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THE REVIEW OF THE DATA OF TURKISH TOURISM INDUSTRY VIA THE TREND ANALYSIS METHOD

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ABSTRACT

The way for Turkey to increase its tourism related income and to reach to a higher place within the global competition goes through achieving sustained tourism activities and keeping the whole tourism industry standing. This can only be achieved by rendering the enterprises in the industry financially improved and by conducting effective financial analyses. In this study, within the scope of findings, obtained by implementing trend analysis method onto the industrial data of the tourism industry, which is comprised of the accommodation and food & beverage related businesses in Turkey, supplied by The Central Bank of the Republic of Türkiye, determinations regarding the financial status of the industry have been made. In Turkish tourism industry, the profitability between 2015 and 2018 was not at the desirable level. For the continuation of the success of the industry which recovered in 2019 and have been going through a successful period, as well as for the ensuring the efficiency of its activities, taking measures towards strengthening the structure of its equity capital and long-term foreign resources, shall be most beneficial for the industry.

1. INTRODUCTION

The tourism movement gained pace in the world as the result of the living conditions after the end of the WWII and the accompanying socio-economic and technological changes in different manners and an ever increasing number of people up to this day set course for touristic movement in masses (Çoban & Karakuş, 2019; Isik et al., 2018). That is to an extent that the number of tourists, which was 25 million in the post-war period, approached to 1,5 billion people as of the end of 2019 and correspondingly, the tourism related income jumped from a measly 2 billion USD to 1,5 trillion USD (Boz, 2019; UNWTO, 2020).

A number of developments in tourism industry in global scale, the technological advancements being the first, and the rapid change in the tourism related figures over the years resulted in the emergence of a whole new industry and made the tourism one of the highest developing industries in the world (Yıldız, 2011). The tourism industry, which increased the attention it has been increasingly gathering more attention due to its contributions to the global economy especially after 80's, has become a major business today with relation to 64 sub-industries, offering significant advantages to the nations within the global competitive environment (Solmaz, 2019).

The fact that the economic benefits that the tourism provided to the nations as the result of the ever increasing tourism activities across the globe have reached to significant levels also resulted in the rise of a competitive environment (Dogru et al., 2019; Isik & Radulescu, 2017; Isik & Turkmendag, 2016; Isik et al., 2019; Karagöz et al., 2021; Koščak et al., 2021; Singh, 2022a, 2022b). Therefore, both the developed and the developing countries initiated endeavors to increase their share from the global tourism market pie. Without a doubt, Turkiye, which is one of the major players in the world tourism market, is one of those aforementioned nations (Bilgiçli & Altınkaynak, 2016).

Just like the rest of the world, the tourism industry influences a variety of sub industries in Turkey as well. When such industries are analyzed in terms of the primary needs of the tourists, the density of the expenditures and their contribution to the employment, it becomes apparent that the sub industries of accommodation and beverage come to the forefront compared to the others as they play leading roles (Şit, 2016). The way for Turkiye to increase its tourism related income and to reach to a leading place in the global competition passes through the persistence of its tourism related activities (Çımat & Bahar, 2003). This may only be possible by keeping the tourism industry standing and advancing it financially. The importance of the financial analysis emerges right at this point. The issues that the business in the industry experience makes an effective financial analysis activity

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necessary to conduct (Dilber, 2007). Because the financial reality of the businesses may only be outlined in the clearest way possible through financial analysis as the soundest plans and forecasts for the future can only be drafted by the financial analysis as well. Financial analysis is also important in terms of auditing the activities and ensuring an effective supervision as well. (Karadeniz et. al, 2016)

In this study, it was intended to show the financial state of the accommodation and beverage sub-industries, which steer the Turkish tourism business, during the period between 2014-2019 and to reveal their inclinations. While the initial chapters of the study encompass the development of the tourism industry during the aforementioned period, the third chapter indicates the aim and the scope of the study and further reveals how the data had been obtained, further showing the method of analysis. The data, obtained within the scope of the study are disclosed in the fourth section that is called the "Findings". Reviewing and discussing such data via tables are provided in the "Discourse" section. The final chapter of the study outlines the findings, reached through the examinations and review.

2. LITERATURE REVIEW

In the study, conducted by Santos et al. (2021), by analyzing the liquidity levels of the hotels in the vicinity of Portugal between 2013-2017, the capability of those hotels to meet their short-term obligations based on their locations and features was questioned. Within the scope of the survey, the data of 817 hotels was reviewed and it was found that the liquidity levels of the aforementioned hotels did not differ based on their geographic location and it was further revealed that the hotels, which provided no restaurant services, had higher liquidity levels compared to the ones that provided such services. In the study, it was disclosed that the liquidity levels of the hotels differed based on the stars that they feature as the liquidity levels of the hotels with 4 and 5 - star ranked lower and that the liquidity of the hotels tended to decrease as the capacity of scale of the hotels increase.

