A Performance Assessment of Turkey's Tourism Sector and its Economic Contribution

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Received: 17/12/2022 **Accepted: 29/09/2024** **Published:20/01/2025**

Abstract:

This study is carried out in order to assess the performance and economic contribution of Turkey's tourism sector during the period 2010-2021. Using a descriptive analytical approach, it examines secondary data on tourism receipts, GDP contribution, employment, and other economic indicators. The analysis reveals that tourism significantly contributed to Turkey's economic growth and employment, particularly in food and beverage services and accommodation. However, the sector's vulnerability to external shocks was evident during periods of geopolitical instability and the COVID-19 pandemic. Tourism's contribution to GDP peaked at 4.1% in 2014-2015 but plummeted to 1.8% in 2020-2021 due to the pandemic. While signs of recovery emerged in 2021, the sector had not regained pre-pandemic performance levels. The study highlights the need for diversification, resilience-building strategies, and sustainable practices to enhance the sector's long-term viability and adaptability to future challenges.

Keywords: Tourism sector, economic contribution, external shocks.

1. Introduction:

The tourism sector plays a pivotal role in the economic development of many countries, including Turkey, where it has emerged as a key driver of economic growth, employment, and foreign exchange earnings. Over the past few decades, Turkey has leveraged its rich cultural heritage, diverse landscapes, and strategic location to position itself as a leading global tourism destination. The tourism sector’s contribution to the Turkish economy extends beyond direct financial impacts, influencing various related sectors such as transportation, hospitality, and retail. As global tourism trends evolve and the sector faces unprecedented challenges, particularly in light of the COVID-19 pandemic, understanding the dynamics of tourism's role in Turkey's economy is crucial for policymakers, industry stakeholders, and researchers.

Problem Statement

Despite the acknowledged importance of tourism to the Turkish economy, the sector is highly vulnerable to external shocks, such as political instability, global health crises, and economic fluctuations. These vulnerabilities have raised concerns about the sustainability and resilience of Turkey’s tourism industry. The sharp declines in tourist arrivals and revenues in recent years, particularly during the COVID-19 pandemic, underscore the need for a comprehensive analysis of the tourism sector's economic contributions and its capacity to withstand external disruptions. This study seeks to address the following main question:

What has been the contribution of the tourism sector to Turkey's economy?

Research Questions

This study is guided by the following research questions:

- What is the performance and trends of turkey's tourism sector during the period 2010-2021?
- How has the tourism sector influenced employment and economic growth in Turkey?
- How has the COVID-19 pandemic impacted the economic contributions of the tourism sector in Turkey?

Study Hypotheses

The study posits the following hypotheses:

- The tourism sector has made a significant and positive contribution to Turkey's employment and economic growth.
- The COVID-19 pandemic has significantly reduced the economic contributions of the tourism sector in Turkey, with long-term implications for its recovery.

Study Objectives

The study aims to:

- Analyse the role of the tourism sector in the Turkish economy, focusing on its contribution to GDP, employment and economic growth.
- Assess the impact of external factors, including political instability and the COVID-19 pandemic, on the performance of the tourism sector.
- Analyse the tourism sector's performance and trends.

Study Importance

This study is significant for several reasons. First, it provides a comprehensive analysis of the economic contributions of the tourism sector in Turkey, offering valuable insights for policymakers and industry stakeholders. Second, by examining the impact of external shocks on the tourism sector, the study contributes to the broader understanding of the vulnerabilities and resilience of tourism-dependent economies. Third, the findings of this study can inform the development of targeted policies and strategies to enhance the sustainability and competitiveness of Turkey's tourism sector, particularly in the post-pandemic recovery phase.

Study Methodology

The study employs an descriptive analytical approach, to provide a holistic understanding of the tourism sector's role in the Turkish economy, by analysing of secondary data on tourism receipts, GDP contribution, employment, and other economic indicators from 2010 to 2021. This data is sourced from databases such as the Ministry of Culture and Tourism, UNWTO, and Knoema.

2. Literature review

The tourism sector has emerged as a significant contributor to Turkey's economic landscape, attracting considerable scholarly attention. Researchers have employed diverse methodological approaches to examine the sector's multifaceted impacts on the Turkish economy, ranging from its contribution to GDP and employment to its resilience in the face of external shocks.

Several studies have focused on the economic contribution of tourism to Turkey's GDP and overall economic growth. Aydina (2016) utilized panel data analysis to model tourism income, finding that the number of tourists significantly explained tourism income. This research highlighted the importance of visitor expenditure data in understanding the sector's economic impact. Similarly, Yenişehirlioğlu et al (2020) investigated the relationship between tourism revenue and economic growth using autoregressive distributed lag (ARDL) regression models and bootstrap rolling window causality parameter tests. Their findings revealed a positive contribution of tourism income to economic growth, particularly between 2010 and 2015, though they noted a negative effect in 2016-2017.

The long-term relationship between tourism and economic growth has been a subject of particular interest. Ertugrul & Mangir (2013) employed various econometric techniques, including the Bound test approach and Granger causality analysis, to examine this relationship. Their research supported the tourism-led growth hypothesis (TLGH), finding evidence of long-run unidirectional causality running from tourism to economic growth. This suggests that the tourism sector has been a significant driver of economic development in Turkey.

However, the magnitude of tourism's economic impact has been debated. Akkemik (2012) used a social accounting matrix (SAM) approach to analyse the contribution of international tourism to the Turkish economy. Contrary to some other studies, Akkemik found that the GDP elasticity of international tourism was relatively low, and the impact of foreign tourist expenditures on domestic production, value-added (GDP), and employment was modest. This research highlighted the possibility of leakage of foreign tourist expenditures out of the economy, suggesting that the benefits of tourism might not be as substantial as often assumed.

The tourism sector's role in employment generation has been another key area of research. Gok and Akseki & Gok (2022) used input-output analysis to assess the tourism sector's importance for the Turkish economy. Their findings indicated that tourism-related sectors were slightly above average in terms of employment multipliers, output multipliers, and forward-backward linkage effects. However, they noted that these sectors did not fall into the "key sector" category, suggesting room for improvement in the sector's integration with the broader economy.

