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# MATERIAL AND FINANCIAL FLOWS IN THE TOURISM MARKET

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tourism market, material flows, financial flows, production resources, consumption resources

**ABSTRACT**
Material and financial flows in the tourism market are an important component of the economic system. Material flows reflect the movement of resources related to the production and consumption of tourism products. This includes the provision of hotels, restaurants, means of transport, tourism infrastructure and services. Proper management of these resources increases the quality of the tourism product and ensures tourist satisfaction. Financial flows, on the other hand, express the circulation of cash. Service fees paid by tourists, state subsidies, foreign and domestic investments form income flows. At the same time, labor salaries, infrastructure maintenance, advertising and marketing expenses constitute the outflow of financial funds. Proper balancing of these flows ensures the sustainable operation of tourism enterprises. There is an interaction between material and financial flows. The strengthening of financial flows creates conditions for the creation of new material resources, for example, the construction of new hotels and the restoration of tourism facilities. Effective management of material flows ensures the stability of financial flows. This interaction forms the basis of a sustainable development model in the tourism market. Proper management of material and financial flows is of particular importance for the development of the tourism market in the liberated territories of Azerbaijan and the Nakhchivan Autonomous Republic. This both strengthens integration into the regional economy and stimulates socio-cultural development. As a result, the tourism sector becomes a strategic area that increases not only economic indicators, but also the well-being of society.

## INTRODUCTION

The tourism market, as one of the fastest growing sectors of the modern economy, is closely related to the flows of material and financial resources. These flows play the role of the main mechanism for the formation of tourism products, production and consumption of services, as well as the socio-economic development of regions. If material flows are related to the provision of tourism infrastructure, production resources and services, then financial flows reflect the circulation of funds, the distribution of income and expenses.

Proper management of material and financial flows in the tourism market ensures not only the activity of enterprises, but also the economic stability and sustainable development of regions. These processes create a multiplicative effect in the tourism sector: tourists' spending increases the income of local entrepreneurs, leads to the creation of new jobs and an increase in social well-being.

Effective management of material and financial flows is of particular importance for the development of the tourism market in the liberated territories of Azerbaijan and the Nakhchivan Autonomous Republic. This both strengthens integration into the regional economy and stimulates socio-cultural development. Thus, scientific analysis of material and financial flows in the tourism market serves to form theoretical and practical foundations for the sustainable development of this sector.

The topic of material and financial flows in the tourism market has been widely discussed in international and domestic scientific literature. Various authors have studied the role of these flows in the economic system, their mutual influence and their importance for sustainable development.

Anikin and Stok explain the impact of tourist spending on the local economy, emphasizing the multiplicative effect of financial flows in the tourism market. Following this, Dybskaya and Zaytsev examined the impact of material flows – infrastructure, services and resources – on the stability of financial flows. Later, Sergeev and Sterligova note that the strengthening of financial flows creates conditions for the creation of new material resources, in particular the construction of hotels and the restoration of tourist facilities (Sergeev, 2020; Sterligova, 2018). On the other hand, Hamidova and Huseynov show that proper management of financial flows increases the quality of service and ensures tourist satisfaction. At the same time, Namazov and Mammadov, examining the impact of financial flows on regional economic integration, emphasize the important role of the tourism sector in increasing social well-being. Finally, Imanov noted that state subsidies and investments strengthen financial flows, which is a key condition for sustainable development.

**Research questions** The flow of material and financial resources in the tourism market is one of the important mechanisms of the economic system. Material flows - the construction of infrastructure, the provision of services, the movement of resources - determine the quality of the tourism product and its competitiveness in the market. Financial flows, in turn, are the flow of funds that ensure the circulation of these products. The interaction of these two flows plays a decisive role in ensuring sustainable development and the economic integration of regions.

The strengthening of financial flows creates conditions for the creation of new material resources, for example, the construction of hotels, the restoration of tourism facilities and the expansion of services. At the same time, the effective management of material flows ensures the stability of financial flows and creates the basis for the sustainable operation of tourism enterprises. This interaction contributes to the improvement of social well-being in the tourism market of Azerbaijan, the preservation of cultural heritage and the economic integration of regions. Based on the analysis of existing scientific literature and practical examples, this article seeks answers to the following main research questions:

1. How does the effective management of financial flows affect the stability of financial flows and the provision of sustainable development in the tourism market?

