Sustainable Economic Development through Tourism Ventures: 
The Case of Turkey

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Abstract: Entrepreneurship is considered as a central force of economic development in all communities. Tourism is one of the economic industries in which a great degree of involvement is needed by the entrepreneurial sector. Entrepreneurship is a critical factor in tourism development, both globally and regionally, because of the nature of tourism and tourism products. Tourism entrepreneurs are the basic determinants of successfulness of a society, who aims economic growth, development and differentiation via tourism. Entrepreneurs determine the magnitude of tourism industry, and what, where and when touristic enterprise will be created. The purpose of this study is to reveal the impact of the developments occurred in the superstructure of the tourism industry and show the importance of private sector entrepreneurial efforts in the sustainable economic development of Turkey between the period of 1980 to today.

Introduction

Entrepreneurship is considered as a central force of economic development in general and questions of how and why entrepreneurs emerge in an economy are considered as central issue of economic development (Szivas, 2001:164). It can be conceptualize as a process of doing something new or something different, to create wealth for oneself and to add value to society (Kokkraniak and Morrison, 2002:7). Tourism industry, alongside its growing structure with stimulating effect on other industries has been directly and indirectly providing a significant contribution to the country's economies. Entrepreneurship is a critical factor in tourism development, both globally and regionally, because of the nature of tourism (Seasonality, sensibility of tourism to politic, economic and natural unexpected events-risky industry, labor intensive etc.) and tourism product (intangibility, perishability, variability,). A large portion of the revenue of the tourism industry emerges through tourist spending for the superstructure investments (accommodation, food & beverage, entertainment facilities) and these investments are mostly made by private sector entrepreneurs.

Turkey is an important touristic destination with a significant natural, historical and cultural touristic supply attractiveness. According to data from T.C. Ministry of Culture and Tourism in 2008, approximately 31 million tourists visited Turkey, and left 22 billion dollars as a tourist spending. Due to the economic crisis in the world, tourism revenues and tourist entries have decreased in many countries, while Turkey has been growth approximately 13 percent according to the previous year (www.turizm.gov.tr). The tourism industry in terms of creation of economic value, providing of new employment and creation of export revenues as the contribution of foreign trade deficit to be closed with, has played important role in Turkish economy for last three decades.

Especially, in a major development of the last 30-year period of data about industry and the role of the industry played in the economy is the most important evidence. Undoubtedly, the private enterprises by entrepreneurs, make up the superstructure of the industry, is the most important reason for existing economic contribution. The purpose of this study is to reveal the impact of the developments occurred in the superstructure of the tourism industry and show the importance of private sector entrepreneurial efforts in the sustainable economic development in the transformation of the tourism industry in Turkey from the period of 1980 to today. In this regard, the impact of the superstructure initiatives occurred by the private enterprises on the growth of the
economy, employment and foreign trade deficit will be examined. Secondary data will be used in this research. Statistical data in the last 29 year period will be examined and a descriptive analysis will be done.

1. The Concept of Entrepreneurship

Entrepreneurship is a fairly complex issue and not always easy to define (Shaw and Williams, 1998: 236). The subject of entrepreneurship has been studied from a multitude of disciplinary perspective (Ateljevic and Doorne, 2000:380). Historically the conceptualization emerging within classical economic theory was concerned with entrepreneurial activity as a key factor and dynamic element in economic performance (Ateljevic and Doorne, 2000: 379). Some authors viewing it as a process or a way of behaving (Shaw and Williams, 1998: 236). The root of the word “entrepreneur” comes from the French verb “entreprendre”, which means “to undertake”. Entrepreneurship is conceptualized from different points of view by researchers. According to Cantillion who first acknowledge this concept an entrepreneur bears uncertainty and bears risk. Say concentrate on managerial role of entrepreneur and claimed that an entrepreneur should carry out specific business tasks and also supply his own capital. Shumpeter saw entrepreneurship as a primary engine of economic development. According to him entrepreneur is innovator and innovation is a central element of entrepreneurship” (Lordkipanidze, Bretez and Backman, 2005: 788).