The resilience of Turkey's tourism sector to external shocks has been a recurring theme in recent literature, particularly in light of global events such as terrorism and the COVID-19 pandemic. Charfeddine & Dawd (2022) analysed the resilience of the Turkish tourism industry to exogenous shocks using a nonlinear autoregressive distributed lag model. Their results showed strong evidence for an asymmetric effect of terrorist attacks on tourism receipts and the number of tourist arrivals, with decreases in terrorist attacks having a higher impact on tourism demand compared to increases. This finding underscored the resilience of Turkey's tourism sector and highlighted the government's significant role in supporting the industry during periods of instability.

BİLİCİ & ERKEM (2022) investigated Turkey's tourism sector's financial health between 2015 and 2018, revealing low profitability in the accommodation and food & beverage sectors. The authors suggest strengthening equity capital and long-term foreign resources to enhance global competitiveness and sustain success, highlighting the importance of robust financial strategies for continued growth. Asgary & Ozdemir (2020) examine the impact of global risks on Turkey's tourism sector, revealing that economic and geopolitical risks are more significant than environmental and technological risks. It emphasizes the need for tailored risk management strategies, highlighting the importance of understanding and monitoring global risks for policy decisions.

The COVID-19 pandemic has prompted several studies examining its impact on Turkey's tourism sector. Yucel et al (2022) used a fractional integration approach to analyse whether the effects of COVID-19 on Turkey's tourism sector would be permanent or transitory. Their findings suggested that the impacts of COVID-19 would not be transitory, emphasizing the need for active government involvement in the sector's recovery process. Similarly, Koçak et al (2022) investigated the economic implications of the COVID-19 outbreak on Turkey's tourism industry, finding that the industry reacted negatively to new cases, deaths, and global fear measures. However, they also noted that government containment, health measures, and economic supports positively affected the tourism industry. The pandemic's impact on specific segments of the tourism workforce has also been examined. Çetinkaya & Öter (2022) focused on the economic implications of COVID-19 for Turkish tour guides, revealing significant negative impacts on their income sources while most fixed expenses remained. İldaş (2022) highlighted the importance of health tourism in Turkey's tourism strategy, highlighting its year-round opportunities and global recognition. Turkey's advanced healthcare infrastructure, skilled workforce, and competitive pricing make it a top destination for medical tourism. Effective management could boost Turkey's international reputation, especially addressing COVID-19 challenges, and enhance its national image and competitiveness in the global tourism market. Looking towards the future, some researchers have considered the potential long-term challenges facing Turkey's tourism sector. Oğur & Baycan (2022) assessed the impacts of climate change on international tourism in Turkey, projecting extreme drops in demand, seasonal shifts, and the emergence of new alternative destinations due to changes in climate comfort levels.

The literature reveals a complex picture of the tourism sector's role in the Turkish economy. While many studies highlight its significant contributions to GDP, employment, and economic growth, others caution against overestimating its impact due to potential leakages and external vulnerabilities. The sector's resilience in the face of shocks has been noted, but the COVID-19 pandemic has posed unprecedented challenges. Moving forward, addressing these challenges and adapting to long-term trends such as climate change will be crucial for maintaining and enhancing the sector's contribution to the Turkish economy.

3. Analysis of turkey's tourism performance and trends

Analyzing Turkey's tourism performance and trends requires a comprehensive examination of various factors, including visitor arrivals, stay duration, and the impact of global and local events. This analysis helps to identify strengths, weaknesses, and potential opportunities for growth and development within the Turkish tourism sector.

3.1 Tourism trends in arrivals

The data presented in table 1 offers valuable insights into Turkey's international visitor arrivals over a 12-year period, encompassing both foreign visitors and Turkish citizens residing abroad. Upon examination, several noteworthy trends and fluctuations emerge.

Table (1): Distribution of arriving visitors and citizen in Turkey, 2010-2021

Years	Foreign	Citizen (Residing Abroad)	Total
2010	28632204	11001726	39633930
2011	31456076	5312963	36769039
2012	31782832	5932393	37715225
2013	34910098	4950673	39860771
2014	36837900	4789346	41627246
2015	36244632	4869437	41114069
2016	25352213	5554467	30906680
2017	32410034	5559790	37969824
2018	39488401	6624191	46112592
2019	45058286	6688913	51747199
2020	12734213	3236988	15971201
2021	24712266	5326695	30038961

Source: (Ministry of Culture and Tourism, 2022)

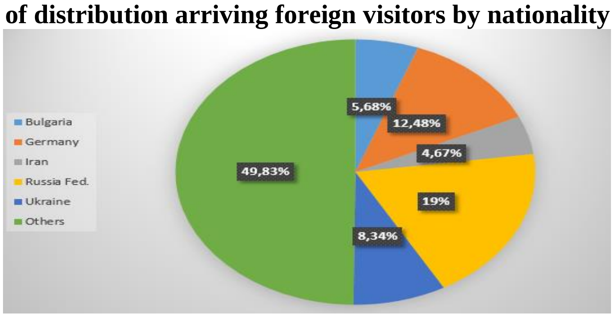
From 2010 to 2019, there was a general upward trajectory in the total number of arrivals, with some minor fluctuations. The total arrivals increased from 39.63 million in 2010 to a peak of 51.75 million in 2019, representing a substantial growth of approximately 30.6% over this nine-year period. This trend suggests a growing attractiveness of Turkey as a destination for both foreign visitors and returning citizens. However, in 2016, the total arrivals dropped sharply to 30.91 million from 41.11 million in the previous year, marking a decline of about 24.8%. This aberration owing to geopolitical factors and security concerns that have affected Turkey's tourism industry during that period.

A notable shift occured in the distribution between foreign visitors and citizens residing abroad from 2010 to 2011. In 2010, citizens residing abroad accounted for a substantial portion of total arrivals (27.8%), but this percentage dropped significantly to 14.4% in 2011 and remained relatively stable thereafter. This change indicate a shift in travel patterns among Turkish citizens living abroad. In 2020, the total arrivals plummeting to 15.97 million, a 69.1% decrease from the previous year. This dramatic decline is due to the global COVID-19 pandemic, which severely restricted international travel worldwide. The impact appears to have been more pronounced on foreign visitors, whose numbers dropped by 71.7%, compared to a 51.6% decrease for citizens residing abroad. By 2021, total arrivals had rebounded to 30.03 million, nearly reaching the pre-pandemic peak of 2019. This rapid recovery suggests resilience in Turkey's tourism sector and a swift return of international travel demand as pandemic-related restrictions eased.