2. What opportunities does the strengthening of financial flows open up for the creation of new material resources and how does this process affect the economic integration of the regions of Azerbaijan?

## METHODS

In this study, a combined methodological approach was applied to study the interaction of material and financial flows in the tourism market.

The economic mechanisms of the tourism market, the role of material and financial flows, and theoretical approaches to sustainable development were studied in existing international and local sources. The works of the authors (Hamidova, 2021; Huseynov, 2020; Namazov, 2019; Mammadov, 2022; Imanov, 2020; Anikin, 2018; Stok, 2017 etc.) were analyzed comparatively, their results were summarized and a theoretical basis was formed.

Practical examples of the development of the tourism market in various regions of Azerbaijan, especially in the Nakhchivan Autonomous Republic and the liberated territories, were studied. These examples were selected to show the interaction of material flows (infrastructure, services, resources) and financial flows (investments, subsidies, tourist expenses).

The interaction of material and financial flows was analyzed based on a schematic model. Furthermore, the impact of these flows on sustainable development and regional economic integration in the tourism market was assessed using the comparative analysis method. Finally, the results obtained are summarized in terms of theoretical and practical aspects.

## RESULTS AND DISCUSSION

**How does efficient management of financial flows affect the stability of financial flows and the provision of sustainable development in the tourism market?** This question plays a key role in understanding the economic mechanisms of the tourism market. Financial flows - the construction of infrastructure, the provision of services, the movement of resources - determine the quality of the tourism product and its competitiveness in the market. If these flows are managed efficiently, stability is created in the activities of tourism enterprises and financial flows are formed more reliably.

Efficient management of financial flows directly affects the stability of financial flows in the tourism market. The timely construction of infrastructure, the quality organization of services and the optimal use of resources increase the satisfaction of tourists, which leads to the strengthening of revenue flows. Proper planning of services creates conditions for reducing costs, strengthening financial stability and the sustainable operation of tourism enterprises. Coordination of financial flows makes financial flows more reliable, as the tourism product becomes competitive and has a stable position in the market (Anikin, B., 2018; Sterligova, A, 2018) .

In terms of sustainable development, efficient management of material flows creates long-term economic stability. This process contributes to the creation of new jobs, the improvement of social welfare, the preservation of cultural heritage and the economic integration of regions. Proper management of material flows in the liberated territories of Azerbaijan and the Nakhchivan Autonomous Republic is of strategic importance for the revival of the tourism sector. The restoration of infrastructure and the creation of new facilities strengthen financial flows, which accelerates both economic and social development. As a result, efficient management of material flows ensures the stability of financial flows and creates conditions for the establishment of a sustainable development model in the tourism market. This interaction acts as the main mechanism that strengthens the tourism sector of Azerbaijan at the national and regional levels (Hamidova, A., 2021; Mammadov, S., 2022).

**What opportunities does the strengthening of financial flows open up for the creation of new material resources, and how does this process affect the economic integration of the regions of Azerbaijan?** The strengthening of financial flows is the main driving force of development in the tourism sector. As a result of increased tourist spending, the allocation of state subsidies, and the attraction of foreign and domestic investments, financial resources are expanding. These resources are directed to the construction of new hotels, restaurants, tourism facilities, the restoration of existing infrastructure, and improving the quality of services. Thus, the strengthening of financial flows increases the scale of material flows and forms a more competitive environment in the tourism market.

The creation of new material resources enriches the range of tourism products, increases the accessibility of services, and increases the satisfaction of tourists. This, in turn, strengthens the stability of financial flows, as more tourists are attracted and additional income is brought to the market. At the same time, the strengthening of financial flows creates conditions for the creation of new jobs in the regions, the development of entrepreneurship, and the improvement of social well-being ( Nerush, M., 2019).

