025, p. 86-99

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