The analysis reveals a generally positive trend in Turkey's international arrivals over the examined period, punctuated by significant events that caused temporary declines. The country's ability to attract a high number of foreign visitors, coupled with its apparent resilience in recovering from setbacks, suggests a robust and appealing tourism sector.

Figure 1 shows the distribution of arriving foreign visitors by nationality in Turkey for the year 2021 showcases a varied international footprint, illuminating the diverse origins of tourists visiting the country.

Figure (1): Share of distribution arriving foreign visitors by nationality in turkey in 2021



Source: Prepared by the author based on (Ministry of Culture and Tourism, 2022)

It is noted that the majority share of visitors from the Russian Federation, which stands at 19%. This figure not only underscores Russia's substantial contribution to tourism in Turkey but also suggests robust bilateral travel ties, following the development of diplomatic relations between Turkey and the Russian Federation (EY, 2017, p. 7). Following Russia, Germany contributes 12.48% to the tourism numbers, reflecting strong ties between Turkey and Germany.

Other significant contributors include Ukraine (8.34%) and Bulgaria (5.68%), neighboring countries, which benefit from the ease of overland travel and shared cultural heritage with Turkey. The relatively lower figure for Iran at 4.67% reflect geopolitical tensions and economic factors that could influence travel decisions.

The group of other countries constituted 49.83%, including visitors of different This segment suggests Turkey's broad appeal to a global audience, bolstered by its rich historical heritage, cultural diversity, and strategic positioning as a bridge between Europe and Asia. This group's sizeable proportion highlights the importance of maintaining a hospitable and accessible environment for a wide array of international visitors, which could include streamlined visa processes, diverse tourist packages, and extensive marketing campaigns across different regions.

Overall, the analysis of the distribution of foreign visitors to Turkey underscores the country's role as a significant tourism hub in the Eurasian region. It reflects both regional dynamics, such as the influence of proximity and shared cultural ties, and broader global patterns that position Turkey as a preferred destination for a diverse set of tourists.

3.2 Distribution of excursionists

The data in table 2 illustrates a dynamic trend in the travel behavior of foreign visitors, as documented by the Ministry of Culture and Tourism.

Table (2): Distribution of excursionists in Turkey, 2010-2021

Years	Foreign
2010	1632395
2011	2115163
2012	2017325
2013	2065863
2014	1816002
2015	1635695
2016	617891
2017	368578
2018	344878
2019	555317
2020	77234
2021	113520

Source: (Ministry of Culture and Tourism, 2022)

The period from 2010 to 2015 shows a substantial increase in the number of foreign excursionists, peaking at over 2.1 million in 2011, followed by a consistent yet slight decline until 2015. This trend was abruptly disrupted in 2016, where the number of excursionists plummeted to approximately 617.89 thousand, continuing to decline sharply in the following years, reaching a low of 344.88 thousand in 2018. This decline is due to a combination of factors including geopolitical tensions, security concerns, and economic fluctuations impacting Turkey during these years. The period of 2016 to 2018 marks the most significant dip in excursionist numbers, which can be correlated with specific events such as political instability and terrorist attacks that adversely affected the tourism sector. However, a modest recovery is observed in 2019 with numbers rising to 555.32 thousand, indicating a partial rebound, due to improved security measures and stabilization efforts within the country. The drastic drop in 2020 to 77234 excursionists was due to the global COVID-19 pandemic, severely restricting international travel. A slight increase in 2021 to 113.52 thousand continues to reflect the ongoing impacts of the pandemic on global mobility, but also suggests a gradual recovery as travel restrictions begin to ease.

Overall, the fluctuating numbers of excursionists reflect a highly sensitive correlation between external geopolitical and health events and the tourism dynamics in Turkey. This analysis suggests that while Turkey has shown capabilities in attracting foreign excursionists, the tourism sector remains vulnerable to external shocks. Future strategies could focus on diversifying tourism offerings, enhancing security, and promoting health safety to mitigate similar declines and foster a more resilient tourism sector.

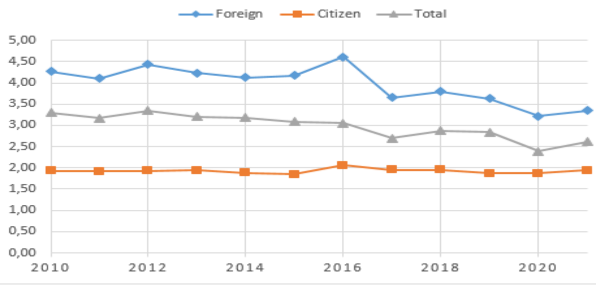
3.3 Accommodation

Accommodation refers to the provision of lodging for travelers. It plays a crucial role in the tourism industry, providing a comfortable and convenient base for visitors to explore a destination.

3.3.1 Distribution of number of arrivals and nights spent

Figure 2 reveals a distinct pattern in the tourism sector's evolution between 2010 and 2021. While both foreign and Turkish citizens' average stay lengths have remained relatively stable, indicating a consistency in traveler preferences, the overall average duration of stay has experienced a decline, highlighting the changing dynamics of the tourism industry.

Figure (2): Average duration of stay in turkey, in 2010-2021



Source: Prepared by the author based on (Ministry of Culture and Tourism, 2022)

Foreign tourists consistently exhibited longer stays in Turkish licensed accommodation compared to citizens. Their average duration of stay ranged from a high of 4.61 days in 2016 to a low of 3.22 days in 2020. The duration of stay for foreigners appears relatively stable in the early years, hovering around 4.2 to 4.4 days between 2010 and 2015. However, a noticeable decline occurs after 2016, with the lowest point in 2020 at 3.22 days, due to the global impact of the COVID-19 pandemic, which disrupted travel and tourism across the globe. The significant drop in 2020 coincides with the pandemic's onset, reflecting the restrictions and challenges that came with international travel. However, in 2021, the average duration of stay for foreign tourists rebounded slightly to 3.35 days. This suggests that as pandemic-related restrictions began to ease, foreign tourists gradually returned, albeit for shorter stays than before the pandemic.

