

THE STRUCTURE AND FINANCING OF A NEW NTO FOR NORTHERN CYPRUS*

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ABSTRACT

In this article, we examine the past record of the Northern Cyprus NTO function and evaluate its organization structure and financial arrangements. In addition, we also suggest what might be the structure and responsibilities of a new NTO, that would better be able to support positive and sustainable tourism growth in Northern Cyprus. It is determined that after setting up a new NTO, closer working between industry, the community and the government can hold out the hope that both the right structure and increased funding can be achieved. The new structure should also be better able to encourage the development of sustainable tourism.

ÖZET

Kuzey Kıbrıs'da Yeni Bir Ulusal Turizm Örgütünün Yapısı ve Finansmanı

Bu çalışmada Kuzey Kıbrıs Türk Cumhuriyeti'nin turizm sistemi incelenmiştir. Turizmi Rum kesimine göre oldukça geri olmasına rağmen bugüne kadar, KKTC'nin doğal güzelliği korumada daha başarılı olduğu belirlenmiştir. Kuzey Kıbrıs'da faaliyet gösteren otellere bir anket uygulanmış, turizm örgütlenmesi, finansmanı ve tanıtımı konularında sorular sorulmuştur. Otellerin yönetici/sahiplerinin mevcut turizm yapısından memnun olmadıkları ve toplumsal katılımı sağlayan yeni bir turizm örgütlenmesi istedikleri saptanmıştır. Bu çalışmada, böyle bir yapı ile

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doğal güzellikleri muhafaza ederek Kuzey Kıbrıs'ta turizminin gelişmesinin sağlanabileceği öne sürülmüştür.

INTRODUCTION

There has been increasing awareness of the economic importance of tourism to national economic development since the 1970s. Tourism is considered by many governments to be an economic sector that has potential for growth beyond the short term. The importance of tourism is seen to be particularly high for island states. The ability of an island's economy to benefit from tourism depends on the availability of investment to develop the necessary infrastructure, and on its ability to supply the needs of tourists in terms of accommodation, food, relaxation, shopping experience and entertainment.

Investment in tourism is typically concentrated along the coastline or in the more attractive inland areas. This is particularly evident along much of the Mediterranean coast and its islands, where a continuous urban sprawl has frequently been created. Such highly polarised development causes environmental problems that proper planning and control must seek to avoid.

Implementing the principles of sustainable development within a tourism context can be a solution for an island state such as Northern Cyprus. Sustainable development is a relatively new concept. It is defined as development that meets the needs of the present without compromising the ability of future generations to meet their own needs (McKercher, 1993, p.131-136). To achieve sustainable development a country's resources need to be managed in a manner to ensure they are safeguarded and replenished. While tourism will typically be included in the plans and strategies for national growth, governments are now being cautioned to avoid the industry expanding at a rate beyond local capabilities (Lea, 1991, p.75). This requires the recognition and control of potential problems arising from the over use of land and of other resources. Establishing a nationwide planning process that prevents the destruction of tourism by tourism and protects the environment is still not too late for some Mediterranean countries, although the environments of many are already severely damaged.

The island of Cyprus is an interesting case as it has a highly developed and urbanised tourism industry in the south, an underdeveloped tourism sector in the north. After the division of the island in 1974, the international community recognised only the Greek Cypriot administration in the south. Northern Cyprus, now called the Turkish Republic of Northern Cyprus, lacks official international recognition and maintains full diplomatic ties with Turkey.

Since 1974, Greek Cyprus has achieved an average annual growth rate of 4.5 % in international tourist arrivals. Hotel accommodation during the same period recorded an annual growth of 18.4 %, and total hotel accommodation has now reached some 70.000 beds. Tourism has become one of the main sources of revenue, contributing around 25 % of the GDP. Greek Cyprus has gained a comparative economic advantage over Northern Cyprus as the result of its international recognition and with the support of international aid, but the efforts of its National Tourism Organisation (NTO) must also be given credit. The Greek Cypriot NTO, which is an autonomous organisation, has made important contributions to the success of tourism, and in cooperation with the government, has provided appropriate incentives to the private sector. These incentives have covered a wide spectrum ranging from credit and tax reductions to marketing measures.

