

ECOLOGICAL ENTREPRENEURSHIP: EMPIRICAL RESEARCH ON THE SUSTAINABLE DEVELOPMENT OF ECOTOURISM IN AZERBAIJAN

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ABSTRACT

As the host country for the 2024 United Nations Climate Change Conference (COP-29), Azerbaijan has intensified its focus on ecological entrepreneurship, with a special emphasis on ecotourism. This study aimed to explore the potential for growth in eco-entrepreneurship and ecotourism within Azerbaijan. To achieve this, a survey was conducted with Generation Z students at the Azerbaijan Tourism and Management University, a leading institution in tourism and management education in Azerbaijan. The survey sought to gauge Generation Z students' perspectives on ecological entrepreneurship and ecotourism.

Given that these individuals are poised to assume managerial roles in the tourism sector upon graduation, their attitudes toward ecotourism are crucial for the sector's future development in Azerbaijan. The findings revealed several key insights: (1) there is a robust interest among Generation Z students in pursuing careers in ecotourism; (2) they are optimistic about the growth potential for ecological entrepreneurship in Azerbaijan; (3) they believe that ecotourism will gain popularity and become a lucrative sector in the country; and (4) hosting COP-29 is expected to further stimulate interest in ecological entrepreneurial ventures in Azerbaijan.

The research, employing both quantitative and qualitative methodologies, indicates that an event like COP-29 can significantly boost entrepreneurial interest in Azerbaijan.

Key words: COP-29, eco-entrepreneurship, ecotourism, Generation Z, green economy, development

1. INTRODUCTION

Interest in ecological entrepreneurship is growing in Azerbaijan, which will host United Nations Climate Change Conference (COP-29). As a country rich in oil and gas, Azerbaijan is already implementing significant green energy projects (Gasimli, 2024). These projects, aimed at developing ecological entrepreneurship, are supported by the government. Within the scope of the COP-29 international event, approximately 70-80 thousand ecologically sensitive foreign visitors are expected to visit Azerbaijan in November 2024. Knowing that these guests are sensitive to environmental issues, entrepreneurs intend to offer services that meet their requirements. The Azerbaijani government also supports entrepreneurs with hosting projects related to COP-29, and the interest calculated on the loans they receive is subsidized, etc. The hosting of COP-29 is

characterized by innovations in the field of ecological entrepreneurship in Azerbaijan. This research is an applied research on ecological entrepreneurship in Azerbaijan. In this article, it is aimed to determine the factors that hinder the development and solution suggestions of eco-entrepreneurship and eco-tourism as well as the development potential of both eco-entrepreneurship and eco-tourism that do not threaten human health in the country. Also, the purpose of this article is to examine the economic, social and ecological benefits of green tourism and eco-entrepreneurship in terms of the development of Azerbaijan.

Also, in this study, the development perspectives of eco-entrepreneurship and eco-tourism in Azerbaijan were studied. In particular, the attitude of representatives of generation Z, who studied in the field of tourism and will work in this field in the future, towards ecotourism was determined through the survey. Interviewees were taken from the Azerbaijan Ecotourism Association, an institution specializing in the field of ecotourism. At the same time, we tried to summarize our observations in the study, evaluate their reliability, make comparisons and draw conclusions.

Following this introductory section, the next section reviews the literature covering the research in the field. Methodology and data sources are covered in Section 3. The result of survey and interviews are discussed in Section 4, whereas the last section we conclude the paper by providing a summary of the research findings.

2.LITERATURE REVIEW

In the 20th century, researchers proposed the idea of a new market dedicated to environmentally friendly products. This idea led to the emergence of a new entrepreneurial perspective in business. This type of entrepreneurship was called “ecological entrepreneurship”, “green entrepreneurship”, or “environmental entrepreneurship”. This term has been widely used since the 1990s. The term eco-entrepreneurs has come to refer to entrepreneurs whose business ideas are not only about profit, but also about caring for the environment (Gwyer, 1998). In contrast to the traditional entrepreneurship, whose primary goal is to maximize profits, sustainable and ecological entrepreneurship is a type of business that balances economic, social, and environmental aspects (Baxter, 2004; Farinelli et al. 2013; Gast et.al. 2017; Skordoulis et al. 2020; Soewarno and Tjahjadi, 2020).