The term entrepreneur can be defined as “an innovator carrying out new combinations of economic development such as new goods, new methods of production, new markets, new sources of raw material or new organization form” (Weiermair, Siler and Mössenlechner, 2006: 27). According to the definition certain roles of entrepreneurs can be seen an arbitrageur, an innovator, a market filler, a risk bearer, a decision maker, a creator of an enterprise and a coordinator of the factor of productions (Koy and Hatten, 2002: 25). Entrepreneurs need some driving factors in order to operate; motivation, specific conditions for success, supportive environment, the entrepreneurial climate infrastructure and support and entrepreneurship policy (Lordkipanidze, Bretez and Backman, 2005: 789-790) can be accepted as factors which encourage and form suitable background for the entrepreneurial environment.

In recent years nurturing entrepreneurship has become a popular policy objective in communities. It is broadly supported recognizing a wide range of potential contributions to the development process. These include: (Kokkranikal and Morrison, 2002:10).

- raising productivity,
- creating employment,
- restructuring and diversifying the economy,
- reducing market inefficiencies,
- improving the social welfare of the country,
- commercializing innovative products and service
- creating new markets.

Entrepreneurship is the basic guiding force of countries economic development. While entrepreneurial activities which created by private entrepreneurs have important contributions to countries economic developments, in the same time it increase the level of living standards, social conditions and employment. Today entrepreneurship has some positive and negative impacts on natural, social and cultural factors, as part of social life, because of their unplanned development and they are the products of different cultural backgrounds. They are wanted and encouraged by all countries, as an economic development force even if they have some negative impacts.

2. Tourism Entrepreneurship

Tourism is a dynamic and ever changing industry in modern economies. Its growing structure with stimulating effect on other industries has been directly and indirectly providing a significant contribution to the country's economies. (Russell and Faulkner, 2004: 556). Entrepreneurship is a critical factor in tourism development (Russell and Faulkner 2004; Kokranikal and Morrison, 2002; Zapalska and Brozik, 2007; Koh and Hatten, 2002). Because the richness of the touristic attractiveness is important in the destination to be visited for tourism purposes, but it is not adequate as a touristic product, in terms of attractiveness and forming economic value. Benefiting touristic attractiveness resources on formation of economic value depends on availability of accessibility and usability factors as well as attractiveness. While accessibility factor represents infrastructure, usability factor represents touristic superstructure. A large portion of the revenue of the tourism industry emerges through tourist spending for the superstructure investments (accommodation, food & beverage, entertainment facilities) and these investments are mostly made by private sector entrepreneurs. Tourism entrepreneurs are the basic determinants of successfulness of a society, who aims economic growth, development and differentiation via tourism. Entrepreneurs determine the magnitude of tourism industry, and
what, where and when touristic enterprise will be created. Therefore they are defined as the sculptors of
tourism space. Tourism entrepreneur can be described as a person to make profit through tourism enterprise by
considering market opportunities (Koh ve Hatten, 2002:23-25). Thomas Cook’s innovativeness and his role in
the development of mass tourism as an entrepreneur, Walt Disney’s Disneyland ideas and development of theme
parks as an entrepreneur (Russell and Faulkner, 2004:562), in today’s world the reason for Las Vegas and
Dubai’s famousness in the world are entrepreneurs entrepreneurialships in this cities.
Tourism entrepreneur differs from the general entrepreneurs in several ways and the nature of tourism and
tourism product are the driving factors of this differences. These are: (Koh and Hatten, 2002: 32)

- Tourism entrepreneur create tourism enterprise.
- Intangibility of tourism offerings causes greater difficulty in testing their offerings and poses greater
  risk to tourism entrepreneur.
- Tourism is a service oriented industry. This implies that tourism entrepreneurs need to acquire service-
  oriented management and marketing practices.
- Seasonality of tourism products cause sales fluctuation and this have to be done more attentively and
effectively.
- Immobility of tourism offers causes more uncertainty and less control over the products.
- Significance proportion of tourism products are owned and operated by governmental agencies
  (national parks, thermal springs etc).