Although Greek Cyprus has achieved a considerable development in tourism, some aspects of this development have been criticized. Such criticism suggests that an overemphasis on the middle and upper income market has resulted in excess urbanisation and the creation of "concrete jungles". Almost 50 % of hotel capacity in Greek Cyprus now belongs to these higher categories (Andronikov, 1993, p.67-70). Other problems cited are overcrowded roads in the tourist season and the over use of tourist facilities to the point that their attractive power is threatened.

Conversely, due to both international restrictions and its own organisational problems, Northern Cyprus has not achieved a high rate of economic growth since 1974. Hotel accommodation has reached only some 7.000 beds. Severe problems have been experienced in planning tourism development and in attracting tourists. Northern Cyprus is marketed abroad mainly by small specialists and wholesalers who sell holidays only to that destination in combination with Turkey.

However, sometimes the very lack of development can create new opportunities and various observers (Lockhart, 1994, p.370-378) have noticed a comparative advantage for Northern Cyprus in this regard. The current conditions in Northern Cyprus mean that there are no problems of congestion. None of the pressures on land usage, commonly associated with Mediterranean tourism, are evident. With the exception of some areas along the coast, most villages have not yet been damaged by tourism development. Northern Cyprus has great scope to rethink how best to establish its tourism industry without damaging the environment. There are some environmental problems caused by the waste discharged by ships and by the ineffectiveness of local administrations in managing rubbish clearance. While these latter problems will discourage the tourist, if not resolved; they are not themselves caused by badly managed tourism development.

If the development of tourism in Northern Cyprus is to avoid some of the most damaging effects on the natural and human resources of country, it needs to adjust its objectives towards long term outcomes and to consider ways in which development can be made environmentally sensitive. As for many developing countries, the social, cultural and environmental goals of Northern Cyprus may be of greater importance than simple, short-term economic returns. The NTOs in such countries will therefore need to assume broader responsibilities than simply tourism planning and the marketing of tourist facilities.

In this article we examine the past record of the Northern Cyprus NTO function and evaluate its organisational structure and financial arrangements. In addition, we also suggest what might be the structure and responsibilities of a new NTO that would better be able to support positive and sustainable tourism growth in Northern Cyprus. We intend that these specified findings will also be of interest and value to other developing states.

OVERVIEW OF TOURISM IN NORTHERN CYPRUS, 1975 - 1994

The tourism activities in Northern Cyprus began with the opening of hotel accommodation to tourists after the division of Cyprus in 1974. Some of these hotels were managed by a newly formed public company (Cyprus Turkish Tourism Enterprises) and some were leased to individual operations. Fairly rapidly 24 hotels were able to offer 2,612 beds. In the following ten years, the revival of tourism in Northern Cyprus was a very gradual process. Only one thousand additional beds were added by the private sector to the existing capacity. A larger increase in the number of beds was achieved only after the legislation of the Tourism Promotion Law in 1987. During the subsequent 1987 - 1993 period, tourist accommodation reached 74 hotels and 7017 beds, as summarised in Table 1.

Table 1
The Growth of Hotel and Bed Numbers

Year	Number of Hotels	Number of Beds	Rate of Increase in Hotel Beds
1975	24	2,621	-
1980	32	3,051	16 %
1985	37	3,687	20
1990	55	5,414	47
1993	74	7,017	30

Source: Tourism Planning Office of Northern Cyprus

The tourism policies of the Northern Cyprus government have so far met with only modest success. Although the number of hotels has increased, problems such as excessive dependence on Turkish visitors remain (Table 2). The share of the tourism sector of Northern Cyprus's GNP is only 2.3 % as against 13 % for the agricultural sector.