This process is of strategic importance for the regions of Azerbaijan. Strengthening financial flows in the liberated territories allows for the implementation of large-scale projects related to tourism infrastructure. In the Nakhchivan Autonomous Republic, the increase in financial resources creates conditions for the modernization of existing tourism facilities and the creation of new service areas. This accelerates the economic revival of the regions and strengthens their integration into the general tourism market.

The following table and diagram approach illustrate the topic more clearly. Let us present the interaction of material and financial flows in a visual form by structuring the answers to the two research questions:

| Research question | Key points | Economic outcome | Regional impact |
|---|---|---|---|
| 1. How does the efficient management of material flows affect the stability of financial flows and ensure sustainable | Construction of infrastructure, organization of quality services, optimal use of resources | Strengthening of income flows, reduction of costs, financial stability | Sustainable operation of tourism enterprises, improvement of social welfare |

| | | | |
|---|---|---|---|
| development in the tourism market? | | | |
| 2. What opportunities does the strengthening of financial flows open for the creation of new material resources, and how does this process affect the economic integration of Azerbaijan's regions? | Increase in investments, state subsidies, growth of tourist expenditures | Construction of new hotels and facilities, expansion of services | Regional economic revival, strengthening of integration, sustainable development |

This table has been developed by the author (Dybskaya, V., 2019; Zaytsev, P. 2021; Stock, J. 2017).

A more detailed analysis of this scheme shows that material and financial flows in the tourism market are two main mechanisms that complement each other. The strengthening of financial flows - that is, increased investments, the allocation of state subsidies and increased spending by tourists - creates conditions for the creation of new material resources. These resources include the construction of hotels, tourist facilities, transport infrastructure and service areas. New material resources, in turn, improve the quality of services, increase the range of tourism products and allow attracting more tourists.

On the other hand, effective management of material flows strengthens financial stability. Proper planning of infrastructure, optimal use of resources and coordination of services reduce costs and increase revenue (Zaytsev, P. 2021). This ensures the sustainability of financial flows and creates a stable economic environment in the tourism market.

The sequence of the scheme is as follows:

Many material resources → Service quality and tourist satisfaction

Tourist satisfaction → Revenue growth and financial stability

Financial stability → Sustainable development and regional integration

As a result of this interaction, sustainable development is ensured in the tourism market, since both material and financial flows support each other. At the same time, the economic integration of regions is strengthened: new tourism facilities increase ties between regions, expand the scale of economic activity and form a single system on the general tourism map of Azerbaijan. Strengthening of financial flows → Creation of new material resources

## CONCLUSION

The results of the study show that material and financial flows in the tourism market are mutually complementary and reinforcing mechanisms. Efficient management of material flows - the construction of infrastructure, high-quality organization of services and optimal use of resources - strengthens the stability of financial flows. This stability ensures the sustainable operation of tourism enterprises, increases their competitiveness in the market and creates a solid basis for long-term sustainable development.

At the same time, the strengthening of financial flows - increased investments, the allocation of state subsidies and increased spending by tourists - allows for the creation of new material resources. These resources result in the formation of hotels, tourism facilities, transport infrastructure and service sectors. The creation of new material resources improves the quality of services, increases the range of tourism products, and creates conditions for attracting more tourists.

As a result of this interaction, sustainable development is ensured in the tourism market. Sustainable development is not limited only to economic stability, but also contributes to the improvement of social well-being, the creation of new jobs, the preservation of cultural heritage and the economic revival of regions (Huseynov, R., 2020). Strengthening financial flows in the liberated territories of Azerbaijan creates conditions for the restoration of infrastructure and the creation of new

tourism facilities, and in the Nakhchivan Autonomous Republic it allows for the modernization of existing facilities and the expansion of services.
The schematic sequence is as follows:

Strengthening financial flows → Creation of new material resources → Service quality → Tourist satisfaction → Income growth → Financial stability → Sustainable development → Regional integration.

Thus, the study proves that the mutual influence of financial and material flows forms a single development mechanism in the tourism market. This mechanism strengthens the economic integration of the regions of Azerbaijan, turns the tourism sector into a strategic area at the national level and makes a significant contribution to the overall socio-economic development of the country.