In contrast to foreign tourists, citizens of Turkey displayed a relatively stable average duration of stay over the period, consistently ranging from 1.85 to 2.06 days. The data suggests that Turkish citizens, on average, do not stay for extended periods in licensed accommodation establishments. This trend reflect domestic travel preferences, where shorter trips or local travel more common. The period of 2016 saw a slight uptick to 2.06 days, influenced by the same factors that affected foreign tourists during this time, such as economic and political conditions in Turkey.

The impact of the pandemic is less pronounced for citizens than for foreign tourists. While there is a minor drop from 1.96 days in 2017 to 1.87 days in 2019 and 2020, this decline is not as steep as the changes observed in foreign tourists' behavior. The total average duration of stay follows a pattern largely influenced by foreign tourists, given their higher average stay. Between 2010 and 2016, the total average remains relatively steady, fluctuating between 3.05 to 3.35 days. The sharp decline in 2017 to 2.70 days and the further decrease in 2020 to 2.39 days reflect broader challenges within the tourism sector, especially during the COVID-19 pandemic.

It is notable that the recovery in 2021 to 2.62 days did not return to pre-pandemic levels, indicating that while tourism began to pick up again, the sector had not fully recovered. The combined impact of both foreign and domestic tourists contributes to this overall average, suggesting that the pandemic's influence on the tourism sector, particularly in terms of duration of stay, was significant and ongoing even after the immediate crisis.

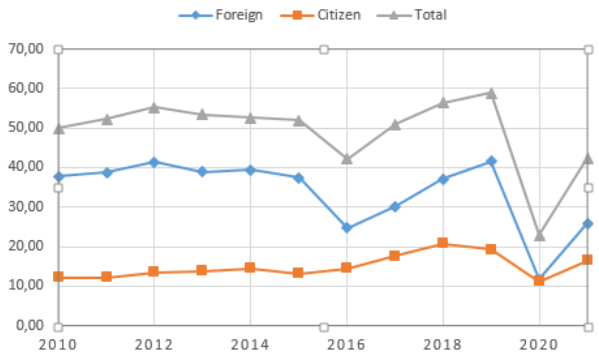
Several external factors influenced these trends. The period from 2010 to 2016 saw relative stability in tourism, with Turkey maintaining its position as a popular destination for both foreign and domestic tourists. However, political unrest, security concerns, and economic volatility, especially during 2016 and after, may have contributed to the shifts in both the number and duration of stays, particularly for foreign tourists.

The sharp decline in 2020, both for foreign and domestic tourists, attributed almost entirely to the global pandemic, which severely restricted mobility and led to widespread cancellations of travel plans. The gradual recovery in 2021 reflects the easing of travel restrictions but also points to an ongoing caution among tourists, both domestic and foreign, about long-duration stays.

3.3.2 Occupancy rate

The provided data on occupancy rates in licensed accommodation establishments in Turkey during the period 2010-2021 highlights significant fluctuations driven by both internal and external factors (see Fig.3). The data is segmented into three categories: foreign visitors, citizens, and the total occupancy rate. Examining this data helps us understand how global and national events, particularly socio-economic shifts and the COVID-19 pandemic, have impacted Turkey's tourism industry.

Figure (3): Occupancy rate (%) in turkey, 2010-2021



Source: Prepared by the author based on (Ministry of Culture and Tourism, 2022)

Foreign occupancy rates show substantial variation over the analysed period. In 2010, the occupancy rate stood at 37.79%, reaching a peak of 41.52% in 2019. The early years of the decade, specifically from 2010 to 2015, show a relatively steady occupancy rate for foreign visitors, with minor fluctuations around the 37% to 41% range. However, a notable decline is observed in 2016, when the rate dropped sharply to 24.68%. This decline is due to several factors, including increasing geopolitical tensions in the region and the repercussions of political unrest within Turkey, which clearly affected the visits of foreign tourists. Following this sharp decline, there was a gradual recovery, with foreign occupancy rates rising back to 41.52% in 2019. This recovery phase reflects efforts by the Turkish government and tourism industry to restore confidence in the country as a safe and attractive destination. However, the onset of the COVID-19 pandemic in 2020 caused a dramatic collapse in foreign occupancy rates to just 11.73%. Travel restrictions, safety concerns, and widespread lockdowns brought global tourism to a standstill, and Turkey was no exception. The slight improvement to 25.84% in 2021 suggests that foreign tourists were slowly returning as restrictions eased, although the sector was far from fully recovered.

The occupancy rates for Turkish citizens in licensed accommodation establishments are notably lower than those of foreign visitors but demonstrate a more stable pattern over the years. In 2010, the occupancy rate for citizens was 12.12%, gradually increasing to 14.55% by 2015. Interestingly, citizen occupancy rates did not experience a decline in 2016 compared to foreign visitors, suggesting that while foreign tourism was significantly impacted by external factors, domestic travel remained relatively resilient. In fact, the rate for citizens rose to 17.54% in 2016, due to a shift toward domestic travel as political and security concerns discouraged international tourism.

The following years saw a steady increase in citizen occupancy, peaking at 20.76% in 2017, which marks the highest point for domestic travelers. This increase reflect a growing trend of domestic tourism, driven by both economic factors and a preference for local travel during uncertain times. However, like foreign visitors, citizens' occupancy rates dropped significantly in 2020, falling to 11.10% during the pandemic. This drop aligns with nationwide restrictions and reduced mobility within Turkey. The partial recovery to 16.47% in 2021 signals a cautious return to travel among Turkish citizens as conditions began to improve.

The total occupancy rates across the entire period closely mirror the trends observed in foreign and citizen occupancy, with foreign visitors having a stronger influence on the overall trends due to their higher proportion. In 2010, the total occupancy rate was 49.91%, reaching a high of 58.90% in 2019, driven by both an increase in foreign and domestic tourism during that year. Between 2010 and 2015, the total occupancy rate remained relatively steady, averaging around 50-55%, but the sharp decline in 2016 (42.22%) reflects the broader challenges faced by the tourism sector in that year.