Table 2
Numbers of Tourists and Bed Occupancy Rates

Year	Total Tourists	Turkish Tourists	Total Bed nights	Occupancy rate	Average bed nights
1975	58,048	91 %	174,144	18.2 %	3.0
1980	60,439	82	322,584	27.7	5.3
1985	72,555	78	324,290	23.1	4.5
1990	115,374	81	616,007	35.3	5.3
1993	152,116	78	889,448	36.3	5.9

Source: Tourism Planning Office of Northern Cyprus

Share of boarding houses, bungalows and hotel apartments is 47 % with only 36 % of beds belonging to 4 and 5 star category hotels. The middle and lower income tourists are the main consumers of hotels in Northern Cyprus. This emphasis on lower income tourism is not, as far as we can ascertain, the result of policy and whilst it might limit environmental impact, any future plans will need to strike the right balance between economic benefit and environmental impact.

THE PRESENT NTO ARRANGEMENTS IN NORTHERN CYPRUS

There is no separate, self standing organisation that exercises the role of an NTO in Northern Cyprus and the principal functions of an NTO are undertaken by the Tourism Ministry. The management of tourism is the responsibility of the Minister of State. Government bodies exercise a heavy control, ranging from policy making and planning to promoting and financing tourism. The structures that exist within the Ministry are a replica of the Turkish model. As a result, the traditional bureaucratic structure and the dysfunction of the Turkish model have been directly transferred. The existing economic and political conditions have, no doubt, played an important role in establishing this structure.

It is often the case that, in countries which are dependent upon tourism for their economic survival, the government is heavily and directly involved in the tourism industry. As is noted above, this situation does not presently hold for Northern Cyprus, as the proportion of income derived from tourism is quite low. However, the rationale for significant government involvement is to increase the proportion of the country's income that is derived from tourism. It is also well recognised that tourism in Northern Cyprus depends upon the provision of a sound infrastructure to encourage and satisfy the tourist markets, including adequate public services, roads and airport facilities. We can thus summarise the main reasons for the government's present high degree of direct involvement in tourism as being:

- uncertainty in the political situation since 1974
- the problems of non-recognition
- international restrictions suffered by the national airline
- the need to guard the national heritage
- the high degree of ownership, by the government, of hotels and other tourism facilities
- the state of the economy, and generalised social and political reasons.

The policies of the government were formalised in the Tourism Promotion Law of 1987. This law offered the following incentives to the tourism industry:

- The allocation of public buildings and lands to private investors.
- Import duty exemptions for tourism material.
- Financial aid for publicity of tourism companies.
- Relaxation of immigration rules for the recruitment of employees from abroad.
- The right to transfer foreign currencies.
- Government supported tourism credits.

The two main financial incentives of the Tourism Promotion Law are:

- Short and middle term tourism credits that are supported by government agencies. Terms of credit are 3 - 5 years. The interest is subsidised by a special fund set up for the support of tourism.

- Rehabilitation credits to hotels in distress to be provided by the Development Bank. The sources of the Development Bank are subsidised by the government with the participation of private commercial banks.

During the period of 1987 - 1993 the subsidised tourism credits were \$ 5.2 million in relation to a total investment by tourism companies of \$ 70 million (Çetin, 1994). In addition to these credit incentives the cumulative total value of import tax duty, support for charter flights, plus aid for publicity reached \$ 48,250 in 1994 (Table 3).

Table 3
Some Key Tourism Incentives(\$' 1000)

	1987	1988	1989	1990	1991	1992	1993	TOTALS
Waiver of import tax	191.6	2,928.7	12,370.4	23,944.0	3,225.3	3,301.2	1,631.9	47,593.31
Charter flight support				13.4	70.8	30.7	57.8	172.7
Financial aid for publicity				231.9	161.8	90.0		492.7
TOTALS	191.6	2,928.7	12,370.4	24,189.3	3,457.9	3,430.9	1,689.7	48,258.5

Source: Tourism Planning Office of Northern Cyprus

The government is involved in a whole spectrum of activities ranging from investment in transport and accommodation to various forms of financial assistance and participation in trade fairs. It is further being pressed by the special interest associations (TRNC State Planning Organisation, 1993) to give priority to such issues as the inadequate numbers of flights, shortcomings in communication systems, and insufficient local services.