Berle (1991) defined green entrepreneurship by referring to the idea of the “environmentally friendly entrepreneur”. Green entrepreneurship is the activity of consciously solving environmental and social problems and needs and coming up with bright innovative entrepreneurial ideas that will solve them. Green entrepreneurs are essential to economic development. They can make a significant contribution to the elimination of unemployment, poverty, and environmental problems. Green entrepreneurs play a greater role in environmentally friendly practices and responsibilities than other entrepreneurs. They may provide environmentally friendly products and services using technology and contribute to a green economy. Furthermore, Yousuf et al. (2017) described a green entrepreneur as a thinker capable of mitigating environmental threats.

Ecotourism, as a sustainable tourism phenomenon, has been extensively discussed by researchers and experts in the literature. Wheat (1994) defined ecotourism as travel by tourists who are interested in observing nature and are environmentally conscious. According to Steele (1993), it is an economic process where rare and attractive ecosystems are introduced to the international market in order to attract tourists (Steel, 1993). A tourist travels to unique, untouched, and uncontaminated places around the planet to

study the fascinating nature, wild animals, and plants, as well as past or present cultural and traditional manifestations found in these areas (Ceballos-Lascurain, 1987). Ecotourism involves trips to fragile, pristine, and protected areas. It helps educate travelers, provides funds for conservation, directly benefits the economic development and political empowerment of local communities, fosters respect for diverse cultures and human rights (Honey, 1999). According to the International Ecotourism Society (TIES - launched at a conference in Florida in 1989 as the world's first international non-profit dedicated to ecotourism), ecotourism is responsible travel to natural areas that protect the environment and enhance the well-being of local people (TIES, 2015).

In Azerbaijan, the concept of a Green Economy has drawn the attention of researchers (Gasimli, 2022; Abbaszade & Satiji, 2023; Kheirkhabarli, 2023), yet studies on ecological entrepreneurship remain relatively scarce. Asadov & Erdélyi (2020), Hajiyev (2021), Salmanova (2022) have noted the development perspective of eco-entrepreneurship and ecotourism in the country. More concretely, in recent years, deep research has been carried out in Azerbaijan on the development of tourism. For example, Allahverdiyeva's (2023) research on the most developing types of tourism in Azerbaijan included tourists who came to the country for religious purposes, for treatment, and visited relatives and friends. However, in this study, there was no analysis of tourists who visited Azerbaijan for the purpose of ecotourism. In general, this study is the first to explore Generation Z's perspectives on ecological entrepreneurship and ecotourism in Azerbaijan.

3. DATA AND METHODOLOGY

3.1 DATA

This study uses data from the Ministry of Environment and Natural Resources of Azerbaijan, the Ministry of Economy of Azerbaijan, and the State Tourism Agency of Azerbaijan. It also includes statistical data from the State Statistics Committee of Azerbaijan (SSC, 2023a; SSC, 2023b; SSC, 2023c; SSC, 2024a; SSC, 2024b). Eco-entrepreneurship and eco-tourism is a new field for Azerbaijan, and there is currently no data about this field in official statistics. That is, the green economy section of the official statistics in Azerbaijan provides different information. However, these data cover limited areas and do not include the types of tourism. The statistics give the total number of tourists visiting the country. But the number of tourists coming to the country and their costs related to ecotourism are not shown. Therefore, interviews and surveys were preferred during the research.

3.2 METHODS

In our study, the primary focus is on assessing the sustainable development of ecotourism in Azerbaijan, employing both quantitative and qualitative research methods. Primary research included a questionnaire survey and interviews. The survey was conducted among Generation Z students at the Azerbaijan Tourism and Management University (ATMU), who are pursuing bachelor's and master's degrees in tourism and management. The aim of the survey is to gather insights on ecological entrepreneurship and ecotourism from these young representatives of Generation Z. Considering their prospective roles in the tourism sector upon graduation, their perspectives on ecological entrepreneurship are crucial for the future development of this field in Azerbaijan.

A survey consisting of 11 questions, addressing all aspects of the research, was prepared, and presented to Generation Z students at the Azerbaijan Tourism and Manage-

ment University during January and February 2024. Participants included students from three faculties: Tourism and Hospitality, Business Administration, and Social Management. In total, 267 students representing Generation Z participated in the survey. Before distributing the questionnaire through the participants' corporate group emails, they were informed about the study's purpose. It was also explained that their participation was voluntary, and that the data collected would be used solely for scientific research purposes.