Another study was conducted by Santos et al. (2019) on 386 business that offered services in alternative fields of tourism such as culture, sea and nature within the area on the Northern part of Portugal. In the study, the businesses were divided into groups based on their services they rendered within a time span of 16 years and were analyzed accordingly. It stands out that while the businesses that deal with cultural tourism are more capable of paying their shorter-term payables, the businesses dealing with sea related activities are better in meeting their long-term financial obligations. Furthermore, it is apparent that the other businesses are experiencing financial issues.

In a study, conducted by Turegun (2019), 13 enterprises that are listed in Borsa Istanbul and that render services in hotel and restaurant businesses, the financial ratios are analyzed. While the results of the study show that the hotels have higher liquidity rates compared to the restaurants, it was also disclosed that the restaurants have higher profit and solvency ratio therefore they are more capable of meeting their long-term obligations.

In the study, conducted by Bilici (2019) the financial performance of the tourism industry in Turkey between 1996-2016 was reviewed via the ratio analysis and the TOPSIS method. As the results of the study show that the industry was not adversely affected by the crises that occurred within the aforementioned period and that while the liquidity levels were insufficient during the initial years of the period such levels reached to better points in the recent years and therefore, it was observed that there were no issues in performing the short-term obligations. However, it is also apparent that the industry is not good at using its capital in an efficient manner and suffers from insufficient equity capital.

Karadeniz and Beyaz (2018) in a survey they run, compared financial performances of the Turkish and European Food & Beverage industries between 2014 and 2016. As the result of the survey, it was observed that the European Food & Beverage businesses had considerably more value compared to their Turkish counterparts and that the capability of the European Food & Beverage industry to meet its short-term liabilities is higher compared to the Food & Beverage industry in Turkey.

In the study, conducted by Erdoğan and Yamaltdinova (2018), the financial performances of 13 tourism businesses that are listed in BIST, belonging to a period between 2011-2015, were examined using the TOPSIS method and the companies of the study were ranked according to the scores, based on several financial ratios. Within the scope of the study, the solvency rates, turnover rates and profitability rates of the 13 companies were reported to experience serious fluctuations. It was underlined that such fluctuations adversely affect the financial structures of the tourism businesses.

Gai et al. (2017) conducted a financial study on the tourism business of Italy and especially performed an analysis that included the financial performances of the Italian enterprises, linked with accommodations. The analysis shows that while the hospitality industry, improved in the recent years, the enterprises in the industry should be pay attention to their barrowing practices via banks and that especially their short-term burrowing negatively impacted their financial performances. It was underlined that the small and middle scale business are having difficulty in competing with the larger companies and therefore, loans with more favorable conditions should be provided to such kind of businesses.

The financial performance of the Hospitality and Beverage sub industry from 2010, 2011 and 2012 was reviewed in a study, conducted with Koşan and Karadeniz (2014) using the DuPont financial analysis method. The study used the data from The Central Bank of the Republic of Türkiye and the results draw attention to the high values of the expenses and costs and the high financial risks, arising from the high utility rate of the foreign capital in the industry.

Ryu and Jang (2004) in a study they conducted in the United States, compared the hotels, which provide casino services, with the ones that do not provide such services and by analyzing the financial statements of 85 hotels that they reviewed through certain financial ratios, they performed performance measurements. In this study, which revealed that the type of the hotel is a significant factor that has an effect on the financial liquidity of the enterprises, it was disclosed that the hotels with gambling services had much better liquidity outlook compared to the other types of hotels.

In the study, conducted by Afşar (2002) regarding the tourism industry in Turkey, the analysis of 300 leading companies of the industry was performed using the data from 1994-2000. The study draws attention to the fact that the tourism industry experienced severe difficulties because of the global and national economic hardships, especially occurred at the end of 90's and due to the natural disasters, struck Turkey but the industry also entered a path of recovery as of 2000. In light of the data, reviewed in terms of the study, outlines that the industry as a whole has a very weak foundation. Moreover, the lodging businesses rather finance themselves using foreign resources and that there is an insufficiency in equity.

3. THE DEVELOPMENT OF THE TOURISM INDUSTRY IN TURKEY

When the development of the tourism industry in Turkey is examined, it is seen that the Turkish tourism followed a path of development that is parallel to the rest of the world. Just like in the world, the tourism activities began condensing in 50's. (Zengin, 2010). Turkey switched to planned development era in 1963. As in many other fields, the first planned steps towards the development of the tourism industry were taken during those years as well. The Turkism tourism industry however, experienced a grand leap forward when 60's came and thanks to the legislative, administrative and financial aids, provided in these years, a significant increase in the number of tourists, in tourism related income and the tourism expenditures per capita was experienced (Yıldız, 2011). The total number of tourists, which were recorded as 200.000 people before the planned development era, reached to 5,5 million people in 1990 and the tourism related income for the same year was reported to be 327 million USD. In the year of 2000, the total number of visitors neared to 10,5 million people while the tourism related income reached to 5,2 billion USD. After this year, the Turkish tourism gathered significant momentum. In 2010, 33 million people visited Turkey and the tourism related income approached to the 25 billion USD. In 2013, the number of tourists neared 40 million people as the tourism income was recorded as 32,3 Billion USD. When the average spending per capita during the aforementioned period is reviewed, it is seen that while the average was around 621 USD in 1990, this figure was recorded as 765 USD in 2000, 755 USD in 2010 and 824 USD in 2013 (Okuyucu ve Akgiş, 2016). The development of tourism industry in Turkey during 2014-2019 is shown is Table 1.