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## XÜLASƏ

## TURİZM BAZARINDA MADDİ VƏ MALİYYƏ AXINLARI


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Turizm bazarında maddi və maliyyə axınları iqtisadi sistemin mühüm tərkib hissəsidir. Material axınları turizm məhsullarının istehsalı və istehlakı ilə bağlı resursların hərəkətini əks etdirir. Bura otellərin, restoranların, nəqliyyat vasitələrinin, turizm infrastrukturunun və xidmətlərin göstərilməsi daxildir. Bu resursların düzgün idarə edilməsi turizm məhsulunun keyfiyyətini artırır və turist məmnunluğunu təmin edir. Maliyyə axınları isə pul vəsaitlərinin dövriyyəsini ifadə edir. Turistlərin ödədiyi xidmət haqları, dövlət subsidiyaları, xarici və daxili investisiyalar gəlir axınını təşkil edir. Eyni zamanda, əmək haqları, infrastrukturun saxlanması, reklam və marketinq xərcləri

maliyyə vəsaitlərinin xaricə axınını təşkil edir. Bu axınların düzgün balanslaşdırılması turizm müəssisələrinin dayanıqlı fəaliyyətini təmin edir. Maddi və maliyyə axınları arasında qarşılıqlı əlaqə mövcuddur. Maliyyə axınlarının güclənməsi yeni maddi ehtiyatların yaradılmasına, məsələn, yeni mehmanxanaların tikintisinə və turizm obyektlərinin bərpasına şərait yaradır. Material axınlarının səmərəli idarə edilməsi maliyyə axınlarının sabitliyini təmin edir. Bu qarşılıqlı əlaqə turizm bazarında davamlı inkişaf modelinin əsasını təşkil edir. Azərbaycan və Naxçıvan Muxtar Respublikasının işğaldan azad edilmiş ərazilərində turizm bazarının inkişafı üçün maddi və maliyyə axınlarının düzgün idarə olunması xüsusi əhəmiyyət kəsb edir. Bu, həm regional iqtisadiyyata inteqrasiyanı gücləndirir, həm də sosial-mədəni inkişafı stimullaşdırır. Nəticədə turizm sektoru təkcə iqtisadi göstəriciləri deyil, həm də cəmiyyətin rifahını yüksəldən strateji sahəyə çevrilir.

***Açar sözlər:*** *turizm bazarı, material axını, maliyyə axınları, istehsal resursları, istehlak resursları*

## РЕЗЮМЕ

## МАТЕРИАЛЬНЫЕ И ФИНАНСОВЫЕ ПОТОКИ НА РЫНКЕ ТУРИЗМА

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Материальные и финансовые потоки на рынке туризма являются важной составляющей экономической системы. Материальные потоки отражают движение ресурсов, связанных с производством и потреблением туристических продуктов. Это включает в себя предоставление гостиниц, ресторанов, транспортных средств, туристической инфраструктуры и услуг. Правильное управление этими ресурсами повышает качество туристического продукта и обеспечивает удовлетворенность туристов. Финансовые потоки, с другой стороны, выражают обращение денежных средств. Плата за услуги, уплачиваемая туристами, государственные субсидии, иностранные и внутренние инвестиции формируют потоки доходов. В то же время заработная плата, содержание инфраструктуры, расходы на рекламу и маркетинг составляют отток финансовых средств. Правильное балансирование этих потоков обеспечивает устойчивое функционирование туристических предприятий. Существует взаимодействие между материальными и финансовыми потоками. Усиление финансовых потоков создает условия для создания новых материальных ресурсов, например, строительства новых гостиниц и восстановления туристических объектов. Эффективное управление материальными потоками обеспечивает стабильность финансовых потоков. Это взаимодействие формирует основу модели устойчивого развития на рынке туризма. Правильное управление материальными и финансовыми потоками имеет особое значение для развития туристического рынка на освобожденных территориях Азербайджана и Нахчыванской Автономной Республики. Это способствует как интеграции в региональную экономику, так и стимулированию социально-культурного развития. В результате туристический сектор становится стратегическим направлением, повышающим не только экономические показатели, но и благосостояние общества.

***Ключевые слова:*** *туристический рынок, тateриальные потоки, финансовые потоки, р поизводственные ресурсы, о птребительские ресурсы*