The methodology of the study is to examine the opinions of tourism and management students, representatives of Generation Z, regarding the current gaps and deficiencies in the eco-entrepreneurship and ecotourism system. 146 (54.7%) men and 121 (45.3%) women participated in the survey. The analysis of the causal relationship between the variables and their interpretation helped to answer the research questions and determine the view of Azerbaijani youth on ecotourism.

In the survey, open-ended questions allowed us to gather the students' thoughts, experiences, and comments. These questions included:

- As future experts, what problems do you see related to ecotourism?
- What improvements and suggestions do you have for the development of green entrepreneurship and ecotourism in our country?

Additionally, in March 2024, interviews were conducted with the chairman and five experts from the Azerbaijan Ecotourism Association to identify factors that hinder the development of ecotourism.

4. RESULTS AND FINDINGS

4.1. THE TENDENCY OF ENVIRONMENTAL ENTREPRENEURSHIP ON A GLOBAL SCALE

The rapid growth of the world population, climate change, unequal distribution of resources, and eco-efficiency are the driving forces behind the development of eco-entrepreneurship. This field merges the concepts of entrepreneurship and ecology to create what is known as green entrepreneurship. The aim is to foster an economically sustainable environment while protecting natural greenery. Green entrepreneurs are concerned not only with environmental protection but also strive to create an economically sustainable world. They develop business plans that aim to improve the quality of life for the communities they serve while minimizing the negative impact on environment. Unlike traditional entrepreneurs, eco-entrepreneurs seize market opportunities that align with sustainability efforts. Their activities include ecotourism, recycling, energy efficiency, sustainable mobility, organic agriculture, and the use of renewable energy sources. In summary, we can say that eco-entrepreneurs act as promoters of a sustainable future and guardians of the natural environment.

The primary goal of eco-entrepreneurship is to develop and implement projects that focus on environmental protection, promote the dissemination of clean technologies, facilitate recycling, and deepen societal knowledge and awareness, ultimately creating an ecologically clean economy. It is widely recognized that eco-entrepreneurship plays a crucial role in minimizing the negative impact of organizations and individuals on the environment. But how can eco-entrepreneurship achieve this? The question is complex, yet the answer is straightforward. Each organization or company must adopt highly advanced techniques and technological resources to improve the former pro-

duction environment. Additionally, specific measures need to be developed. These include the following (Elena Mieszajkina, 2016):

- Adopt environmental technologies that create less pollution and more efficiently use natural resources, and that protect soil, water, and air, prevent global climate change, and include sustainable production, consumption, and logistics, unlike previously used technologies;
- Improve the quality of life without increasing environmental degradation and without compromising the resource needs of future generations;
- Implement clean production technologies in production processes to save resources, reduce pollution and waste, conserve raw materials and energy, eliminate toxic materials, and decrease the amount and toxicity of emissions and waste;
- Design new products and services that are environmentally friendly;
- Spread non-technical innovations that either have a less negative impact on the environment or allow for optimal use of resources;
- Develop environmental education programs that raise awareness and knowledge about sustainable practices;
- Promote ecological education among the youth to foster an early awareness of and engagement with environmental issues.

Although there has been a stagnation in the development of the ecological market, interest in products and services that protect nature has surged following the COVID-19 epidemic that paralyzed the world. Projects and ideas rooted in sustainable development now hold the potential to become the most significant business areas of the near future. In recent years, eco-entrepreneurs have attracted various incentives and investments from socially conscious green investors and funding platforms. Countries facing depleted natural resources are paving the way for green entrepreneurs, with many introducing new regulations to support their ventures. For instance, the European Investment Bank (EIB) is actively providing special support to green initiatives (EIB, 2022). Research shows that the concept of ecoentrepreneurship has a linear relationship with the development of ecotourism, suggesting that this concept can serve as a strategy for advancing ecotourism. Massi and De Nisco (2018) emphasized that ecotourism is a rapidly growing tourism segment. Ecotourism is characterized by its aim to minimize environmental impact and avoid the negative effects associated with many large-scale tourism developments in environmentally sensitive and previously undeveloped areas (Massi & De Nisco, 2018)