While the incentives provided by government to the tourism industry made a positive contribution to the number of hotels, this and other achievements can only be regarded as limited successes in the promotion of tourism. Others (Akis, Warner, 1993, p.379-387) would support this conclusion. Interest groups such as the Cyprus Turkish Hoteliers'

Association and the Travel Agencies Union are lobbying for still greater governmental support to promote the sector and to finance the requirements of the industry. The main complaints of this sector, as set down by the Hoteliers' Association, are as follows (North Cyprus Hoteliers' Association, 1994):

- The unfair allocation of public lands and buildings, and unfair lending of tourism credits and incentives.
- The very low level of incentives relative to the total amount of investment that has been made by private investors.
 - The short terms that apply to tourism credits. (3 - 5 years compared to 15 years in Greek Cyprus).
 - The high rate of interest of tourism credits.
 - The limited sources of funding available to the tourism sector.
 - The limited coordination with government bodies.

The demands of these interest groups are concentrated on two main issues:

- The need to form of a new NTO
- The need for a clear definition of national policies in the form of a Masterplan.

It is, of course, a very common approach for governments to accept responsibility for subsidising and supporting promotion undertaken by individual operators. Normally, however, while the governmental contribution might be the largest individual element, it would be relatively small in relation to the combined contributions of the total private sector. In Northern Cyprus, however, the total contribution from the private sector is minimal. Partly as a result of this low private sector input, the total funds available for promotion are far below what is needed. It is also clear (Table 3) that government aid is declining.

The proportional participation of the private sector in the tourism industry is quite considerable (for example, 71 % of bed capacity) but their contribution to tourism policy formulation appears to be confined to providing expert information to the government policy makers from time to time. It could be that a greater say should be given to the private sector in the formation of policy, in exchange for increased financial participation.

The tourism promotion budget of the government, which was \$ 460,000, \$ 358,000 and \$ 440,000 in the years 1991, 92 93,

respectively, is quite inadequate. These sums represent only 0.25 % of the yearly income from tourism, of \$ 150 - 200 million, over the same period.

Our own assessment is that the existing structure that fulfills the role of the NTO has two important inadequacies:

- It appears unable to foster cooperation between tourism companies, special interest associations and the community in order to achieve a national spirit of cooperation.
- It is unable to raise sufficient funds from the industry and tourism.

It is clear that a dependence upon only public finance will not be sufficient to implement a successful tourism development policy. Economic difficulties and inflexible public organisations have a negative influence not only on the development of infrastructure, but also the whole marketing process.

Currently the government of Northern Cyprus is working on the task of creating a new NTO but, as the survey described below highlights, the much needed cooperation between the different interest groups in forming such a new structure still seems to be lacking.

SURVEY OF THE PERCEIVED EFFECTIVENESS OF NATIONAL TOURISM POLICIES - METHODOLOGY

In order to test and extend the generalised findings, outlined above, we undertook a survey of the hotels in Northern Cyprus during the Fall of 1994. We chose hotels as our preferred industry sector for detailed study because of the high level of the fixed assets and capital investment in this sector. This high financial commitment means that hotel companies are, perhaps, more strongly affected by government policies than are the other sectors that we might have targeted.

The aim of this survey was to collect information concerning the financing of this sector, on the perceived effectiveness of the governmental organisations, intended to help this sector, and on the effectiveness of the incentives that are offered.

The survey was conducted with 25 out of the 74 hotels in the country having star categories. The technique of stratified random sampling was used. After classifying all the hotels by star category, they were selected randomly from each category. Thus the correct relative relationship between the various categories of hotels was represented in our sample (see Table 4). The hotels surveyed (sample) had a total of 3,210 beds.

This represents 45.7 % of the total accommodation (population) of Northern Cyprus.