The total occupancy rate's collapse to 22.83% in 2020 illustrates the profound impact of the global pandemic on the Turkish tourism sector. The widespread travel bans, health concerns, and economic downturns that characterized 2020 brought tourism to its lowest point in over a decade. By 2021, the sector began showing signs of recovery, with the total occupancy rate improving to 42.31%, but this was still far below pre-pandemic levels, reflecting ongoing hesitancy and restrictions.

The decline in occupancy rates for both foreign and domestic travelers in 2016 correlates with significant socio-political events in Turkey, including the coup attempt and increased security concerns. These events deterred foreign tourists and pushed citizens to focus more on domestic travel. The gradual recovery from 2017 to 2019 suggests the success of various recovery strategies implemented by the government and the tourism industry, such as marketing efforts to promote Turkey as a safe destination and price adjustments to attract more tourists.

The COVID-19 pandemic was an unprecedented disruptor, as reflected in the collapse of occupancy rates in 2020. The pandemic's effects extended beyond just Turkey, as global tourism came to a near halt. The data reflects the sector's resilience, with a moderate recovery in 2021, but it is clear that the full return to pre-pandemic occupancy levels will take time, depending on both national and global recovery from the health crisis.

The analysis above reveals a complex interplay of political, economic, and global health factors influencing tourism trends. Foreign visitors consistently showed higher occupancy rates compared to domestic tourists, although both groups were significantly impacted by major events such as the 2016 political instability and the COVID-19 pandemic. The data highlights the sector's vulnerability to external shocks, but also its capacity for recovery, as seen in the post-2016 and 2021 figures. Future strategies will need to focus on both attracting international tourists and fostering domestic travel to ensure a robust and resilient tourism industry.

Table (3): Distribution of number of arrivals, night spent and occupancy rates in tourism establishments in turkey in 2021

Type	Number of arrivals			average duration of stay			occupancy rate %		
	Foreign	Citizen	Total	Foreign	Citizen	Total	Foreign	Citizen	Total
Hotel	19422205	21010435	40432640	3.40	1.90	2.62	26.60	16.05	42.65
Motel	71	7632	7703	2.54	1.98	1.98	0.23	18.92	19.14
Holiday Village	1296643	502479	1799122	3.63	3.05	3.46	36.64	11.95	48.59
Thermal Hotel	239707	1456922	1696629	2.31	2.06	2.10	5.09	27.63	32.73
Thermal Detached Apart Hotel	17	5024	5041	4.35	1.81	1.81	0.11	13.55	13.66
Pension	20168	100380	120548	2.15	1.99	2.02	5.61	25.79	31.40
Camping	2945	13717	16662	2.97	3.27	3.22	6.60	33.87	40.47

Source: (Ministry of Culture and Tourism, 2022)

The data presented in table 3 offers a comprehensive overview of Turkey's tourism sector performance in 2021, delineating various accommodation types and their respective statistics. Hotels emerge as the dominant accommodation choice, accounting for the majority of arrivals 40.43 million and demonstrating a balanced distribution between foreign 19.42 million and domestic 21.01 million visitors. However, holiday villages exhibit the highest average duration of stay (3.46 days) and occupancy rate (48.59%), suggesting a preference for longer, potentially leisure-oriented stays in these establishments. Thermal hotels show a notable disparity between foreign and domestic visitors, with a significantly higher number of citizen arrivals 1.46 million compared to foreign arrivals (239,707), indicating a stronger domestic market for health and wellness tourism. Interestingly, while foreign visitors generally have longer average stays across most accommodation types, their occupancy rates are consistently lower than those of domestic tourists, possibly reflecting the lingering effects of international travel restrictions in 2021.

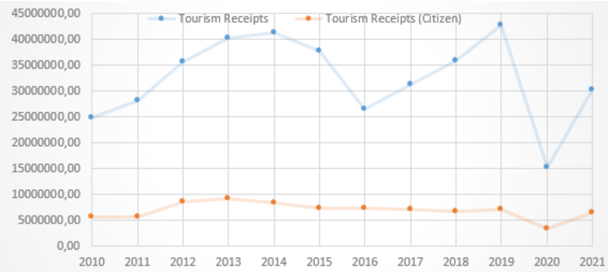
4. Tourism sector’s economic contribution to turkey

The tourism sector plays a vital role in Turkey's economy, contributing to GDP, employment, and foreign exchange earnings. It has a positive impact on various industries, including transportation, hospitality, food services, and cultural attractions, boosting local economies and creating job opportunities.

4.1 Tourism receipts and expenditures

Figure 4 provides important insight into the economic contributions of the tourism sector in Turkey, specifically focusing on total tourism receipts and receipts from citizens residing abroad during the period 2010-2021. This captures the financial impact of international tourism and the spending behavior of Turkish citizens visiting from abroad, revealing key trends influenced by global and national developments.

Figure (4): Distribution of tourism income in turkey, 2010-2021



Source: Prepared by the author based on (Ministry of Culture and Tourism, 2022)

Tourism receipts in Turkey experienced substantial fluctuations over the period from 2010 to 2021. In 2010, total tourism receipts stood at approximately $2.49 billion, showing a consistent upward trend until 2014, where receipts peaked at around $4.13 billion. This rise reflects Turkey’s growing appeal as an international tourism destination during the early part of the decade, driven by its rich cultural heritage, competitive pricing, and strategic marketing efforts targeting international tourists. However, after 2014, there is a noticeable decline in tourism receipts, with figures dropping to $3.77 billion in 2015 and further to $2.65 billion in 2016. This period coincides with significant socio-political unrest, including regional conflicts and internal instability, which discouraged international tourists from visiting Turkey. The economic impact of these events is clearly reflected in the substantial drop in tourism revenues.