The global ecotourism market size was estimated at USD 195.9 billion in 2022 and it is expected to attain around USD 656.19 billion by 2032, expanding at a compound annual growth rate (CAGR) of 12.90% over the forecast period 2023 to 2032 (Ecotourism Market, 2024)). Ecotourism has become a recognized business worldwide. For example, birdwatching in North America generates an annual revenue of 70-80 billion dollars. As evident, achieving the goals of sustainable development by 2030 relies on eco-entrepreneurship or green entrepreneurship, which involves the development of ecotourism.

4.2. DEVELOPMENT POTENTIAL OF ECO-ENTREPRENEURSHIP AND ECO-TOURISM IN AZERBAIJAN

In recent years, research and studies have focused on issues related to the environment, ecology, ecotourism, eco-entrepreneurship, and green development. These studies are

driven by several factors: industrialization, a rapidly growing population, environmental challenges associated with modern lifestyles, and global warming. Environmental pollution, rapid consumption of natural resources, and the depletion of biodiversity all impede sustainable development. Environmental entrepreneurship plays a crucial role in achieving the Sustainable Development Goals (SDGs) as it encompasses activities aimed at devising effective, innovative, and sustainable solutions to environmental problems.

In Azerbaijan, the 5th fifth priority of “Azerbaijan 2030: National Priorities for Socio-economic Development” is titled “A Clean Environment and a Country of Green Growth” (NP, 2021). This document outlines key tasks including the adoption of ecologically clean technologies, promoting waste recycling, restoring polluted areas, and expanding the use of “green” technologies that are ecologically beneficial (SSED, 2022). Azerbaijan will host the 29th session of the Conference of the Parties to the UN Climate Change Convention (COP 29) in November 2024. Simultaneously, 2024 has been declared the “Year of Solidarity for the Green World” in Azerbaijan. In general, taking such steps will positively impact eco-entrepreneurship, eco-tourism, and the economic, political, and tourism sectors of our country. Azerbaijan has declared its lands liberated from occupation as a “Green Energy” zone. These areas are planned to be transformed into “Net Zero Emission” zones by 2050.

Azerbaijan, an oil and natural gas-rich country, is set to host COP-29 in 2024. As part of its commitment to sustainability, the nation is focusing on environmental and green entrepreneurship, as well as green development initiatives. Currently, large green energy projects are underway, which include significant investments in solar and wind energy (Gasimli, 2024). These efforts are supported by the Entrepreneurship Development Fund, which prioritizes the financing of such green projects. Additionally, the construction of electric transportation infrastructure is a key component of these priorities. As Azerbaijan transitions from a traditional oil and gas powerhouse, the priority of its energy policy is to develop and promote green energy solutions and facilitate their entry into global markets.

On the other hand, since the beginning of the 2000, Baku (capital of Azerbaijan) developed rapidly with the increase in oil revenues and the challenges related to maintaining the balance between the development of villages and cities of the country emerged. Currently, it is most important to ensure a balance between development of villages and cities in order to make an economic growth inclusive and sustainable in Azerbaijan (Huseyn, 2023). From this perspective, green tourism and rural tourism can play an extraordinary role in rural development, employment of the rural population, increase in income and reduction of poverty.

The development of ecotourism is also included in the national development plan of the Republic of Azerbaijan. Azerbaijan has significant prospects and opportunities for ecotourism, and a number of state-level events have been implemented in this direction. One of the significant institutional reforms is the establishment of the Management Center for Reserves (MCR) by the State Tourism Agency. The main duties of this center are to protect the fauna, flora, and historical heritage of the reserves, and to develop the tourism component within them. It should be noted that these reforms have already been implemented in the “Yanardagh” reserve, and new strategic management models are being applied in the “Yuxhari Bash”, “Basgha”, and “Khinaliq” reserves (Samedova & Abasova, 2020). However, Azerbaijan is not fully utilizing the

potential of its ecotourism. According to the tourism development strategy, Azerbaijan can enhance its ecotourism system and achieve one of its national development goals. Azerbaijan has 10 national parks, 10 State Nature Reserves, and 24 State Nature Sanctuaries (Specially protected natural areas encompass 10.3% of the country's territory). Additionally, there are approximately 3,000 natural monuments of global, national, and local significance. Shahdag National Park (SNP), considered the largest and most diverse, was established on December 8, 2006. It is located in the Greater Caucasus mountain range and covers an area of 130,508 hectares. Shahdag National Park has significant ecotourism potential, yet this potential is not fully utilized. Thus, in 2022, 147,359 tourists (both domestic and international) visited our national parks. However, in the same year, only 1,602,279 foreign visitors came to Azerbaijan, which means that those visiting the parks constituted only about 6-9% of the total.