Table 1: Total Number of Tourists, the Tourism Income and the Expenditure Per Tourist Capita

Year	Number of Tourist (Million People)	Tourism Income (Billion $)	Average spending per capita
2014	41.6	34.3	828
2015	41.1	31.4	756
2016	30.9	22.1	705
2017	37.9	26.2	681
2018	46.1	29.5	647
2019	51.7	34.5	666

Source: Republic of Türkiye Ministry of Culture and Tourism, 2020

When the Table 1 is examined, it is seen that the total number of tourists, engaging touristic activities in Turkey in 2014 was 41,6 while the total income was logged as 34,3 Billion USD and the average spending per capita was 828 USD. In 2015, a decrease of 500 thousand people is evident while this resulted in a 3 billion USD drop in the income. The average spending per capita in this year was recorded as 756 USD. In 2016, significant decreases in both the number of tourists and the tourism related income is apparent in 2016. When the tourism associated figures for this year are examined, the total number of tourists was 30,9 million and the total tourism income was 22,1 billion USD: The average tourism related spending during this year was around 705 USD. In 2017, the tourism industry entered into a recovery process but while the number of tourists and the total tourism income, both of which decreased after 2014, showed a marked increase, the drop in the average tourism spending per person continued. In 2018, the vertical movement both in the number of tourists and the tourism income continued as the number of tourists reached to 46,1 million people and the tourism income neared to 29,5 billion USD. The decrease in the average spending per tourist in this year also continued. When the 2019 is examined, it is seen that the total number of tourists reached to 51,7 million people with a 5 million increase compared to the previous year and correspondingly, the tourism income peaked at 35 billion USD. The average tourism expenditure per tourist in 2019 showed a small increase compared to the previous year, resulting in 666 USD.

4. METHODOLOGY

This study, by implementing one of the financial analysis methods, the trend analysis to the data regarding the tourism industry in Turkey, aims to outline the financial performance of the industry during the period that encompasses between 2014-2019 and to determine the transformation that the industry have been experiencing in recent years.

Financial analyses are performed in order to exhibit the financial outlook a company, to analyze the results, arising from its activities, to measure its financial performance and to come up with estimations and projections for the future in light of the accumulated data (Çabuk, 2019). The financial statement of a company, which is comprised of the balance sheets and income tables of the said company, comes first as one of the basic source of data that should be taken into account when conducting financial analysis regarding a company. All groups of interests, which have an assign importance to the business that is the subject of the analysis, make inferences and remarks regarding that business using the data in the aforementioned tables and statements (Elmas, 2019). The comments provide information for the prudential administrative recommendations.

The trend analysis method, which is one of the financial analysis methods, is also called the tendency analysis. When the variances occurring in the items of accounts in the financial tables are desired to be calculated for long-terms, the trend analysis method is utilized. This method, being no fewer than 5 years, may encompass terms with 10-15 years or even longer (Şen et al., 2015). When the trend analysis method is utilized, a year, in which no abnormalities are observed, is selected as a base year. The selected term, being comprised of normal years along with the base year would yield healthier results for the conducted analysis. After the base year is selected, the values in all items of accounts are regarded as 100.

The data from the following years are proportioned to the relevant items of the base year and the emerging variances are indicated with percentage values. If put by a formula, the trend analysis can be expressed as (Sevim, 2019);

$$\text{Trend Percentage} = \frac{\text{The value of the relevant item in the calculated year}}{\text{The value of the relevant item in the base year}} \text{ x } 100$$

After the variance percentages of the items, shown in the financial tables, the items on the tables are associated with each other on a graph and some assessments are made. In trend analyses, the basic items that are associated with each other are as follow (Elmas, 2019);

Current Assets and Short-Term Liabilities/ Debts,

- Fixed Assets and Constant Capital,
- Current Assets and Fixed Assets,
- External Resources and Equity Capital,
- Inventories and Sales,
- Trade Receivables and Sales,
- Sales and Costs of the Sales,
- Gross Profit, Operating Profits and Changes in the Income of Exercise.

When the financial analysis works that were conducted in Turkey in the past regarding the tourism industry, it is evident that rather some certain companies were picked within the industry as their stats were examined and that methods, other than the one, used in this study were utilized in such works. In this study on the other hand, a general review of the tourism industry, in which lodging and food sub-industries are discussed, is presented.

The data in the study were obtained over the latest financial tables for tourism industry, published by The Central Bank of the Republic of Türkiye. The financial tables, obtained in this regard, were assessed via the trend analysis method and in light of the resulting data, the financial outlook of the tourism industry was attempted to be interpreted. In the study, the year 2014 was selected as the base year and by using the financial tables of the tourism industry between 2014-2019, the analysis of these tables were conducted. Due to the severe adverse impact of the COVID-19 pandemic on Turkish Tourism Industry just like the rest of the world, the year 2020 was excluded from the study. The financial variances that the industry experienced over the indicated years were presented with tables and graphs.