From 2017 onward, tourism receipts began to recover, increasing to $3.12 billion in 2017 and eventually reaching a new peak of $4.28 billion in 2019. This recovery was the result of efforts by the Turkish government to stabilize the country’s political climate, marketing campaigns to restore its image as a safe and attractive tourist destination. However, the COVID-19 pandemic had a devastating effect on Turkey's tourism industry, as it did globally. In 2020, tourism receipts plummeted to $1.52 billion, reflecting the near cessation of international travel due to lockdowns, travel bans, and health concerns. Since the start of the pandemic, the tourism industry has been struggling, and cancellations for the summer period of 2020 result in a substantial drop in earnings (EY, 2020, p. 6). The slight recovery in 2021, with receipts increasing to $3.03 billion, indicates the beginnings of a rebound as restrictions eased and tourism resumed, albeit at a slower pace than before the pandemic.

Tourism receipts from citizens residing abroad follow a somewhat similar pattern to total tourism receipts, albeit at a lower magnitude. These receipts represent the spending by Turkish expatriates or citizens who live abroad but return to Turkey as tourists. In 2010, this category of receipts amounted to approximately $555.8 million and grew steadily, reaching a peak of $919.3 million in 2013. The steady increase during these years suggests that a growing number of Turkish expatriates were returning home for tourism purposes, influenced by familial ties, cultural events, and economic stability.

A decline begins in 2014, with receipts from citizens falling to $840.4 million and further to $727.1 million in 2015. This decline coincides with the overall reduction in tourism receipts due to internal political instability and security concerns, which have deterred Turkish expatriates from visiting the country as frequently.

Interestingly, the citizen tourism receipts shows a slight rise in 2016, reaching $737.4 million, even as total tourism receipts were at their lowest. This is because Turkish nationals residing overseas had a desire to travel back to their home countries and were either unaffected by the hostilities or hesitant to postpone their visits. Conversely, foreign tourists lacked this incentive and were free to change their plans and visit to other destinations (Onur, 2020, pp. 27-28). However, the receipts from citizens residing abroad also show a downward trend in the following years, dipping to $667.6 million in 2018, before slightly rebounding to $701.4 million in 2019.

The impact of the pandemic on this category is also evident, with receipts plunging to $331.8 million in 2020. Like foreign tourists, Turkish expatriates faced similar barriers to travel, including global lockdowns and health concerns. However, the recovery in 2021, with receipts rising to $650.7 million, signals the gradual return of Turkish expatriates as travel restrictions began to ease.

The comparison between total tourism receipts and receipts from citizens residing abroad highlights the disproportionate influence of international tourists on Turkey's tourism economy. While citizens contribute significantly to tourism revenues, the majority of the financial inflows come from foreign visitors. This dynamic underscores the vulnerability of Turkey's tourism sector to global geopolitical events and health crises, such as the pandemic, which severely impact international tourist arrivals and associated receipts. Additionally, the analysis highlights the resilience of domestic expatriate tourism. Despite the broader challenges faced by the sector, receipts from Turkish citizens abroad did not decline as sharply as total receipts during times of crisis. This resilience may be rooted in the cultural and familial ties that drive expatriates to return to Turkey, even when external tourists are deterred.

The analysis of Turkey's tourism receipts from 2010 to 2021 shows the critical role that the sector plays in the national economy, but also reveals its susceptibility to external shocks such as political instability and global health crises. While the period from 2010 to 2014 saw steady growth, the sector faced significant challenges in the mid-2010s due to socio-political unrest and in 2020 due to the COVID-19 pandemic. Tourism receipts from citizens residing abroad demonstrate a more stable pattern, reflecting the consistent role of expatriate visitors in Turkey's tourism economy.

Figure 5 presents a comprehensive overview of Turkey's tourism expenditures from 2010 to 2021, measured in thousands of dollars.

Figure (5): Distribution of tourism expenditure (Thousand) in turkey, 2010-2021

Source: Prepared by the author based on (Ministry of Culture and Tourism, 2022)

In the early years of the decade, Turkey's tourism expenditures exhibited relative stability, although with some fluctuations. The year 2010 saw expenditures of $5.87 billion followed by a slight decrease to $5.53 billion in 2011. A more significant decline occurred in 2012, with expenditures dropping to $4.53 billion. However, the sector demonstrated resilience, rebounding strongly in 2013 to reach $5.88 billion, slightly surpassing the 2010 figure. The middle of the decade showed promising growth. In 2015, tourism expenditures peaked at $6.30 billion, which representing the highest value. This peak suggests a period of robust tourism activity, driven by favorable economic conditions, successful marketing strategies, and geopolitical stability in the region.

However, the latter half of the decade exhibited a downward trend. A notable decrease occurred in 2016, with expenditures falling to $5.26 billion, a reduction of over $1 billion from the previous year. This decline due to various factors, such as regional geopolitical tensions, changes in global travel patterns, and domestic events affecting Turkey's tourism appeal.

The dramatic decline observed in 2020, where tourism expenditures plummeted to $1.19 billion. This precipitous drop, representing a decrease of nearly 75% from the previous year, attributed to the global COVID-19 pandemic, which severely restricted international travel and tourism worldwide. The year 2021 shows signs of recovery, with expenditures rising to $2.20 billion. While this represents an 85% increase from the lows of 2020, it remains significantly below pre-pandemic levels, indicating that the tourism sector was still grappling with the ongoing effects of the global health crisis.

4.2 Contribution of tourism sector to employment

The tourism industry in Turkey has shown significant fluctuations in employment and economic contribution between 2010 and 2021 (see Table 4).

Table (4) Number of employees in tourism industries in turkey (in thousand), 2015-2021

sectors	2015	2016	2017	2018	2019	2020	2021
Food and beverage serving activities	840	841	864	905	918	732	747.9
Passenger Transportation	204	228	252	264	263	234	237.7
Accommodation service for visitors	287	252	278	331	352	280	293.2
Travel agencies and other reservation services activities	37	42	36	37	41	32	45.1
Other tourism industries	-	82	88	109	100	77	113.1

Source: Prepared by the author based on (Statista, 2022)

Regarding employment in tourism industries, the food and beverage serving activities sector consistently maintained the highest number of employees throughout the period from 2015 to 2021. This sector experienced steady growth from 840 thousand employees in 2015 to a peak of 918 thousand in 2019. However, it suffered a substantial decline in 2020, dropping to 732 thousand employees, due to the global COVID-19 pandemic. A slight recovery was observed in 2021, with employment rising to 747.9 thousand.