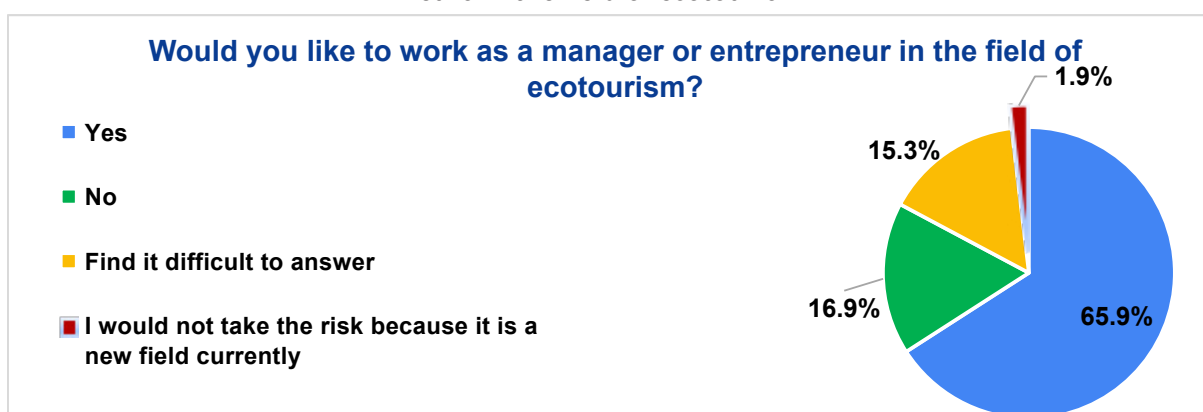
If we look at the world experience in successfully managing national parks, we can see a variety of ecotourism activities and services offered to visitors. These activities include rafting, hot air ballooning, zip lining, paragliding, bungee jumping, bird watching, themed hikes, camping tours, and more. According to the interviewed experts, Azerbaijan has a shortage of experienced workers in ecotourism, mountain tourism, and national parks, or some lack experience and professional knowledge in these fields. They also noted that Shahdag National Park, as well as other parks, possess significant ecotourism potential. Regrettably, only 10% of SNP's ecotourism potential is being utilized, with the remaining 90% still not used for ecotourism and undeveloped. A majority of survey participants (186 people) emphasized the rich ecotourism potential of the Karabakh region and the wide opportunities for the development of eco-entrepreneurship.

Ecotourism is rapidly emerging as one of the most attractive and promising tourism sectors in Azerbaijan. The rich fauna and flora, along with the abundance of rivers, lakes, and other water resources, particularly in our liberated territories, enhance our country's appeal as an ecotourism destination. It is crucial that these resources are effectively showcased to both domestic and international tourists. Although ecotourism is a relatively new phenomenon in Azerbaijan, it holds significant potential for development. Our research further indicates that Generation Z, along with future tourism managers, recognize the substantial growth prospects for eco-entrepreneurship and ecotourism.