Table 4
Match Between Population and Sample

Categories of Hotels	Population(Beds)	Sample (Beds)
*****	7.0%	9.0%
****	29.0	29.1
***	36.1	40.0
**	19.7	15.2
*	8.2	6.7

A team of final year Girne American University students conducted face-to-face interviews with hotel representatives. The representative nominated to respond was always a senior member of the management team and was either the owner, general managers or chief accountant of the respective hotel. The questionnaire consisted of 40 questions. Two of these requested general information, 15 were on financial management, 13 concerned promotion and marketing activities. The remaining questions inquired about the problems experienced, in general, and with the government agencies, and invited recommendations on national tourism policies and the most appropriate organisation to plan and implement them.

FINDINGS OF THE SURVEY

General Background

The sampled 25 hotels employ 1,143 permanent and 370 temporary personnel. This is approximately 51 % of the total employees in hotels. 28 % of the surveyed hotels were formerly Greek Cypriot owned. 72 % of them have been established since 1974.

Financial Management

Table 5, below, summarises the findings obtained concerning financing.

Table 5
Use of Credits and Financial Problems

<i>Source of initial investments:</i>	
Equity	38 %
Bank credit and equity	47
Bank credit	15
<i>Source of working capital:</i>	
Equity	43 %
Bank credit	57
<i>Financial problems:</i>	
No problem	14.0%
Minor	19.0
Medium	28.5
Severe	38.5
<i>Development Bank credits:</i>	
Borrowed	47.6%
Not borrowed	52.4
<i>Difficulties in the repayment of bank credits and interest:</i>	
Very high	40.0 %
High	13.3
Average	33.3
Low	6.7
None	6.7
<i>Evaluation of the performance of the Development Bank:</i>	
Bad	28 %
Average	33
Good	16
Don't know	23

a) It is unfortunately not possible to make a direct assessment from our returns of the ratio between the bank credit and equity employed for start up capital, as 47 % of the returns indicated a mixture of the two. Discussions indicate, however, that close to half of initial investment is probably bank based.

b) A clearer picture emerges for working capital with just over half (57 %) being funded by bank credit.

c) Most hotels (over 85 %) claimed to experience some financial problems, with 38.5 % classifying their problems as severe. Over 47 % employed Development Bank credits.

d) A high proportion (47.6 %) of hotels resorted to the use of Development Bank credits to rehabilitate their companies. Such a high figure indicates that the industry is in a state of some difficulty.

e) Most hotels (86.5 %) experienced at least some difficulty with repaying bank principal and interest, with 40 % classifying their difficulties as very high.

f) When asked to rate the performance of the Development Bank, nearly a third assessed performance as bad and about a third as average not a very positive endorsement.

A serious problem for those wishing to invest in tourism in Northern Cyprus is the limited number of sources and the restricted total amount of subsidised bank credit available. An alternative to these subsidised credits is excessively expensive commercial bank credit. The problems of the hotels in financial distress are aggravated by borrowing from this source, as the interest rates of these banks are 30 - 40 % (real, i.e. above inflation).

The responses summarised in Table 6, below, relate to the incentives that are available. Such incentives are another source of financial aid available from the government and 65 % of hotels have applied for such incentives in recent years. The most common incentives are seen to be import duty exemptions, income tax exemptions and financial aid for publicity.

Table 6
The Use of Incentives

<i>Applying for Incentives:</i>	
Yes	65.0%
No	35.0
<i>Incentives used:</i>	
Import duty exemptions	22.0%
Financial aid for publicity	19.5
Income tax exemptions	17.0
Investment credits	14.0
Interest subsidies	13.0
Recruitment of foreign personnel	8.5
Allocation of public land	6.0
<i>Objectivity of the allocation of Incentives</i>	
Objective	26.4%
Semi objective	21.0
Subjective	52.6

Subjectivity in the allocation of incentives to hotels is seen to be the problem by the respondents, and 52.6 % of hotels expressed dissatisfaction with, what they judge to be, the unfair practices of the government agencies.

Occupancy and Pricing

Table 7 shows that the low rate of occupancy is a serious problem with 62 % of hotels not satisfied with the occupancies achieved. Some 47.6 % achieved a lower occupancy in 1994 than in 1993. Only 19.1 % achieved better occupancy rates in 1994 than in earlier years.