5. RESULT

The studied term of the tourism sector was selected as 2014-2019. The industrial data was used to conduct calculations regarding the trend analysis.

5.1. The Trend Analysis of the Balance Statement of Turkish Tourism Industry

The below table contains the 5-year calculations regarding the industrial balance statements based on 2014.

Table 2: Trend Analysis of the Balance Statements Tourism Industry by Years

ASSETS	2014	2015	2016	2017	2018	2019
I-Current Assets	100	107,3	129,5	156,6	180,0	217,2
II-Fixed Assets	100	115,1	137,3	151,1	168,6	191,3
Total of Assets	100	112,4	134,6	153,0	172,5	200,3
LIABILITIES	2014	2015	2016	2017	2018	2019
III-Short-Term External Resources	100	118,9	146,9	174,4	209,9	255,8
IV- Long-Term External Resources	100	121,9	158,9	185,6	226,8	238,6
V-Equity	100	96,4	97,9	99,2	81,1	107,2
A- Paid-Up Capital	100	106,2	125,2	135,5	139,9	153,2
B- Capital Reserves	100	115,8	130,0	167,8	175,2	238,6
C- Other Reserves	100	102,5	164,8	192,5	172,6	203,4
D- Profit from previous years	100	116,3	146,0	154,6	167,8	202,7
E- Losses from previous years (-)	100	112,8	154,3	211,4	264,0	335,0
F- Net Income for the period	100	(301,8)	(939,0)	(652,3)	(719,4)	372,2
Total Liabilities	100	112,4	134,6	153,0	172,5	200,3
Number of Businesses	30.233	31.917	34.322	37.373	38.938	41.296
	100	105,6	113,5	123,6	128,8	136,6

In Table – 2, the comparison of the 5-year balance sheet data of the industry with the data from 2014, which is considered as the base year was made and the increases or the decreases on the same items are expressed as percentages. From 2014, which is taken as the base year, to 2019, an increase at the rate of %217 was observed in the current assets, which are in the assets part of the balance sheet. It was reported that the rate of increase, which was slow during the initial years, picked up speed in the recent years. While the rate of increase in the fixed assets is not as high as the current assets, the rate was indicated as %191 in the last year that is 2019.

When the data of the Table – 2 is reviewed in terms of the changes in the liabilities section, increase rates up to %230-250 especially in the external resources are striking. It is safe to safe that the industry sustained its activities during those years via running into debts. Despite the increase in the external resources, the loss related figures as of 2015 show that the profitability started as late as 2019.

5.2. The Trend Analysis of the Income Sheets of Turkish Tourism Industry

The comparison of the 5-year income statement data of the industry was made with the data from 2014, which is taken into account as the base year and the increases or the decreases on the same items are expressed as percentages.

When the Table – 3 is analyzed, it is observed that the gross sales in the industry tend to increase year by year. The gross sales increased in 2015 and 2015 with the rates, close to each other (%10-11 respectively). While an increase rate of %104 was observed in 2018, a rise 2,5 fold was recorded for 2019. The increase rates in the gross sales were reflected upon the net sales in a similar manner. When the sales discounts are analyzed, a 5-fold increase in 2018 is striking. While in that year, a 10-fold increase in the sales discounts is particularly remarkable it is also safe to say that as of 2018, a rather more competitive policy has been followed in this regard. When the Table – 3 is reviewed in terms of the sales costs, it is also apparent that there is a tendency in the cost items to increase by years. The rate of increase in the costs occurred to be more than the increase rate in sales. It is observed that the cost control was established as of 2018. When the cost items in Table – 3 are examined, it is seen that the R&D costs increased more compared to other costs. While the R&D costs showed a decline in 2015, a 3-fold increase in this item in 2019 is also striking. It can be ascertained that the industry went into a new process and steered itself towards new