Tourism entrepreneurial activities provide important contribution to the societies’ economic, social,
cultural development and welfare. While development of tourism entrepreneurship in any country provide new
jobs, real income and increase revenue, tax income and because of its multiplier effects also effects other
industries in economic aspects (Zapalska and Brozik, 2007; Koh and Hatten, 2000), from the social point of view
it makes the destination place to be lived, worked, entertain and spend time in retirement (Kokkrankanikal and
Morrison,2002; Koh and Hatten, 2000). The development of tourism entrepreneurship is postulated as a
spontaneous process, which occurs as a result of growth in tourism development (Shaw and Williams, 1998:
237). Yet the birth of touristic enterprise is not an act of nature but an act of the tourism entrepreneur (Koh and
Hatten, 2000:22).

3. Tourism Industry in Turkey

Turkey is one of the most important tourism destinations in the world. According to data in 2008,
approximately 31 million tourists visited Turkey, and left 22 billion dollars as a tourist spending. Turkey has
been growth approximately 13 percent according to the previous year (www.turizm.gov.tr), and reach at the
rank 7th in the world (www.turkiyeturizm.com). Turkey is very attractive in terms of tourism destination. This
situation is an important reason behind the level of its tourism industry. With its strategic importance because of
geographical position in the historical process, Turkey is a country where many of the provisions of civilization
happened. Historical attractiveness of these civilizations makes Turkey a wondered and visited country. Three
sides surrounded by the sea Turkey is also an important natural destination. Especially, as the basic tourism
product in terms of sun and sand of the sea , the Mediterranean and Aegean coasts are important destinations
(Antalya, Bodrum, Marmaris, Fethiye, Kuşadası). Every year millions of tourists visit Turkey for vacation
tourism purposes. The cultural factors like Turkish hospitality and Turkish cuisine are the supporter factors of
attractiveness of Turkey

Its possible to distinguish the development of tourism industry into two fundamental periods in Turkey.
First period, started between 1963 and 1980; at this period legal arrangements and superstructure developments
directed to the tourism formed by Turkish Government. In this period main entrepreneur in Turkish tourism is
the state itself. During this period the state enterprises are the basic superstructures in building TURBAN hotels
in different cities and pioneering private sector at risky tourism ventures. The second period covered 1980 and
today. In this period, tourism as an instrument to remedy the economic imbalances in foreign trade with exports
has played important role. In this period, it started to make a tremendous contribution to the economy with its
high competitive power. Also, during this period the state has begun to reveal incentives applications to private
sector in the development of tourism superstructure to play basic entrepreneurial role. In this period, especially
in 1982, 2634 of the "Tourism Incentive Law" (Resmi Gazette, 1982: Sayı.17635) has been the basic incentive
tool for superstructure of supply in the development of tourism. In addition to Law No. 2634, the 4875 "Direct
Foreign Investment Law" (Official Gazette, 2003; Sayı:25141) and No. 5084 "Investment and Promotion of
Employment Act and some changes in the “Law Making” (Official Gazette, 2004; Sayı:25365) are other
important incentives. In this period, statistical data belong to tourism industry, showed that entrepreneurs played
important role in economic development of the tourism industry. Moreover, this situation is the best evidence
that to have the rich resources in terms of attractiveness, to develop tourism industry in a country and to create
economic value are not enough.
Some important national and international events occurred between 1980 and 2008 shaped activities of tourism entrepreneurs in the tourism industry and the development of the Turkish tourism sector. These are:

- 1991 First Gulf War
- 1997 Economic Crisis in Asia
- 1999 Earthquake in Gölcük
- 2006 Avian Influenza, Cartoon Crisis

The basic driving force of development in the Turkish tourism industry in the 1980-2008 period is the number of beds as supply of qualified tourism superstructure that increased from only 56,044 beds in 1980 to the level of 532,262 beds by the year 2007 (Table 1). During these period, private entrepreneurs by increasing the supply of tourism superstructure became the basic catalyst to create economic value that tourism sector has already reached.