Table 7
Occupancy Rates and Prices

<i>Bed occupancy (1994)</i>		<i>Room rates considered to be:</i>	
20 - 30 %	3%	Low	23.8%
30 - 40	24	Reasonable	76.2
40 - 50	24	High	0.0
50 - 60	24		
60 - 70	15		
70 - 80	10		
<i>Evaluation of occupancy rate (1994)</i>		<i>Effect of discounts on occupancy</i>	
Poor	62.0%	Increase in occupancy rate	28.5%
Medium	19.0	No effect	71.5
Good	9.5		
Very good	9.5		
<i>Comparison of 1994 with 1993 occupancy rates</i>			
Lower	47.6%		
Same	33.3		
Higher	19.1		

Table 7 shows, unsurprisingly, that hotels consider their accommodation prices to be reasonable. Perhaps unexpectedly, however, most judge that no increase in occupancy would be achieved by discounting these prices.

Promotion and Marketing Activities

Table 8 shows that tourist agencies carry the main load of selling the hotel product of Northern Cyprus. This situation is presumably partly brought about because of the law that insists that all bookings must be via an approved agency. While 52.4 % of the hotels work through tourist agencies, 19 % have no contract with any agency. In general, hotels do not appear to experience problems with their agencies.

Table 8
Marketing

<i>Marketing by:</i>		<i>Problems with tourist agencies</i>	
Hotels self marketing	19.0%	Yes	20%
Via tourist agency	52.4	No	80
A mix of the above	28.6		
<i>Promotion budget of hotels</i>		<i>Promotion activities depend on</i>	
Less than 1 % of total budget	62%	Tourist agency	36.2%
1 - 5 % of total budget	14	Personnel contact	32.0
1 - 5 % of total budget	10	Trade fairs	31.8
1 - 5 % of total budget	10		
More than 20 % of total budget	4		

Perhaps because of the influential role of the agencies, we find that 62 % of hotels have almost no promotion budget. Their promotion activities depend upon agency efforts and personnel relations. The tendency to participate in the trade fairs is also seen to be somewhat low at only 31.8 %. A more direct involvement by the hotels in their own promotion would surely be beneficial.

Problems Experienced with National Tourist Agencies and Recommendations

In the view of our respondents, the present structure and functions of the government agencies, acting in the role of the NTO, are far from ideal. Most hotels are dissatisfied with the activities of both the NTO functions of the government and their own Hoteliers' Association, as can be seen from Table 9. The respondents also indicated that they considered there was insufficient information available, and discussion taking place, concerning the objectives and structure of the proposed new NTO.

Table 9
Performance of Government Agencies and the Hoteliers' Association

<i>Promotion activities of the present government agency are:</i>		<i>Is there a need for a new NTO?</i>	
Insufficient	95%	Yes	100%
Sufficient	5	No	0
Perfect	0		
<i>Activities of the Hoteliers' Association are</i>		<i>Information received concerning the proposed new NTO:</i>	
Inadequate	91%	None	62.0%
Adequate	9	Little	23.8
Perfect	0	Sufficient	14.2

Table 10 summarizes the responses obtained regarding the structure of the proposed new NTO. Respondents indicated strongly that they considered that it should be an autonomous quasi-government body. The hotel managers/owners support such a quasi government corporate structure as they believe that this will provide more flexibility than the cumbersome bureaucracy of the present government agencies. As many as 62% of respondents considered that the new NTO should have full responsibility on all tourism policies.

Table 10
Establishment of a New NTO and Interest Group Involvement

<i>The responsibilities of a new NTO should be</i>		<i>Willingness to pay a yearly subscription</i>	
All tourism	62%	Yes	65.2%
Only marketing	19	No	17.4
Only promotion	19	Don't know	17.4
<i>Private to public representation on a new NTO should be</i>		<i>Participation of other interest group is:</i>	
100% private	6%	Necessary	90.5%
70%:30%	25	Unnecessary	9.5
50%:50%	45		
30%:70%	19		
100% public	6		

Respondents indicated their willingness to pay a yearly subscription to the new organization but also made clear that the participation of other key interest groups would be necessary and, by implication perhaps compulsory.

