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Tourism Sector in Order to Recovering From the Recession: Comparison Analyses for Turkey

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Abstract

2008 economic crisis hit very hard many sectors globally, beside tourism, too. According to the economical and financial reports, the demand of hotel & restaurant industry declined sharply, and as a result of that situation tourism revenues had been affected negatively.

Turkey was one of the few destination, which had a growing at the international tourist arrivals despite the 2008 crisis. Although the tourism revenues declined, but it was little while comparing with its competitors. Via the analyses of data's has been obtained by Prime Ministry Undersecretaries of Treasury, the effects of the main sectors operating in Turkey and their ratios on GDP during recession periods has been compared. As a result of those reports, tourism industry (hotels & restaurants) has been attracting attention with a quick recovering, by the last quarter of 2008. It can be said that tourism has been also main industry during recession periods with generating revenues and helping for current payments deficits

Keywords: Tourism; recession; global crisis; industrial growth

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1. Introduction

The purpose of this study is to indicate the reformative effects of tourism sector on economies during recession and crisis times. Beside its undoubted contributions on macro economic variables like GDP, employment, balance of payments etc [1], [2], [3], [4]. Tourism defines as one of the leading sectors at 21st century global economy with telecommunications and information technologies [5].

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Therefore, in this study, firstly the literature has been reviewed upon the strategic importance of tourism sector on macro economic variables especially in crisis and recession periods. And then, data's of main sectors operating in Turkey including tourism have been analysed and compared by utilizing the growing rates of GDP by constant prices during the last ten years period via determined analysis. Finally it has aimed to present the importance of tourism sector in Turkish economy at the current recession period.

2. Effects of Tourism Industry on Economic Growth: *a Macro Overlook to Turkey*

As one of the largest and fastest growing industry, the contribution of tourism to economic activity globally is estimated 5%. It's a key driver with the effects on employment, export revenues, GDP etc. While its ratio in employment tends (direct-indirect) is 6-7% worldwide; tourism as an export category, ranks four after fuels, chemicals and automotive products. Tourism exports account 6% of overall exports of goods and services [1].

There are various academic studies in literature remarking the strategic role of tourism at national economic growth. Via tourism led-growth hypothesis; Balaguer and Cantavella-Jorda [7]. underline the role of tourism in the long-run economic growth of Spain and in this manner indicates the significance of multiplier effect. In the research of Lee and Chang [2], whose study focuses of the long run co-movements and casual relationship between economic growth and tourism development for OECD and nonOECD countries (including those in Asia, Latin America and Sub-Sahara Africa); reveals that on the global scale after allowing the heterogeneous country effect, there's a co-integrated relationship between GDP and tourism development.

In the long run, from tourism development to economic growth, there's a unidirectional relationship in OECD countries while bidirectional in nonOECD. Lee and Chang also underlining that the effect of tourism on economic growth at nonOECD countries is higher than OECD countries. Fayissa et al. [8]. are attracting attention to the contributions of tourism to economic growth with their research based on panel data analyses on 42 African countries. In the study, results show that tourism is a crucial sector both on GDP and economic growth of Sub-Saharan African countries as do investment in physical and human capital.

As a key driver for the national economy, various researches've been done about the economic effects of tourism at Turkish economy, too. The sector has grown rapidly in Turkey especially beyond the legal regulating at 1980s. By providing exchange revenues, tourism contributed to repairing foreign trade deficits of Turkey beside unemployments [9].

Zortuk [10] claims in his research that, there's a long-run equilibrium relationship between GDP and tourist arrivals. As the main conclusion of his research on Turkish tourism industry and its effects on Turkey's economy; he underlines the unidirectional causality between variables from tourist arrivals to economic growth. In another study, Aykaç Alp [11] indicates the unidirectional positive relationship between tourism income and economic growth; in case of 30% increase at tourism income. Gunduz and Hatemi [12] supporting that tourism led-growth hypothesis is valid for Turkey.

3. Tourism in Recession Periods

2008 Global Economic Crisis, which arisen as a financial crisis on the estate market of USA and turned into an economic crisis affecting all over the world in a short period, is thought as one of the most

destructive economic crisis in the post-World War II. Period [13], [14]. 2008 Crisis made significant effects nearly on all sectors beside tourism, too. International tourism receipts reached $852 billion corresponding to a decrease in real terms of 5,7% on 2008, while tourist arrivals fall down 4,2% globally in 2009 [15]. It's satisfying that, the number of international tourist arrivals belonging to the first 8 months of 2010, exceeded the record achieved in the same period of 2008, pre-crisis term [16].

Despite global crisis, 2% growth at the number of incoming tourist of Turkey attracted attention. But the negative effects of the crisis seen on the tourism revenues by 3,2% decline in 2009 [17].