4. Study Findings

The statistical fact sheets of tourism industry in Turkey indicate that development of tourism superstructure which is formed by private entrepreneurs is the main determinants of the sectoral size and increase in the share of tourism industry in economic development of Turkey. The tourism superstructure supply of Turkey has increased by 9.5 times between 1980 and 2008. While growth of the tourism superstructure was slower between 1980 and 1984 period, it indicated approximately 4.5 times increase between 1985 and 1997. Although increase in the bed capacity between 1997 and 2000 developed slowly, in 2001 and 2007 period it again indicated rapid development (Figur1). The process experienced in the development of Turkish tourism superstructure reflects the natural structural characteristics of tourism industry. In the first years because the tourism industry was at the beginning stage of its development and its risky character private entrepreneurs remained in distance to the industry and this caused decrease in development. The economic crisis, political instability, terror, earthquake etc. caused decrease in tourism demand towards to turkey and slow development of tourism enterprises between 1997 and 2000. Although bird influenza throughout the world, cartoon crisis between Christian and Muslim world narrowed the volume of tourism demand and caused decrease in tourism receipts, tourism superstructure supply continued its development because Turkish entrepreneurs are experienced in dealing with crisis and difficult conditions.

Figure 1. Number of Tourism Licensed Accommodation Establishments in Turkey by Years (1980-2007)

Owing to tourism superstructure formed by tourism entrepreneurs in Turkey. While only 1,288,060 visitors visited Turkey in 1980, the number of visitors increased to 30,929,192 in 2008 which represent 24 times increase in visitor arrivals. In the same period while tourism receipts of Turkey was only 326,5 million dollars in 1980, it raised to 22 billion dollars in 2008 (Table 1). When tourism receipts are examined between 1980 and 2008, it is seen that tourism receipts of Turkey increased around by 67 times. The Fluctuations in tourism...
receipts experienced in this period because of economic, social, political and environmental factors was also the result of decreases in flexible tourism demand. The first Gulf War in 1991, economic crisis and the political conflict between Turkey and Germany and Italy, and Earthquake in Gölcük, the capture of head of terrorist organization between 1997-1998-1999. The bird influenza and cartoon crisis in 2006 caused the decrease in tourism demand and tourism receipts in Turkey (Figure 2).

As a result of profitable activities of tourism entrepreneurs and their efforts in obtaining customer satisfaction through increasing service quality average expenditure of visitors during their holidays in Turkey increased by 3 times and reached to 700 dollars.

Table 1. The Number of Visitors and Tourism Receipts of Turkey - Average Expenditure Per Capita by Years (1980-2008)