Perhaps surprisingly, in the light of the difficulties they have encountered, including the problems of not being recognized, the lack of electricity, high interest rates and inadequate infrastructure, hotels are nevertheless optimistic about the future of Northern Cyprus tourism. They plan to make further investments in the coming years, as is highlighted by the summary shown in Table 11.

Table 11
Future Expectations

<i>Expecting profit from year of 1994</i>		<i>The most important problems of tourism are:</i>	
Yes	66%	Non recognition	26.0%
No	34	Electricity cuts	23.1
		Shortage of qualified workers	21.0

Table 11 (continued)

<i>Planning to invest in new tourism projects</i>		Inadequate infrastructure	20.7
Yes	76%	High interest rates	20.7
No	5	Other	8.5
Perhaps	19		

Views on the future of Northern Cyprus tourism

Optimistic 76%

Pessimistic 24

AN NTO FOR SUSTAINABLE DEVELOPMENT

In the planning and setting up of a new NTO it will be essential to think globally and act locally. As the environment awareness of community increase, the trend of the tourism movement will gravitate toward those countries that are more sensitive to their environment, culture and customs. In order to meet the combined needs of the host population in terms of improved living standards, satisfying demands of a growing number of tourists and preserving the natural environment, Northern Cyprus should pursue a sustainable development policy.

Mediterranean island states, such as Northern Cyprus, are a major attraction to tourists and travelers. Music, customs, folk, art, dramatic scenery, and flora and fauna are all important ingredients for tourism, in addition to the sun and sea.

Sustainable development need not be in conflict with economic growth. Proponents of sustainable development accept that economic viability is essential in order to decrease poverty, improve the quality of life and to channel the process of environmental protection (Owen, Witt, Gammon, 1993, p.463-474). An increasing number of developing countries have been turning towards alternative tourism in preference to uncontrolled mass tourism (McIntosh, Goeldner, 1990, p.139)-an example that Northern Cyprus can choose to follow.

Ritchie (May, 1992, p.112-118; Ritchie, 1991, p.149-158; Lea, 1991, p.78) is one of a number of researchers that has emphasized the importance of community involvement. One of the more successful community activities that an NTO can encourage in support of alternative tourism, is the restoration of old village houses. Karaman, in Northern Cyprus, is a good example of a development in which the houses have been suitable for modern living while preserving their essential external character. Such original properties are very popular with European tourists. Currently there are many such villages, the development of which could be supported by a new NTO, and thereby increase and encourage community involvement in tourism activities.

THE ROLE OF NATIONAL TOURISM ORGANISATION

Northern Cyprus potentially has much to gain from the proper development of tourism. In order to achieve its objectives for the country, the government will need to formulate a tourism policy which would be the basis of a new Masterplan (Burkart, Medlik, 1980, p.257). Having defined its broad policy in tourism, a government would typically delegate its detailed formulation and execution to the NTO.

The actions of an NTO are naturally influenced by the economic and political system of the country in which they operate. Within the boundaries of this economic and political environment an NTO may delegate some of its responsibilities to achieve savings, encourage and provide increased flexibility. Thus interest groups can move towards achieving a degree of self-regulation that will increase their power to bargain with the government and increase their own affairs (Greenwood, 1993, p.335-378).

There are three main approaches that have been adopted for the structure and management of NTOs. These are government, quasi management and independent autonomous organisations (Baum, 1994, p.185-192). Whatever its degree of involvement in the NTO, most governments would expect to continue to fulfill a directing role with respect to the finance provided by the state.

