

Chapter 11

The Effects of COVID–19 on Turkey’s Tourism Economy: An Assessment Within the Scope of Employment and Tourism Revenues

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ABSTRACT

The aim of this study is to investigate the effects of the measures taken to combat the effects of the coronavirus pandemic in the tourism sector. Therefore, the study evaluates the employment rates in the tourism-related sectors and the course of the tourism sector revenues during the pandemic period in Turkey. According to the results of the study conducted based on the observation of statistical data, the arts, entertainment, and recreation sector experienced the highest employment loss with 38.9%. As a result of the restrictions on tourist mobility, the decrease in tourism revenues has reached 65% compared to the pre-pandemic period. While the research reveals the importance of the tourism sector for national economies, it also emphasizes the sensitivity of the sector against unexpected developments. The study is expected to contribute to the literature as it is an example and source for future applied and theoretical studies on the devastating effects of the COVID-19 pandemic.

INTRODUCTION

Turkey’s tourism industry experienced a rapid development process since the mid-1980s. when it started to increase its share in mass tourism markets. In this context, the number of tourists visiting the country went up from 1.5 million to 13 million 247 thousand and the tourism income from 400 million dollars to 8.5 billion dollars. Antalya and Muğla, which were agricultural cities at the beginning of the same period, are now among the world’s leading tourism destinations. The rapid development of tourism in Turkey was due to some changes experienced since the mid-1980s. Starting with those years, Turkey began to be governed by liberal policies, the Turkish lira had become convertible, country entry and

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exit procedures were reduced, Turkey had gained importance in the international arena and especially in the commercial field. In addition to the aforementioned amendments, effective legal regulations such as the Tourism Encouragement Law numbered 2634 and the Travel Agencies Association and Professional Tourist Guidance Regulation numbered 1618 were implemented in 1982 (TURSAB, 2003).

In the 1990s, world tourism continued to grow steadily, but at the same time, the competitive environment started to increase gradually. Turkey had implemented policies to encourage productive investment in tourism between 1985-1991. During this period, tourism investments were supported by long-term, low-interest loans and cash incentives in the form of grants. Most of the accommodation facilities, which are world-class quality today, emerged as a result of the incentive system implemented between 1985-1991 (DPT, 2001: 5-6). According to World Tourism Organization data, the number of tourists visiting Turkey increased on average by 8.1% in the 1990-1995 period, and during 1995-2000, the average number of tourists increased by 6.2%. Tourism revenues increased by 9% in the periods of 1990-1995 and 1995-2000. In 2003, Turkey was ranked 9th among the countries with the greatest tourism revenues.

In 2010, 27 million tourists visited Turkey, and Turkey became the seventh country in the world that attracted the most tourists. In the same year, Turkey was ranked the tenth country in the world with the highest tourism income of 20.8 billion dollars (ISTKA, 2012: 20). According to data from the World Tourism Organization, approximately 38 million tourists came to Turkey in 2017 and have provided a \$23 billion contribution to the economy (Kaygısız, 2019: 620).

Tourism plays an important role in overcoming national and international economic problems and bottlenecks faced by countries. An investment made in the tourism sector can boost other sectors of the economy and contribute to the creation of new employment areas. For instance, an investment in the tourism sector can also impel the construction sector, or the increasing tourist movements in a region can awake airline, road or seaway traffic. Due to the relationship between the tourism sector and other economic activities, the positive or negative developments that may arise in this sector will soon affect other related sectors and the country's economy in general (Kozak, Kozak, & Kozak, 2014: 73-74).

Tourism is one of the sectors that is overly sensitive to changes in the economic conjuncture. Due to the sociological tendency to stay away from luxury consumption in times of economic crisis, travel can become a non-compulsory necessity (Ayaz, 2016: 1360). However, when the cyclical changes are positive, tourism causes the expansion and recovery of the economy. In such a case, there is an increase in both the number of people traveling and consumption expenditures. On the other hand, adverse cyclical changes lead to a slowdown in economic activities and thus a decrease in tourism expenditures. As the income of individuals decreases, the shares allocated for travel and tourism in the budgets are also reduced (Ayaz, 2016: 1363).

Crises spreading around the world adversely affect the tourism industry. More specifically, economic crises in any country of the world adversely affect other countries that have economic relations with the countries affected by the crisis. The tourism industry and companies working in the tourism sector have been directly and indirectly impacted by local and global crises in recent years. Furthermore, thanks to advancements in technology and communication, knowledge about an incident taking place anywhere else in the world will easily spread across the globe. Even hearing about such instabilities triggers cancellations of reservations and activities and therefore the tourism industry being adversely impacted (Çetin & Yetiş, 2017: 345).

The COVID-19 outbreak, which caused economic problems on a global scale, also had similar effects on the tourism industry. According to the current UNWTO World Tourism Barometer, the downturn in global tourism has resulted in a 1.3 trillion dollar loss in export incomes, which is more than eleven

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