<table>
<thead>
<tr>
<th>Years</th>
<th>Receipts (1.000 $)</th>
<th>Number of Visitors Departing</th>
<th>Average Expenditure Per Visitor ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>326 654</td>
<td>1 288 060</td>
<td>253,6</td>
</tr>
<tr>
<td>1981</td>
<td>381 268</td>
<td>1 405 311</td>
<td>271,3</td>
</tr>
<tr>
<td>1982</td>
<td>370 320</td>
<td>1 391 717</td>
<td>266,1</td>
</tr>
<tr>
<td>1983</td>
<td>411 088</td>
<td>1 625 099</td>
<td>253,0</td>
</tr>
<tr>
<td>1984</td>
<td>840 000</td>
<td>2 117 094</td>
<td>396,8</td>
</tr>
<tr>
<td>1985</td>
<td>1 482 000</td>
<td>2 614 924</td>
<td>566,7</td>
</tr>
<tr>
<td>1986</td>
<td>1 215 000</td>
<td>2 391 085</td>
<td>508,1</td>
</tr>
<tr>
<td>1987</td>
<td>1 721 117</td>
<td>3 058 676</td>
<td>562,7</td>
</tr>
<tr>
<td>1988</td>
<td>2 355 295</td>
<td>4 150 300</td>
<td>567,5</td>
</tr>
<tr>
<td>1989</td>
<td>2 556 529</td>
<td>4 482 779</td>
<td>570,3</td>
</tr>
<tr>
<td>1990</td>
<td>3 225 000</td>
<td>5 190 729</td>
<td>621,3</td>
</tr>
<tr>
<td>1991</td>
<td>2 654 000</td>
<td>5 106 792</td>
<td>519,7</td>
</tr>
<tr>
<td>1992</td>
<td>3 639 000</td>
<td>6 827 392</td>
<td>533,0</td>
</tr>
<tr>
<td>1993</td>
<td>3 959 000</td>
<td>5 925 760</td>
<td>668,1</td>
</tr>
<tr>
<td>1994</td>
<td>4 321 000</td>
<td>6 410 979</td>
<td>674,0</td>
</tr>
<tr>
<td>1995</td>
<td>4 957 000</td>
<td>7 247 076</td>
<td>684,0</td>
</tr>
<tr>
<td>1996</td>
<td>5 962 100</td>
<td>7 970 722</td>
<td>748,0</td>
</tr>
<tr>
<td>1997</td>
<td>8 088 549</td>
<td>9 233 503</td>
<td>876,0</td>
</tr>
<tr>
<td>1998</td>
<td>7 808 940</td>
<td>8 878 840</td>
<td>879,5</td>
</tr>
<tr>
<td>1999</td>
<td>5 203 000</td>
<td>7 069 293</td>
<td>736,0</td>
</tr>
<tr>
<td>2000</td>
<td>7 636 000</td>
<td>9 990 841</td>
<td>764,3</td>
</tr>
<tr>
<td>2001</td>
<td>10 066 500</td>
<td>13 450 121</td>
<td>748,0</td>
</tr>
<tr>
<td>2002</td>
<td>11 900 900</td>
<td>15 214 516</td>
<td>782,0</td>
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<tr>
<td>2003</td>
<td>13 203 100</td>
<td>16 302 050</td>
<td>810,0</td>
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<tr>
<td>2004</td>
<td>15 887 700</td>
<td>20 262 640</td>
<td>784,0</td>
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<tr>
<td>2005</td>
<td>18 153 500</td>
<td>24 124 501</td>
<td>752,0</td>
</tr>
<tr>
<td>2006</td>
<td>16 850 800</td>
<td>23 148 669</td>
<td>728,0</td>
</tr>
<tr>
<td>2007</td>
<td>18 487 008</td>
<td>27 214 988</td>
<td>679,0</td>
</tr>
<tr>
<td>2008(*)</td>
<td>21 910 964</td>
<td>30 929 192</td>
<td>708,0</td>
</tr>
</tbody>
</table>

NOT: (1980 - 1983) Central Bank
(1984 - 1990) Foreign Visitor departure Questionnaire
(2003-2007) KTB+TUIK+ Central Bank
(*)Data for 2008 is provisional

Source: http://www.turizm.gov.tr (Turizm İstatistikleri, Turizm Geliri ve Gideri, GSMH ve GSYİH,İhracat ve İthalat ile Ortalama Harcamalar) 08.05.2009
One of the main characteristics of touristic product is the synchronization of production and consumption. In other words its consumed where its produced. These characteristics make tourism an export take place in the country that is an export within the country. That’s why called it invisible export with this feature the development of superstructure of tourism industry generates contribution to the continuous development of exports raises. Between 1980-2008 year periods, excluding crisis period, the share of tourism revenues in exports showed a steady growth. This contribution for some time in 1997, 2001 and 2002 increased at the level of 30 percent. (Figure 3). But it is seen the decreases in the share of tourism in total export after 2002. These decreases are due to the diversification of Turkey’s export items and a rapid development of other export items.

Economically, one of the most important problems of Turkey is the Foreign Trade Deficit. Tourism by its export characteristics provides considerable contribution to the close of foreign trade deficit of Turkey. Even though some fluctuations shown in the period between 1980 and 2008 years, tourism has played an important role to be closed Turkey’s foreign trade deficit since 1985. In some years (1988, 1994) the amount of tourism revenue reached more than 80% of the foreign trade deficit and has exceeded 100% in 2001. In recent years,
depending on the increase in imports of goods, foreign trade deficit is in a fast growth so the role of tourism in the foreign trade deficit may be reduced relative to the closure but it continues to provide important contributions (Figure 4)

![Figure 4. Rate of Tourism Receipts in The Deficit of Foreign Trade in Turkey by Years (1980 - 2008)](http://www.tuik.gov.tr/VeriBilgi.do?tb_id=12&ust_id=4&dış_ticaret,dış_ticaret_istatistikleri,yıllara_göre_dış_ticaret) 16.05.2009  

(*) Source: [http://www.turizm.gov.tr](http://www.turizm.gov.tr) (Turizm İstatistikleri, Turizm Geliri ve Gideri, GSMH ve GSYİH, İhracat ve İthalat ile Ortalama Harcamlar) 08.05.2009 Data for 2008 is provisional.