The accommodation service for visitors sector displayed more volatility. It experienced a significant drop from 287 thousand employees in 2015 to 252 thousand in 2016, followed by a robust recovery period reaching 352 thousand employees in 2019. Similar to the food and beverage sector, it saw a sharp decline in 2020 to 280 thousand employees, with a modest rebound to 293.2 thousand in 2021.

Interestingly, the travel agencies and other reservation services activities sector, while smaller in scale, showed remarkable resilience. Despite fluctuations, it managed to grow from 37 thousand employees in 2015 to 45.1 thousand in 2021, surpassing its pre-pandemic level of 41 thousand in 2019. This suggests a shift in the industry towards digital and reservation-based services.

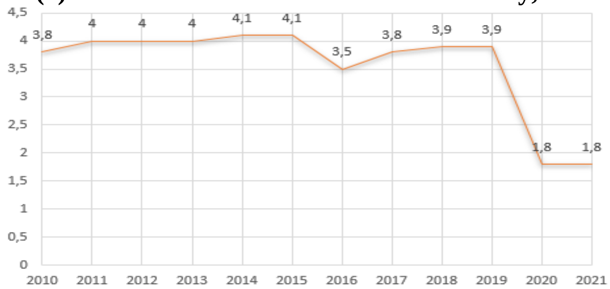
The passenger transportation sector demonstrated steady growth from 2015 to 2018, increasing from 204 thousand to 264 thousand employees. However, it experienced a decline in 2020 to 234 thousand employees, with a slight recovery to 237.7 thousand in 2021.

Overall, the data presents a picture of a tourism industry in Turkey that was growing steadily until 2019, with some subsectors showing more robust growth than others. The COVID-19 pandemic in 2020 had a profound impact on employment. While there are signs of recovery in 2021, the sector's economic contribution remained significantly below pre-pandemic levels.

4.3 Travel and tourism contribution to GDP

The percentage contribution of tourism to GDP provides an important insight through which to analyse the sector's performance, its economic importance, and the effects of global and local events on the Turkish economy.

Figure (6): Tourism contribution to GDP in turkey, 2010-2021



Source: (UNWTO, 2022); (Knoema, 2022)

From 2010 to 2015, tourism's contribution to Turkey's GDP shows a relatively stable and slightly upward trend. In 2010, tourism contributed 3.8% to the GDP, rising marginally to 4% from 2011 to 2013, and reaching 4.1% in both 2014 and 2015. This period reflects a time of growth for Turkey's tourism sector, which was becoming increasingly integrated into the national economy. Turkey's tourism contribution to GDP has grown steadily due to strategic promotion, infrastructure expansion, and its culturally diverse appeal. This period also coincides with global economic recovery following the 2008 financial crisis, which supported increased international travel. Turkey, with its favorable exchange rates and competitive pricing, positioned itself as an attractive destination, leading to an expansion in both international and domestic tourism, thereby contributing to the steady rise in GDP contribution.

A significant decline in tourism's contribution to GDP is observed in 2016, where it dropped from 4.1% in the previous year to 3.5%. This sharp decrease reflects the broader challenges faced by Turkey's tourism sector due to geopolitical instability, including political unrest, and the attempted coup in July 2016. These events severely impacted international perceptions of Turkey's safety, leading to a decline in tourist arrivals, which in turn reduced tourism revenue and its contribution to the national GDP.

The 2016 downturn underscores the vulnerability of Turkey's tourism sector to external shocks, particularly those related to security and political stability. The decline in tourism receipts during this period had directly affected the sector's economic output, leading to the observed reduction in its GDP contribution. Following the sharp decline in 2016, the data shows a recovery in tourism's contribution to GDP, with the percentage rising back to 3.8% in 2017, and further stabilizing at 3.9% in 2018 and 2019. This recovery phase reflects the resilience of Turkey's tourism sector and the success of efforts to restore the country's image as a safe and attractive destination. Government initiatives, improved security measures, and a focus on promoting alternative and cultural tourism likely contributed to the sector's recovery.

During these years, the global tourism industry was also experiencing growth, supported by rising global disposable incomes and an increasing trend toward international travel. Turkey benefited from these global trends, as well as from its strategic location as a bridge between

Europe and Asia, attracting a diverse range of tourists. The stabilization of tourism's GDP contribution at around 3.9% during this period indicates a return to a more balanced and sustainable growth trajectory for the sector.

The most significant downturn in the tourism sector's contribution to GDP occured in 2020, with the percentage plummeting to 1.8% and remaining at this level in 2021. This dramatic decline is directly attributable to the COVID-19 pandemic, which brought global travel to a near halt. The pandemic led to widespread lockdowns, travel restrictions, and a sharp decline in both international and domestic tourism. As a result, tourism revenues collapsed, significantly reducing the sector's contribution to the national economy.

The sustained low contribution in 2021 reflects the prolonged impact of the pandemic, as travel restrictions persisted, and consumer confidence in travel remained low. While there were signs of recovery in some parts of the world, the tourism industry in Turkey, like in many other countries, struggled to regain its pre-pandemic momentum. The reduced contribution of tourism to GDP during these two years highlights the severe and ongoing impact of the pandemic on the global tourism industry and its ripple effects on national economies heavily reliant on tourism.

The analysis of tourism's contribution to Turkey's GDP from 2010 to 2021 reveals a sector that is both a vital component of the national economy and highly sensitive to external factors. The steady growth observed from 2010 to 2015 underscores the sector's potential when supported by favorable economic conditions and effective tourism policies. However, the sharp declines in 2016 due to geopolitical instability and in 2020-2021 due to the COVID-19 pandemic highlight the vulnerabilities of the tourism sector to crises.

5. Results discussion

The analysis of Turkey's tourism sector performance and its economic contribution from 2010 to 2021 reveals a complex picture characterized by periods of growth, resilience, and significant challenges.