Table 3: Trend Analysis of the Income Statement of the Tourism Industry by Years

	2014	2015	2016	2017	2018	2019
A- Gross Sales	100	109,4	111,7	147,1	204,2	249,6
B- Sales Deductions (-)	100	125,3	143,2	192,2	529,9	353,7
1- Sales Returns (-)	100	118,6	155,6	195,7	237,4	320,4
2- Sales Deductions (-)	100	139,9	122,6	198,4	1.134,0	386,8
3- Other Deductions (-)	100	114,3	134,1	133,7	188,2	480,9
C-Net Sales	100	109,2	111,3	146,6	200,5	248,4
D-Cost of Sales (-)	100	111,4	120,1	149,8	188,0	238,1
Profit or Loss From Gross Sales	100	102,8	85,1	136,9	237,4	279,1
E- Operating Expenses (-)	100	108,4	122,3	140,9	178,4	219,6
1- Research and Development Expenditure (-)	100	67,4	141,0	157,5	221,7	292,8
2- Marketing, Selling and Distribution Expenditure (-)	100	103,9	136,8	172,4	223,3	275,5
3- General Administrative Expenditure (-)	100	109,6	118,4	132,6	166,5	204,9
Operating Profit or Loss	100	73,5	(111,6)	115,7	549,9	594,0
F-Other Active Ordinary Income and Profits	100	139,3	120,8	162,0	479,6	278,3
1- Dividend Income from Affiliate	100	63,2	335,2	166,6	158,6	253,8
2- Dividend Incomes from Subsidiaries	100	233,2	82,3	272,9	58,1	218,1
3- Interest income	100	81,6	128,7	176,3	196,3	217,8
4- Commission related income	100	199,9	118,0	79,9	340,2	297,1
5- Provisions no Longer required	100	94,0	116,3	129,2	156,3	153,2
6- Profit on Sale of Marketables	100	69,4	37,3	31,0	127,1	103,3
7- Profit From Foreign Currencies	100	167,1	121,4	181,5	685,6	328,4
8- Rediscount Interest Gains	100	44,0	279,6	99,1	126,8	521,3
9- Inflation Adjustment Profits	100	59,0	174,0	70,3	160,0	66,4
10- Other Operatıonal Incomes	100	114,7	117,7	126,8	182,8	228,2
G- Expenses and losses from other ordinary operations	100	214,5	196,2	275,0	795,9	396,2
1- Commission Expenses (-)	100	111,7	110,4	140,6	199,2	254,8
2- Provision Expenses (-)	100	160,1	127,2	85,7	125,4	714,1
3- Loss on sale of marketable sec. (-)	100	97,8	33,5	26,7	188,3	67,5
4- Exchange Rates Losses (-)	100	243,2	216,5	307,9	952,6	431,1
5- Redıscount Interest Expense (-)	100	44,2	123,3	37,2	145,4	414,1
6- Inflation Adjustment Losses (-)	100	277,6	97,0	69,9	89,7	1.743,3
7- Other Ordinary Exp. Losses (-)	100	66,7	108,4	150,1	91,0	134,5
H- Financial Expenses (-)	100	159,9	191,2	244,9	535,0	378,5
Income and Profit from Other Ordinary Operations	100	(189,8)	(540,1)	(336,3)	(331,0)	286,0
I- Non-Operating Revenues / Profits	100	104,3	105,8	118,9	120,4	191,9
J Extraordinary expenses or losses (-)	100	63,9	127,8	151,6	162,5	140,8
Income or Loss for the Period	100	(149,5)	(554,4)	(362,3)	(365,8)	332,6
K- Prov/taxes statutory obligation(-)	100	97,8	70,5	108,7	208,6	268,1
Net Period Profit or Loss	100	(301,8)	(939,0)	(652,3)	(719,4)	372,2

practices and promotional activities. When the table – 3Table 3 is examined in terms of the operating profits / losses, the only losses were recorded in 2016 while in 2018 and 19, a 5-fold increase in operating profits was observed. When the Table – 3 is analyzed in terms of the income and profits as well as costs and losses, arising from other activities, the exchange transactions in 2018 catch the eye for both types of items. On the other hand, while the exchange related profits showed a 7-fold increase in 2018, the exchange related losses increase 10 times as well. As the result, it is safe to say that the industry was negatively impacted from the fluctuations in the exchange rates. When the Table – 3 is examined in terms of periodic net profits and losses, it is seen that the industry ended all years with losses with the exception of 2019. While the Tourism industry ended the base year of 2014 with profits, it is also seen that the profits in the business entered into a tendency towards losses as of 2015. While the most losses were recorded in 2016, 2019 was the only year, in which the industry recorded profits. It can be further commented that the political and terror related incidents, occurred in Turkey in 2015 and 2016 (such as the disputes with Russia and Syria, downing of a Russian military plane, failed coup attempt of July 15th etc.) played major roles in this regard.

6. DISCUSSION

In this section of the study, for the purpose of outlining the financial look of the tourism industry in a better manner, variances in the items that should be prioritized in analyses, made via trend analysis were indicated on figures and such variances were attempted to be interpreted by expressing them in trend curves.
In Figure – 1, the comparison between the current assets and the short-term liabilities is presented.

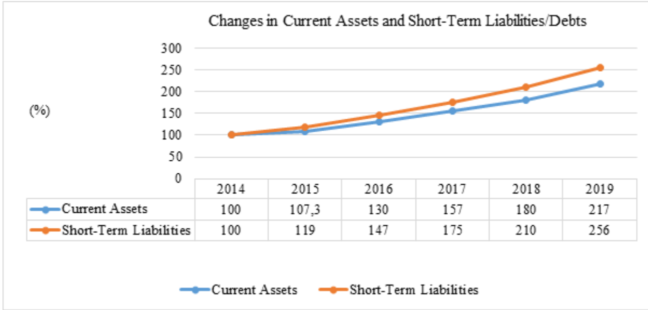

Figure 1: Changes in Current Assets and Short-Term Liabilities

The current assets in enterprises are usually financed by the short-term external resources. When the Figure – 1 is examined, it is observed that there is a constant tendency to rise in the industry for both the current assets and the short-term liabilities in all years. However, it is also apparent that, within the examined period, the rate of increase in short-term liabilities outpaces the increase rate in current assets. From this point forward, it can be assumed that the short-term liabilities were used for financing other items apart from the floating assets and that the liquidity as well as the ability of the Turkish tourism industry to pay the short-term liabilities was steadily weakened.