4.3. ATTITUDE OF GENERATION Z INDIVIDUALS STUDYING TOURISM TOWARDS ECO-ENTREPRENEURSHIP AND ECOTOURISM

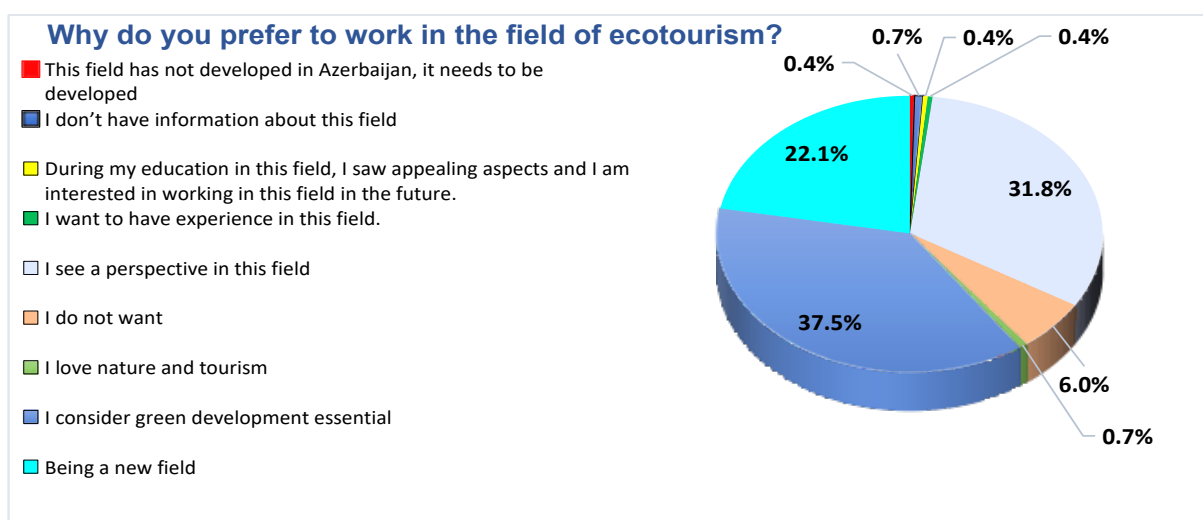
During the analysis of the submitted questions, it was revealed that 65.9% of the respondents are interested in working in the field of ecotourism. 16.9% of the respondents are not interested in this field, 15.3% found it difficult to answer, and 1.9% considered it risky because it is a new field (Fig. 1).

Figure 1. Desires of Generation Z representatives to pursue roles as managers or entrepreneurs in the field of ecotourism<



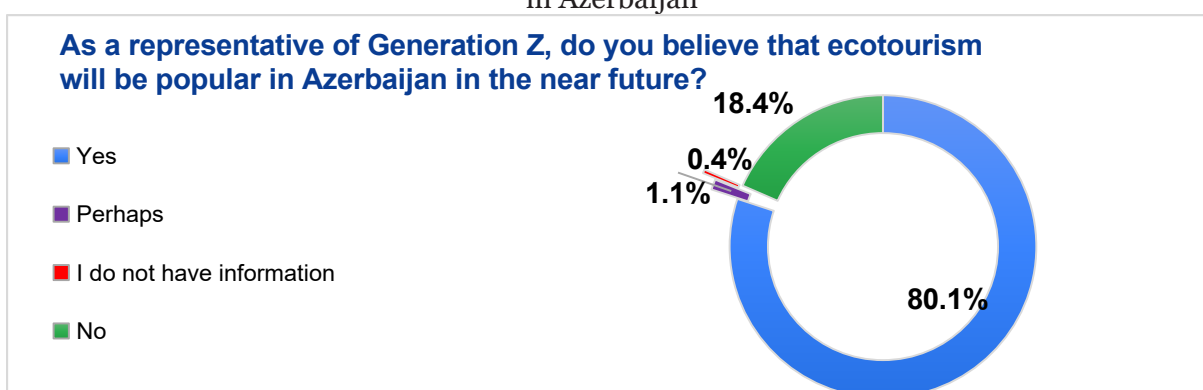
Furthermore, 37.5% of the participants acknowledged the necessity of green development, and 31.8% viewed it as promising (Fig. 2). Merely 6% expressed a disinterest in working within the green tourism sector. Overall, the youth exhibit greater optimism regarding the ecotourism prospects in the country.

Figure 2. The desire of Generation Z to work in the field of ecotourism



Additionally, vast the majority of participants, 80.1% (214 people), strongly agreed with the hypothesis that Azerbaijan has great potential for ecotourism and that this field will become popular in the future. On the other hand, 18.4% expressed skepticism that the field of ecotourism will become popular in the near future (Fig. 3).

