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**KEY HORIZONS FOR NON-OIL SECTOR DEVELOPMENT:  
CHALLENGES AND OPPORTUNITIES**

**Abstract:** *this article examines the primary prospects for organizing entertainment services within the tourism sector. Analysis indicates that the ongoing development and expansion of tourism services rely heavily on robust support from both the state and private sectors. Additionally, the article investigates current challenges in the industry and proposes actionable solutions.*

**Keywords:** *tourism, entertainment, cultural recreation, hospitality, service, tourism industry.*

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## **КЛЮЧЕВЫЕ ГОРИЗОНТЫ РАЗВИТИЯ НЕНЕФТЯНОГО СЕКТОРА: ВЫЗОВЫ И ВОЗМОЖНОСТИ**

***Аннотация:** в данной статье рассматриваются основные перспективы организации развлекательных услуг в туристическом секторе. Анализ показывает, что устойчивое развитие и расширение туристических услуг в значительной степени зависят от активной поддержки как со стороны государства, так и со стороны частного сектора. Кроме того, в статье исследуются текущие проблемы отрасли и предлагаются практические пути их решения.*

***Ключевые слова:** туризм, развлечения, культурный досуг, гостеприимство, сервис, индустрия туризма.*

The development of the tourism sector creates valuable opportunities for organizing employment and leisure time for the population, developing socio-cultural infrastructure, preserving national culture and heritage, and protecting historical and cultural monuments. Furthermore, it fosters cross-cultural relationships and mutual understanding among peoples in an increasingly globalized world. Tourism also serves as a major attraction by providing diverse entertainment services. Tourists actively seek out various entertainment options during their vacations, with these services often fluctuating depending on the season.

Recently, the tourism industry has evolved to a point where its forms and types are constantly expanding, necessitating a systematic approach to tourism management. These systematic criteria primarily include the tourist's destination (domestic or foreign tourism), group size (individual, collective, or mass), purpose of travel, timing

(summer or winter), and duration. Researchers attempt to address the subject from specialized perspectives by proposing distinct classifications for forms and types of tourism. In reality, there are no rigid distinctions among these categories, as many often overlap. Therefore, it is difficult to carry out their specific classification [1, p.83].

With the development of the tourism industry, the variety of entertainment offerings is also expanding. Previously, only a few types of entertainment were utilized to attract tourists; however, their numbers have recently increased significantly. This diversification is driven by the goals of generating additional revenue, increasing tourist arrivals, and maximizing visitor satisfaction. Entertainment services comprise activities that satisfy the physical, spiritual, and social needs of tourists, enriching their leisure time with positive emotions and novel experiences. These services contribute to individual comfort while facilitating collective communication [2, p.7]. The economic essence of entertainment services is equally significant. Entertainment services account for an average share of 20–30% within the revenue structure of tourism enterprises. This contribution simultaneously enhances hotel profitability and generates employment opportunities. Consequently, entertainment services serve as a vital economic and social engine for the tourism industry [3, p.348].

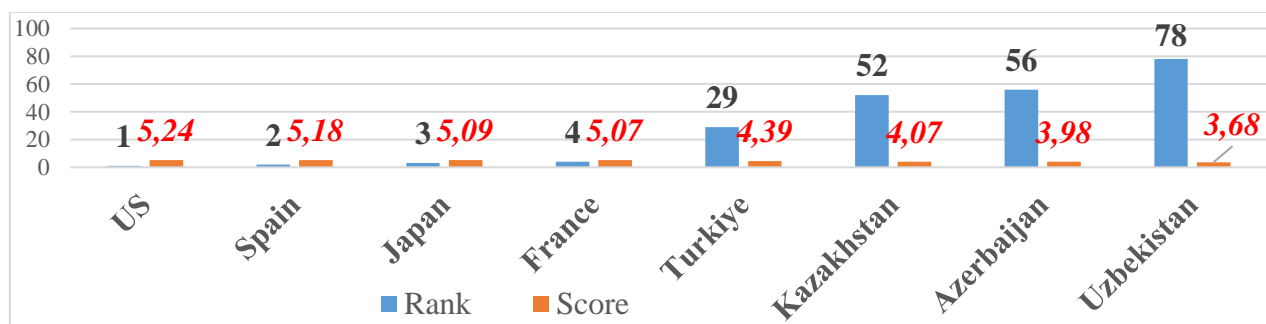


Fig.1. Performance of Selected Countries across Key Indicators of the Travel and Tourism Development Index

Source: WEF Travel and Tourism Development Index 2024 [https://www3.weforum.org/docs/WEF\\_Travel\\_and\\_Tourism\\_Development\\_Index\\_2024.pdf](https://www3.weforum.org/docs/WEF_Travel_and_Tourism_Development_Index_2024.pdf)

The analysis conducted shows that according to the key indicators of the Travel and Tourism Development Index, America ranked 1st, Kazakhstan 52nd, Azerbaijan 56th, and Uzbekistan 78th (Figure 1). In the modern era, the tourism industry extends far beyond mere accommodation and catering. Its primary objective is to provide a

complex experience that ensures both physical and psychological relaxation, with entertainment services standing as a core component of this experience. Entertainment centers offer tourists opportunities for relaxation, socialization, and new emotional insights. An entertainment center is defined as a facility or an integrated service complex designed to organize tourists' leisure time efficiently and meaningfully. These centers provide guests with physical, cultural, and emotional comfort through various events and programs. In modern tourism paradigms, entertainment centers are no longer viewed as «supplementary services," but are instead recognized as integral components of the core tourism product [4, p.1]. Based on international best practices, entertainment services are classified according to the following dimensions:

- By Content: Cultural (concerts, theatrical performances, folklore shows), sporting (fitness, yoga, water sports), and nature/adventure-oriented (mountain hiking, camping, safaris);

- By Organizational Form: Individual and collective;

- By Location: Indoor (spas, game halls, cinemas, bars) and outdoor (poolside animation, park events, sports competitions);

- By Level of Participation: Active (games, sports, dance, competitions) and passive (listening to music, watching films, attending exhibitions).

This diverse array of entertainment services differentiates tourism products. Hotels and resorts distinguish themselves from competitors not only through room quality and dining, but also via the unique entertainment experiences they deliver. According to global research, 70% of tourists consider a hotel's entertainment infrastructure as a primary criterion when selecting a destination. This metric demonstrates that entertainment services have transitioned from a luxury amenity to an indispensable component of hospitality. The development of tourism has positioned cultural factors as a central driving force of contemporary global society, restructuring economic, social, and political relations around this domain [6, p.203]. Socio-cultural factors play a paramount role in shaping a country's international image. By emphasizing these factors, tourism establishes favorable conditions for national economic and political integration. Mul-

ticultural countries that preserve the uniqueness of various ethnic groups are particularly attractive destinations. These cultural resources serve as the foundation for developing cultural tourism as a form of entrepreneurship.

Tourist satisfaction is a key indicator of the long-term success of tourism enterprises, and entertainment services supply the emotional substrate for this satisfaction. Numerous studies demonstrate that the quality of hotel entertainment programs directly influences guests' return intentions. This indicates that entertainment services serve as a critical competitive advantage for tourism brands rather than a minor convenience. The impact of entertainment services extends beyond individual satisfaction to fulfill institutional functions that shape societal socio-cultural development. Entertainment centers act as crucial social spaces that foster community cohesion and intercultural dialogue. Additionally, recreational activities are vital for public health and emotional well-being. Shared recreational experiences, such as participating in sports or attending concerts, mitigate social stress and establish positive psychological balance. High-quality entertainment services ultimately drive tourist satisfaction and increase visitor inflows.

The development of tourism occupies an exceptional place within the social policy of the Republic of Azerbaijan, particularly regarding regional development. Consequently, the tourism sector is highly significant for reinterpreting and introducing national customs, traditions, and culture to the global stage. It promotes a more conscientious attitude toward natural and cultural resources, stimulates regional economies, creates jobs, and introduces new revenue streams [7, p.257].

As noted, fostering tourism in all its forms-both domestic and international-is a cornerstone of social policy aimed at improving public welfare. Regional tourism development directly facilitates job creation. As tourism expands, new hotels and entertainment centers begin operating in target regions, establishing a solid foundation for local employment and supporting the successful execution of national employment policies. Thus, entertainment services fulfill not only the economic but also the social and cultural missions of tourism. Entertainment becomes a vital catalyst for cultural

integration and social well-being at the individual, societal, and state levels. The creation of new recreation centers, the modernization of transport infrastructure, and the expansion of service networks in the Republic of Azerbaijan have established favorable conditions for the growth of the tourism sector. However, the country's rich and diverse natural resource potential, advantageous geographical positioning, and traditional hospitality are not yet fully exploited. The focused attention and strategic initiatives implemented at the state level in recent years are poised to eliminate these infrastructure and systemic bottlenecks.

Individuals actively pursue recreation and tourist travel only after attaining an optimal level of material and spiritual well-being, positioning them as primary participants in the recreational economy. From this perspective, the expansion of tourism and the advancement of public welfare are intrinsically linked. Tourism development manifests as a progressive, dynamic element of state policy primarily in stable and developing nations. During the post-independence period of the Azerbaijani state, sustainable development dynamics and rising public welfare indicators have been directly mirrored in the expansion of the tourism sector. Consequently, modern tourism has transcended its traditional role as a simple leisure activity to become an integrated global industry scrutinized by economic sciences and commonly designated as the tourism business [8, p.92]. To sustain this growth trajectory, several strategic priorities must be addressed within the domestic tourism sector:

- Attracting Foreign Investment: Maximizing foreign direct investment volumes allocated to tourism and hospitality services;
- Diversifying Offerings: Increasing both the absolute volume and the categorical variety of available entertainment venues;
- Ensuring Security Protocols: Maintaining rigorous safety and security standards, which remains a primary determinant of international competitiveness.

In the Republic of Azerbaijan, newly established entertainment venues increasingly align with the standards and operational recommendations of the World Tourism Organization (UN Tourism). Currently, multifunctional entertainment complexes are becoming the industry standard. These venues have evolved into integrated hubs that

consolidate retail, recreation, sports, technology, culture, and fitness facilities into a singular consumer experience. Furthermore, these modern complexes extensively leverage the capabilities of digital technologies and smart solutions to maximize operational efficiency and visitor engagement.

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