The study also provides insights into the performance and trends of Turkey's tourism sector from 2010 to 2021. The analysis reveals a sector characterized by growth and resilience, but also vulnerability to external shocks. The number of foreign visitors showed an overall upward trend from 2010 to 2019, peaking at 45.06 million in 2019 before the pandemic-induced decline. This trend aligns with Aydina's (2016) findings on the significance of visitor numbers in explaining tourism income.The occupancy rates in licensed accommodation establishments further illustrate these trends. The total occupancy rate increased from 49.91% in 2010 to 58.90% in 2019, before dropping to 22.83% in 2020 due to the pandemic. This pattern underscores both the sector's growth potential and its vulnerability to global crises, as noted by Charfeddine & Dawd (2022) in their analysis of the Turkish tourism industry's resilience to exogenous shocks.

The tourism sector's contribution to GDP showed a generally positive trend from 2010 to 2019, peaking at 4.1% in 2014 and 2015; this finding corroborates the work of Ertugrul & Mangir (2013), who found evidence supporting the tourism-led growth hypothesis in Turkey. The sector's resilience is evident in its recovery following the 2016 downturn, with GDP contribution stabilizing at 3.9% by 2019. The results largely **support the first hypothesis**, aligning with previous studies that have emphasized the importance of tourism to Turkey's economy.

However, it is important to note that the magnitude of tourism's economic impact may not be as substantial as often assumed. Akkemik (2012) found that the GDP elasticity of international tourism was relatively low, suggesting modest impacts on domestic production, value-added, and employment. This nuanced perspective is reflected in our analysis of employment data, which shows significant but not overwhelming contributions to various subsectors of the tourism industry.

The employment data reveals that the food and beverage serving activities sector consistently maintained the highest number of employees, reaching 918 thousand in 2019 before the pandemic impact. The accommodation service for visitors sector also showed substantial employment, peaking at 352 thousand in 2019. These figures underscore the sector's important role in job creation, aligning with the findings of Gok and Akseki (2022), who noted that tourism-related sectors were slightly above average in terms of employment multipliers.

The sector's contribution to GDP plummeted from 3.9% in 2019 to 1.8% in 2020 and 2021. This drastic decline aligns with the findings of Yucel et al. (2022), who suggested that the impacts of COVID-19 on Turkey's tourism sector would not be transitory. The pandemic's effect is further evidenced by the sharp drop in tourism receipts, which fell from $4.28 billion in 2019 to $1.52 billion in 2020. This decline is consistent with the research of Koçak et al. (2022), who found that the tourism industry reacted negatively to new COVID-19 cases, deaths, and global fear measures. Employment in the sector also suffered significantly. The food and beverage serving activities sector, for instance, saw employment drop from 918 thousand in 2019 to 732 thousand in 2020. This aligns with the findings of Çetinkaya & Öter (2022), who highlighted the severe economic implications of COVID-19 for tourism workers in Turkey.

The long-term implications for recovery are evident in the data. While there were signs of recovery in 2021, with tourism receipts increasing to $3.03 billion and slight improvements in employment across various subsectors, these figures remained significantly below pre-pandemic levels. This suggests a prolonged recovery period, consistent with the projections of Yucel et al. (2022). These results strongly **supports the second hypothesis**, revealing the profound impact of the COVID-19 pandemic on Turkey's tourism sector.

Overall, the results largely support the study's hypotheses, demonstrating the significant but complex contribution of tourism to Turkey's economy and employment, as well as the profound impact of the COVID-19 pandemic on the sector. The findings align with much of the existing literature while also providing nuanced insights into the sector's performance, resilience, and challenges. These results underscore the need for strategic planning and adaptive policies to enhance the sector's resilience and sustainability in the face of future challenges.

6. Conclusion

This study focuses on assessing the performance and economic contribution of Turkey's tourism sector, which is a crucial driver of economic growth, employment, and foreign exchange earnings for the country. Despite its importance, the tourism sector in Turkey is highly susceptible to external shocks such as geopolitical instability and global health crises, as evidenced by the sharp declines during the 2016 political unrest and the COVID-19 pandemic. The study also aims to analyse how these external factors affect the sector's performance.

The analysis of Turkey's tourism sector from 2010 to 2021 reveals a complex landscape characterized by periods of robust growth, resilience, and significant challenges. The sector has played a vital role in Turkey's economy, contributing positively to GDP, employment, and foreign exchange earnings. From 2010 to 2019, the sector demonstrated strong growth, with total tourist arrivals and occupancy rates peaking in 2019. However, the sector's vulnerability to external shocks became evident during periods of geopolitical instability, particularly in 2016, and during the COVID-19 pandemic, which led to unprecedented declines in tourism-related revenues and employment.

The study confirms that tourism has made a significant contribution to Turkey's economic growth, particularly through job creation in sectors like food and beverage services and accommodation. However, the COVID-19 pandemic had a profound impact on the sector, causing a dramatic reduction in GDP contribution, tourism receipts, and employment levels. While there were signs of recovery in 2021, the data suggests that the sector had not yet returned to its pre-pandemic performance levels, indicating a prolonged recovery period ahead.

Recommendations

Based on the findings, the following recommendations are proposed to enhance the resilience and sustainability of Turkey's tourism sector:

- Develop and promote diverse tourism offerings to reduce vulnerability to external shocks. This could include focusing on niche markets like health tourism, eco-tourism, and cultural tourism.
- Implement policies to enhance the sector's resilience to external shocks, including crisis management plans and financial support mechanisms for tourism businesses during downturns.
- Encourage domestic tourism to provide a buffer against fluctuations in international arrivals, as seen during the pandemic.
- Invest in digital technologies and online platforms to adapt to changing tourist behaviors and preferences, especially in the post-pandemic era.
- Develop and implement sustainable tourism practices to ensure long-term viability and appeal to environmentally conscious travelers.
- Invest in training and skill development programs for tourism sector employees to improve service quality and adaptability.
- Continue efforts to market Turkey as a safe and attractive destination, particularly in the wake of geopolitical events and the pandemic.
- Invest in tourism infrastructure to support growth and improve the overall visitor experience.
- Foster collaborations between the public and private sectors, as well as international partnerships, to strengthen the tourism ecosystem.
- Conduct ongoing research and monitoring of tourism trends to inform adaptive strategies and policy-making.

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