Increase in the share of tourism revenues in the GNP is a significant data showing the contribution of tourism to a country's economy. Its multiplier effect of direct economic contribution as a final consumer sector and with high value added make positive contributions to GNP. The share of tourism in GDP increases as proportional with the development of tourism sector. Indeed, with only 0.6 percent it had a very low share on Turkey’s GDP in 1980. But the developments of superstructure ventures increased its share and reached its effects to 6.9 percent on GDP in 2001. In the period after 2001 decrease in the share of industry in GDP was not from reduced revenues of the sector. This decrease was related with the growth of other sectors in the economy (Figure 5). The increase of the share of tourism revenues in the GNP is a significant data showing the importance of its effects within a country's economy.

One of the most important benefits of the Tourism investment and development of the superstructure to Turkey is the contribution to the employment, due to its labor-intensive structure. Unemployment is a serious problem in Turkey. Tourism is an important employment area and provides significant contributions to reduce unemployment. Tourism is a sector that creates direct employment besides indirect employment due to a final consumer sector. The development of superstructure of tourism not only creates direct qualified employment but unqualified employment. Besides this the opening of new tourism enterprises and the development of other businesses also contribute to create new employment areas to meet new demands. As tourism industry combined different sectors under one roof, it is very difficult to calculate its share in total employment. Because there is not enough data on this issue, numerical data about direct and indirect employment in the sector is used to show the employment size of the sector just for 1993-2001(Figure 6). It is seen that total employment in the relevant years of data taking into account the proportional size of employment in Turkey is almost one of every five people employed directly and indirectly in the tourism sector.
5. Discussion and Summary

When statistical data about Turkish Tourism sector over the last 29 years is evaluated, it is seen that tourism industry provides important contributions to Turkish economic development. In the contribution of tourism sector to general economic development, because of the development of superstructure supply of sector, private entrepreneurs play main roles. When data for the period of 1980-2008 which is accepted as the starting date of tourism sector development in Turkey is compared, it is seen that the development of superstructure supply in sector has direct positive impact on export, trade balance deficits, GDP growth, and employment which are accepted as the main indicators of economy. In the same period, superstructure supply has developed 9.5 times and because of this development, the number of tourists increased 24 times and the income of tourism grew 67 times. The development, economical value creation and fluctuations and declines in the contribution to general economy of superstructure supply of sector are the result of sectoral features of tourism sector and it only shows that why government should support tourism entrepreneurs. Turkey is a country which has permanently
trade balance deficit and high unemployment rate and also the development of its competitive goods in international area is limited. In these economic conditions, in order to maintain sustainable economic development, Turkey needs value added sectors which have high competitive capacity. In this context, tourism is important sector for the sustainable development of Turkish economy. Moreover, in order to eliminate the regional development differences, Turkey which has different touristic resources in its different regions should stimulate value added sectors in underdeveloped regions. In this point, practices to encourage private entrepreneurs for investments in these regions make a major contribution to both regional and general economic growth and development. Therefore, that government plans development regions and give some incentives to private sector is so important.

As a result, tourism is a risky sector and has long payback period. Therefore, it is not a preferred investment area for private sector. Meanwhile, the determination of the development of sector, value creation, and sectoral size is private sector enterprises. A tourist comes to a place to satisfy his/her curiosity and meet his other needs and doesn’t pay for sunbath and swim. Tourist pays for accommodation, food & beverage, entertainment and other superstructure facilities and all these facilities are supplied by tourism entrepreneurs.

References


http://www.turizm.gov.tr (Turizm İstatistikleri, Turizm Geliri ve Gideri, GSMH ve GSYİH, İhracat ve İthalat ile Ortalama Harcamalar) 08.05.2009.