The rapid progress of tourism as an industry at this century has shown itself once more beyond crisis, in the recession period. The sector hit very hard globally by 2008 crisis but it recovered itself too fast at 2010. According to United Nations World Tourism Organization (UNWTO), after the decline in 2009, international tourist arrivals have gone up by %7 to 935 million in 2010.

Most destinations acquired positive data on different speeds but UNWTO draws attention to emerging economies what're leading on recovering. The organization predicts a recovery at 2011 changing between (+%5 to +%8), lower in advanced, faster in emerging countries [18]. As one of the emerging economies, tourism sector at Turkey has shown a contrast with its region (Europe) which recovers from crisis very slowly. Turkey has recovered with %6 while Europe was %3 only [19].

The dynamic growth of tourism is a significant factor in order to develop the economies of Eastern European Member States to catch up more rapidly with those of old states [20]. From this point of view, we aimed to present the importance of tourism industry for Turkey at recovering from the recession and strengthen its economy.

4. Methods

In this research, the *research problem* determined as;

"To cope with the recession, the role of tourism sector is more reformative while comparing to other sectors in Turkey?"

In this context; main sectors operating in Turkey as agriculture, manufacturing, construction, whole sale and retail trade, tourism (hotels and restaurants), transport, storage and communication will be compared via the secondary data obtained from of Republic of Turkey Prime Ministry Undersecretaries of Treasury.

This comparison will be done according to the growth rates of GDP by constant prices in the last five years period. Beside this, analyses'll be supported by the interviews what're done with the sector executives. Interviews are going to be evaluated via discourse analysis.

5. Data Analyses for Turkey

Table 1. is composed via the data that obtained from Undersecretariat of Treasury[21] on the percentage change of GDP over previous year and the percentage change of Hotels&Restaurants in GDP. There, the reduction at tourism sector (Hotels&Restaurants) can easily be seen during first three period of 2008.

The global economic crisis has shown its destructive effects deeply in Turkey's Tourism Industry although it's one of the least loosing destination all over the world. On the other hand, by the last period

of 2008, in spite of the recession at GDP especially during 2009; Hotels & Restaurants grew rapidly, by reconditioning Turkey's economy. Beside this, it's conspicuous that the quota of tourism in GDP reaches it's highest level at the deepest period of crisis-in 2008/9.

Table 1 Percentage Change of GDP and Hotels & Restaurants in GDP

Qua	Hotels and Restaurants*	Gross Domestic Product*
1. quarter	8,8	8,1
2. quarter	0,6	3,8
3. quarter	0,5	3,2
4. quarter	1,8	4,2
2007	**2,1**	**4,7**
1. quarter	0,1	7,0
2. quarter	0,0	2,6
3. quarter	-6,0	0,9
4. quarter	2,9	-7,0
2008	**-2,0**	**0,7**
1. quarter	2,9	-14,7
2. quarter	1,8	-7,8
3. quarter	4,7	-2,8
4. quarter	4,0	5,9
2009	**3,7**	**-4,8**
1. quarter	-1,1	12,0
2. quarter	2,5	10,3
3. quarter	0,7	5,2
4. quarter	-0,9	9,2
2010	**0,3**	**8,9**

*Percentage Change Over Previous Year
Source: Composed from data of Republic of Turkey, Prime Ministry Undersecretariat of Treasury

The reformative effect of the Hotel and Restaurant Sector on GDP in recession periods can be clearly seen in Figure 1. The exchange rate of the elasticity of demand at tourism sector is very high. This situation creates various disadvantages like difficulties in competing at the market, obligation to act quickly in tourism crisis, etc. In contrast to this, it brings some advantages like recovering fast at crisis periods as it's seen in 2008 Global Economic Crisis.

Figure 2, shows the comparison of the main sectors operating in Turkey, like agriculture, hunting and forestry, manufacturing, construction, wholesale and retail trade, hotels and restaurants, and transport, storage, communication. Data obtained from Undersecretariat of Treasury [21]. The striking rise of two sectors is attracting attention in the figure. Tourism sector (Hotels & Restaurants), which's shown by the bold line; and the sector of agriculture/hunting/forestry operated as the reformative sectors during the recession period.

Despite the downtrend at 2008, Hotel and Restaurant Sector picked up quickly at 2009 while other sectors continued to feel the negative effects of crisis sharply. Between the two favourite sectors of the crisis period, tourism is attracting attention by keeping its rising on 2010, too.