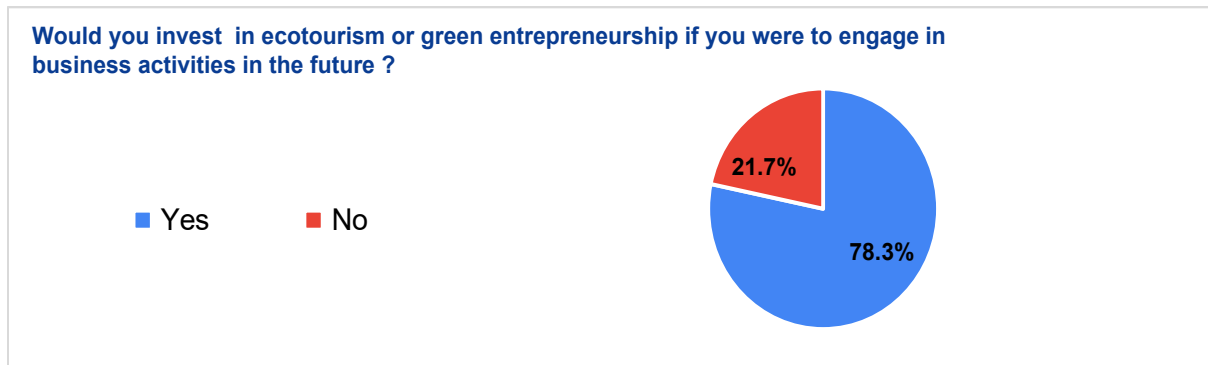
Figure 3. The attitude of Generation Z representatives toward the increase in ecotourism in Azerbaijan



Questions such as “Have you been on any ecotourism trips? If so, what have you learned the most from these trips?” were posed to determine the respondents’ participation in ecotours. It should be noted that 81.6% of the respondents have not participated in an ecotourism trip.

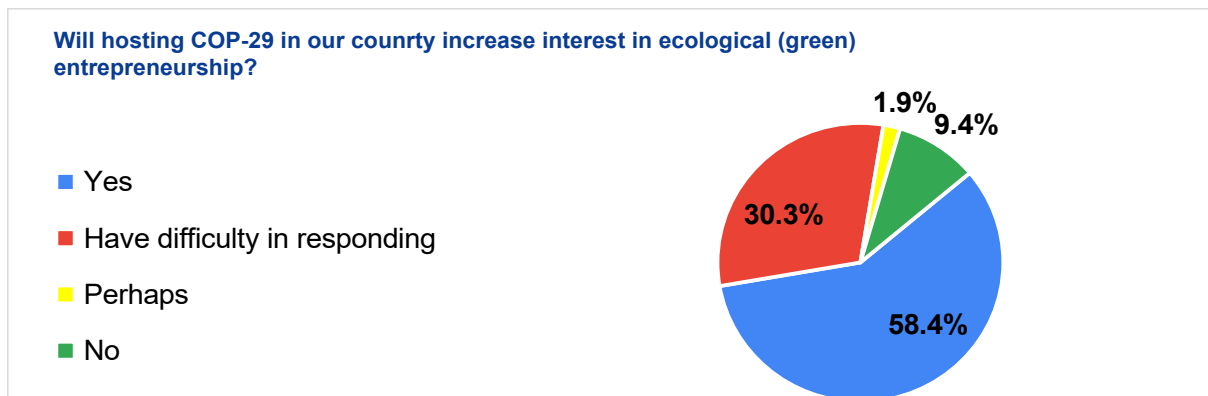
To determine the willingness of Generation Z to engage in entrepreneurship, the question was posed: “If you were to start a business in the future, would you invest in ecotourism or green entrepreneurship?”. 78.3% of the respondents indicated that they are willing to invest in eco-entrepreneurship and ecotourism if they have the opportunity in the future. However, 21.7% expressed no interest in investing in this field (Fig. 4).

Figure 4. Willingness of Generation Z to invest in ecotourism



Regarding the impact of hosting COP-29 in Azerbaijan on the development of ecological (green) entrepreneurship and ecotourism, 58.4% of the participants stated that they were confident it would have a positive effect, while 30.3% had difficulty responding. Additionally, 9.4% of respondents chose not to respond (Fig. 5).