The equity as well as the long-term external resources is utilized in the finance of the fixed asset investments. The sum of those two items makes up the constant capital. In other words, the fixed assets are realized via the constant capital. In Figure – 2, the comparison between the fixed assets and the constant capital was made.

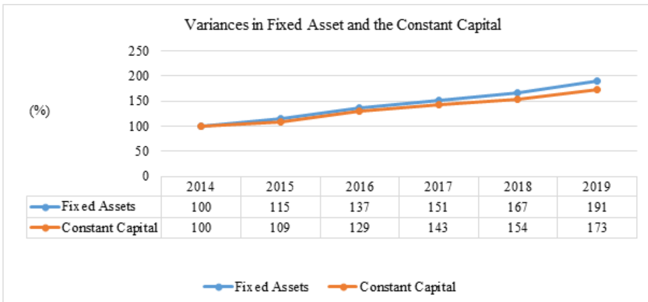

Figure 2: Variances in Fixed Asset and the Constant Capital

When the Figure 2 is examined, it is observed that the fixed assets and the constant capital increased steadily during the analyzed period and as the years followed, the deficit between the two items expanded.

Table 4: Values for Fixed Assets and Constant Capital

	2014	2015	2016	2017	2018	2019
Fixed Assets	77.085.696	88.731.353	105.833.879	116.465.514	129.968.802	147.483.425
Constant Capital (Long-Term Ext. Res. + Equity)	79.175.524	86.471.751	101.765.114	112.856.800	122.115.797	137.057.039

When the Figure – 2 is examined, it is observed that the fixed assets and the constant capital increased steadily during the analyzed period and as the years followed, the deficit between the two items expanded. When the Table – 4 is reviewed, it becomes evident that only in 2014 the constant capital was larger than the fixed assets as after this year, the fixed assets were steadily recorded as larger than the constant capital. As the result and according to this outlook, it is obvious that the fixed assets could be financed by the constant capital only in 2014 and the in following years, as the constant capital was not sufficient in this regard, other resources were needed. The resulting picture may imply that the other resources that are required for the financing of fixed assets were provided from the short-term external resources that should have been otherwise used for the current assets.

The comparison of the current and fixed assets that are listed in the active section is indicated in Figure – 3.

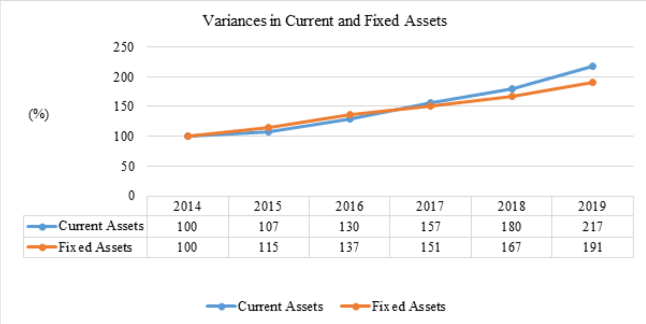

Figure 3: Variances in Current and Fixed Assets

When the Figure – 3 is observed, it is understood that both the current and the fixed assets are in constant tendency to increase within the analyzed period. However, no sharp variances are observed in both groups of assets either. Recording more increases in fixed assets in 2015 and 2016 compared to current assets means that during these years, an increased in the investments in fixed assets occurred. As of 2017 on the other hand, a larger increase in the current assets occurred and as the result, it is observed that increases in the current asset investments in the industry such as the stocks, trade receivables etc. occurred as well.

The distribution and variance of the equity and external resources that are located within the liabilities column of the financial statements show the composition of the resources of the enterprise assets. The pro rata distribution of those items as well as their variances is shown in Figure – 4.

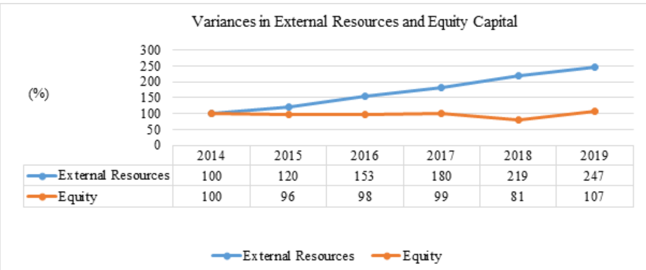

Figure 4: Variances in External Resources and Equity Capital

The assets of the enterprises are financed by their equity capital and the external resources. The amount of the resources and establishing an optimal level of balance between them is as important for the success of the enterprises as the amount of their assets and the balance between them. When the Figure – 4 is analyzed, it is observed that the external resources constantly tend to rise. While small scale decline is seen in equity capital in 2017, no substantial changes occurred. In 2018, a larger scale decline was recorded in the equity capital, but a rise is evident in 2019. According to these findings, it can be underlined that the assets in the tourism business in Turkey are rather financed through external resources and in case this scenario continues to persist, financial risks for the tourism industry may emerge.