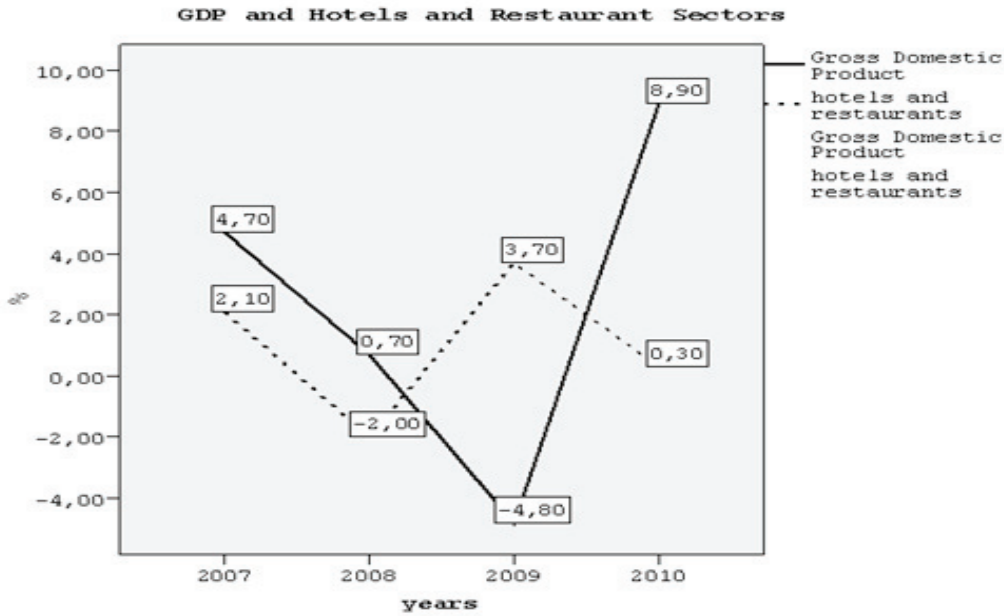


Fig.1. GDP and Hotels & Restaurants Sector

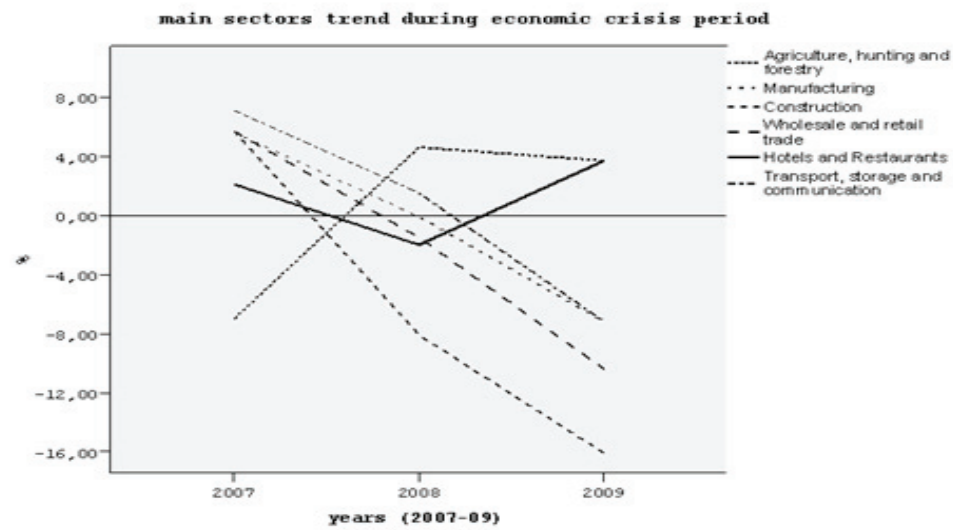


Fig. 2. Main Sector Trends in Turkey During Economic Crisis

Sources: Composed from data of Republic of Turkey, Prime Ministry Undersecretariat of Treasury (fig 1, fig 2)

The results of the interviews what've done with the sector executives working as sales and marketing department managers of 5 star international/national hotels operating in Istanbul; are supporting the sharp decline of Hotel&Restaurant industry in 2008 [22]. On the other hand, the hotel industry found a way out

from the recession by applying various sales and marketing methods. Via reducing the prices, gravitating to the customers of 4 star hotels, tele/internet marketing tactics etc, hotels recovered faster than many other sectors at the crisis period.

6. Conclusion

The results of this study show that 2008 global economic crisis hit very hard all sectors operating in Turkey. Beside this, tourism sector (hotels & restaurants) picked up quickly by the last quarter of 2008. Agriculture, hunting and forestry are the other sectors what're attracting attention by the amazing growth despite crisis. But it should be noted that these sectors are based on natural resources mainly.

It could be say that, the reformative effects of tourism sector, especially in crisis periods, will bring national and international economies liquidity. In this context, in economies, priority must be given to the development of tourism among other sectors. In order to support this idea, further studies will be done by researchers. Making detailed researches will be benefit intended to the comparative effects of tourism sector on economies during prior national and global crisis for confirming the efficiency of tourism at recovering.

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