Figure 5. Respondents’ expectations regarding the impact of COP-29 in Azerbaijan on the development of ecological (green) entrepreneurship



Thus, in summary, we can say that the survey highlights the expectations and decision-influencing factors of students from Azerbaijan Tourism and Management University, who are the representatives of Generation Z. The analysis concludes that a vast majority of the students view these fields as promising for the future and express a desire to work in this area.

In addition to analyzing the survey results, we conducted interviews with five employees from the Azerbaijan Ecotourism Association to further enrich our research. The insights from these interviews corroborate the high expectations in Azerbaijan for the positive influence of COP-29 on eco-entrepreneurship. This anticipation is partly due to the expected influx of 70-80 thousand environmentally conscious individuals vis-

iting Azerbaijan within a month. Moreover, our discussions with experts suggest that there is significant potential for the growth of environmental entrepreneurship in the country. The anticipation of COP-29 has notably increased interest in this sector. Experts deem environmental entrepreneurship a lucrative venture, particularly within the tourism industry. The study also revealed the following findings:

- a. The factors hindering the development of ecotourism include:
 - Improper organization of ecotours;
 - Lack of regular promotion and insufficient encouragement of green entrepreneurship and ecotourism development;
 - Underdeveloped or inadequately planned infrastructure;
 - Insufficient involvement of young people and specialists in ecotourism, along with inadequate eco-certification processes.
- b. The development of ecotourism and eco-entrepreneurship can be facilitated through five strategic solutions:
 - Planning of the green entrepreneurship model;
 - Effective and strategic utilization of the country's ecotourism resources;
 - Development of comprehensive strategies for ecotourism and green entrepreneurship;
 - Enhanced state support and greater promotion of municipal involvement in ecotourism projects;
 - Enhancing the professionalism and skills of specialists in the field.

For the successful implementation of the green entrepreneurship model, key initiatives include fostering a culture of green entrepreneurship, and providing training in the production of environmentally friendly products and services.

5. CONCLUSION

As a result of the research, it has been concluded that future sustainable development begins with green growth: green economy, green energy, green entrepreneurship, eco-entrepreneurship, ecotourism, etc. In oil-rich Azerbaijan, the development path prioritizes the non-oil sector, which is supported by the state for both sectors. Moreover, both sectors possess sufficient potential for development. Students, who are representatives of Generation Z, have also proposed reasons hindering the development of both eco-entrepreneurship and ecotourism, as well as solutions. These include:

- Insufficient public awareness about these fields and irresponsible, indifferent attitudes;
- A lack of investment;
- A shortage of experienced professionals;
- Poor organization of marketing, promotion, and advocacy;
- Inadequate preparation of ecotour routes;
- Lack of awareness of the local population about the potential of ecotourism, etc.

Additionally, factors that hinder the development of ecotourism include the improper organization of ecotours, continuous promotion and encouragement of green entrepreneurship and ecotourism, development of infrastructure, attracting more young people and specialists to this activity, and the implementation of eco-certification, among others. Experts have emphasized the importance of developing a plan for ecotourism

growth. For the implementation of the green entrepreneurship model, it is also necessary to foster the spirit of green entrepreneurship and to conduct training on the production of ecologically clean products and services. Other recommendations include:

- Providing state support to both eco-entrepreneurs and tourism companies engaged in ecotourism;
- Proper and abundant organization of ecotours;
- Improvement of infrastructure;
- Strengthening the protection of the environment and nature;
- Ongoing promotion and advocacy of eco-entrepreneurship and ecotourism

In turn, from conducted surveys, observations, and interviews, we conclude that to achieve successful development of sustainable eco-entrepreneurship and an ecotourism system, a National Strategy must be prepared that systematically encompasses activities related to planning, development, and management. A crucial aspect here is the planning phase. During this stage, a comprehensive discussion of the main questions and issues from various government ministries (tourism, finance, agriculture, environment, forestry, parks, public works, and education) should take place.

In addition, it is essential to involve the views and opinions of the private sector, municipalities, non-governmental organizations, international financial institutions and local residents. Conservation groups and local communities should be involved in decision-making processes. The close cooperation and effective interaction of these structural components of the tourism industry provides a synergistic effect in the implementation of administrative functions and creates a basis for the sustainable growth of the field.

Moreover, there is a need for serious research in universities on the effective use and development of the existing potential of eco-entrepreneurship and ecotourism.

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