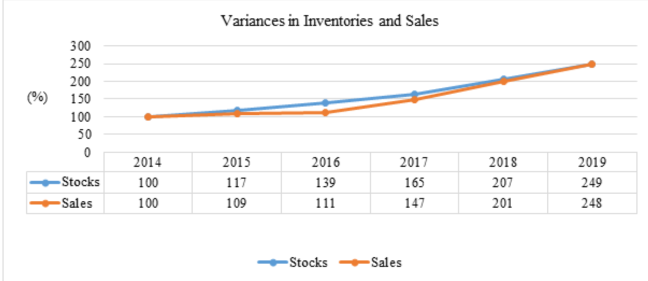

Figure 5: Variances in Inventories and Sales

When the Figure – 5 is analyzed, a tendency in both stocks and in sales revenue to increase is evident. However, the rate of increase in the sales revenue in 2015 and 2016 is virtually non-existent. In those same years, the stocks seemed increased more. From this point, it can be said that the tourism industry experienced difficulties in destocking in those years. It can be interpreted that at this point, this situation had negative impact on the profitability and liquidity structure of the businesses. As of 2017, a significant increase in the sales revenue is evident. It is further observed that after that year, stocks and sales experienced increases that are close to each other and that a more optimistic outlook for the tourism industry in term of stock depletion emerged.

Investments on the trade receivables and the extended maturities are not the situations that the businesses often do not desire. Increased sales usually result in increased trade receivables. And the business may gain information regarding the management of their trade receivables by monitoring their sales increase or decline against the change in their trade receivables. The comparison regarding the changes in trade receivables and sales are shown in Figure – 6.

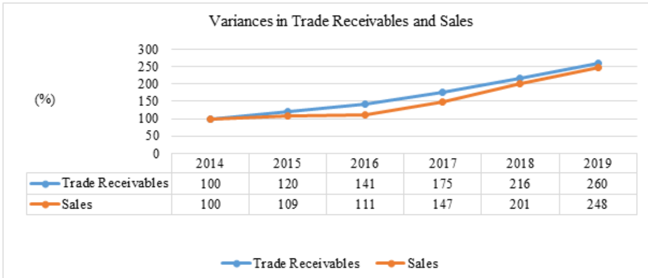

Figure 6: Variances in Trade Receivables and Sales

Just like in the stocks, assessing the changes in monitoring along with the sales income is important in terms of outlining the change in the credit-based sales by the enterprises in the industry. In cases, where there is no change in the credit-based sales by the businesses, the trade receivables and the sales income show increases and decrease towards almost the same direction and at the same rate. The business may opt make periodic changes in their sales policies and in order to increase their total sales volume, may increase their credit-based sales. This may also occur in order to avoid negative market situations and for keeping the sales volume. When the Figure – 6 shows that the sales income and the trade receivables of the businesses in Turkish tourism industry constantly records increase. However, it is also seen that the correlation between the two indicated items weakened in 2015 and 2016 and that the more increase regarding those items occurred in trade receivables. As the result, it can be assumed that the tourism industry had problems in sales in

2015-2016 and in ordered to overcome such problems, the industry prioritized credit-based sales or that they had issues for collecting their receivables. Therefore, it is safe to say that the industry required new funding during those years. When the Figure – 6 is examined, it is also evident that the correlation between the sales and the trade receivables strengthened once again as of 2017 and that increase rates for those two items were close to each other.

Increases in sales volume and amount mean an increase in the sales cost as well. The rate of increase in the sales cost being higher than the sales volume is an unwanted situation. In the comparison of those two items, the declining costs or steady costs are welcomed. When the increase in the sales costs outpaces the increase in sales volume, a situation that is unfavorable for the business occurs while the opposite is quite favorable for the enterprise. The comparison in the variances in sales and sales volume are shown in Figure – 7.

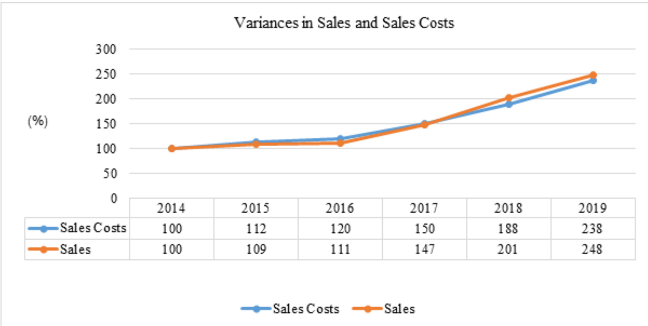

Figure 7: The Variances in Sales and Sales Costs

When the Ffigure – 7 is analyzed, it is seen that there is constant increase in two items, being the sales and the sales cost. It is observed that during the periods of the study, the costs in Turkish tourism industry in 2015 and 2016 increased more than the sales and that the two variant came to the almost same point in 2017. In 2018 and 19 however, a picture that is favorable to the enterprises emerged as the increases in sales income outpaced the sales costs.

The Figure – 8 provides a comparison between the gross profit operation profit and period profit. High profitability figures in all three items are highly desired. Especially the enterprise profits resulting in positive figures are expressed in period (annual) profit. Therefore, period profits, which move towards a positive direction with steady increase, is desired.

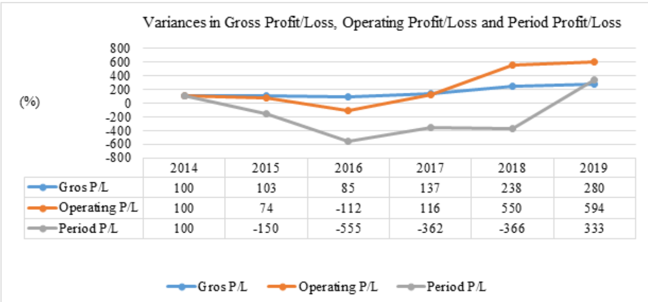

Figure 8: Variances in Gross Profit, Operating Profit and Period Profit

When the Figure - 8 is analyzed, it is seen that except for 2016, in which a gross loss is recorded, all periods registered gross profits. This can be interpreted as the result of the increases and decreases in the sales and sales costs. The ratio of sales increase in 2018 being significantly higher than the increase in the cost is striking. When the Ffigure – 8 is analyzed in terms of operational profits / losses, again the increase of the operation profits, starting from 2018 is remarkable. The rate of increase in the sales, being considerably higher than the sales cost especially in 2018 drove the operation profits to a significantly higher point. Such an increase is also a result of the lower increase rates in operational costs. When the period profits and losses are assessed, it is observed that the industry was running losses from 2015 to 2018. This is resulted from the fact that the ordinary and extraordinary costs and losses, arising from other activities were higher than the income and profits with the same nature. Additionally, increases in financing (debt) costs can be pointed out as the reason for closing the indicated years with losses.

7. CONCLUSION

This study has been performed to outline the financial performance of the industry between 2014-2019 and by analyzing the developments and changes that the industry experienced in the recent years, to observe the reflections of the transformations that the tourism industry has been going through via implementing the trend analysis method, which is one of the financial analysis methods, to the financial statements of Turkish tourism industry.

When the findings of the study are analyzed, it is evident that the assets in Turkish tourism industry are financed rather via external resources. While the current assets in the enterprises are predominantly financed via short-term external resources, the fixed assets are attempted to be financed via constant capital. When the Turkish tourism industry is assessed further, it is observed that the short-terms external resources showed a higher rate of increase compared to the current assets and that the tourism industry is unable to finance its fixed assets through its constant assets, which are comprised of long-term external assets (debts) and equity capital. This means that the financial outlook of the industry is not healthy and thus, it is having difficulties in finding long-term credit and is in risk of rollover for short-term debts (Aimer, 2021; IşıkIsik et al., 20202018, -20182020). At this point, it is safe to say that the short-term external resources are transferred to the financing of the fixed assets in order to ensure the necessary financing.

The assets in Turkish tourism industry are rather financed by the external resources and in case this situation continues, it is very possible that the financial risks for the tourism industry may appear.

It can be said that the industry entered a new path after 2015 and steered towards new practices in terms of promotion, R&D etc.

The study shows that the tourism industry experienced financial difficulties in 2015 and 2016 and after 2014, which was selected as the base year, it registered profits only in 2019. It can be further commented that the political and terror related incidents, occurred in Turkey in 2015 and 2016 (such as the disputes with Russia and Syria, downing of a Russian military plane, failed coup attempt of July 15th etc.) played major roles in this regard.

It is observed that the tourism industry also experienced difficulties in destocking between 2015-2016 and the return of the funds, linked to the stocks failed to be realized in a timely manner. It can be underlined that this had a negative impact on the profitability and the liquidity of the company. In this regard, a more optimistic picture emerged after 2017.

It is also possible to say that the businesses that make up the tourism industry experienced some difficulties in terms of sales in 2015 and 2016 and in order to overcome such problems, they prioritized credit-based sales or they also had difficulties in collecting their receivables. As the result, it was observed that the industry needed new funds in these years. This negative outlook began improving as of 2017.

When the costs of the tourism industry in Turkey, it was observed that a favorable outlook emerged in 2018 and 19 compared to the previous years and that the increase in the sales income overtook the sales costs. The fact that the increase rate in the sales income was recorded as significantly higher than the rate of increase in the sales costs in 2019 elevated the profitability in that year in a remarkable manner. Declining operational costs also played a role in this situation. When the periodic losses and profits are analyzed, it becomes apparent that the industry had been running on losses from 2015 to 2018. This is the result of the fact that the ordinary and non-ordinary costs and losses were higher than the income and profits in the same nature. In addition, increases in the financing (debt) costs as well as the fluctuations in exchange rates can be picked as amongst the reasons for closing those periods with losses.

7.1. Assessments

In Turkish tourism industry, the profitability between 2015 and 2018 was not at the desirable level due to the economic and political turbulences (Turna and & Özcan, 2021). For the continuation of the success of the industry, which recovered in 2019 and have been going through a successful period, as well for the purpose of ensuring the efficiency of its activities, taking measures towards strengthening the structure of its equity capital and long-term foreign resources, shall be most beneficial for the industry (Ahmad et al., 2021; IşıkIsik, 2015).

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