Researchers suggest (Choy, 1993, p.357-365) that the core activities of NTOs are coordination, legislation, promotion, research and providing tourist information. Depending on the situation, an NTO may increase, decrease or delegate some of its duties and responsibilities. The research indicates that instead of a static framework, an NTO should modify its role in line with the country's stage of development. The relative power of the government is usually exerted more strongly in the early stages of development of the tourism industry. In these early stages of growth, it is suggested, investment in infrastructure has a higher priority than extensive marketing.

The typical activities of an NTO will include coordinating government and private sector initiatives, securing appropriate legislation and providing data to assist in determining tourists' needs. With the expansion of the private sector, additional private sector sources of marketing funding would become available to sustain the momentum for growth. An NTO could then switch from its market development role to a management role involving coordinating and monitoring of tourism and legislative activities to mitigate any negative impacts that might jeopardise the growth in tourism. The mature stage, characterised by low and declining growth in the market, usually occurs due to increased competition and market saturation. To counter the onset of stagnant growth, an NTO may

adopt an innovative role, seeking new markets, encouraging product improvements and new product developments.

Northern Cyprus can be regarded as being at the end of its early stages of development. Thus the Northern Cyprus NTO should be able to start to share some of its responsibilities with the various interest groups. The structure of a Northern Cyprus NTO should be established in a flexible form so as to be able to meet the future needs of development, as noted above. The new structure should permit the interest groups to play a more important role in the subsequent stages of development. In this way the limited funds of the proposed Northern Cyprus NTO can be used more effectively by focusing on the most pressing activities rather than diluting efforts by attempting to accomplish too many activities.

Restricting private sector participation in the new NTO to hotels and tourism companies could pose a threat to the development of sustainable tourism, as the larger commercial enterprises would, on past experience elsewhere in the world, have a bias towards mass tourism. The increased involvement of the community in decision making would help to encourage alternative tourism policies. The expressed willingness of the hotel industry to share responsibilities within a new NTO is an enlightened stance and should benefit the Northern Cyprus tourism industry. However, stimulating the involvement of the community with the tourism sector will remain one of the major challenges of the NTO and the government.

The new Northern Cyprus NTO will face a unique additional challenge, in addition to those addressed by all other national agencies, in relation to the international ostracisation of Northern Cyprus. Emphasis will need to be given to the unique strengths that Northern Cyprus has to offer, briefly referred to in the Introduction.

FINANCING TOURISM

Burkart and Medlik (Burkart and Medlik, 1980, p.265) defined four main sources of funding that are available to promote tourism: the government, the industry, the tourist and the NTO itself. There are, however, in reality only two primary sources of funding available: the taxpayer and the tourists. It is true that funds from these two sources can usefully be channeled into promotion via the routes identified above. In Northern Cyprus one can also, at present, identify four apparent sources of funding, namely: the general government budget, specific funds for tourism promotion, limited local authority sources and aid from Turkey, but it is clear, these are all eventually dependent upon the tax payer.

In many countries the business active in tourism contribute to the financing of the NTO, and the structure and composition of the NTO provides for membership to which individual interests are asked to

subscribe, typically in line with their size. Some of the revenue required by the NTO may be raised directly from the tourists by means of a visitor tax as applied in a number of countries, in particular Australia, Germany and Switzerland.

How the funding for tourism is distributed and employed will depend upon the route or agency employed. Different considerations will apply, for instance whether promotion is being funded directly by industry or via the NTO.

Funding can be considered as being two-way. It is downward when, for example, an NTO wishes to stimulate regional cooperation and provides grants to further this specific purpose. The reverse direction of financing can operate, from lower levels to a higher level, when there is a need higher level organisation and individual companies or interest groups subscribe to a central pool. One such central pool is the NTO itself.

At present the Northern Cyprus government is, effectively, the sole source of finance for coordinated tourism promotion, as the current contribution of interest groups is very low. It is vital, for the future, to raise sufficient funds from interest groups to contribute towards achieving the nation's goals. In Northern Cyprus the main recognized interest groups are hotels, tourist agencies, restaurants and retailers selling to tourists.

A structure will need to be established that enables the participation of other groups, including village communities, specialist tradesmen and the universities, that now constitute the fastest growing business in the country. The aim of such participation would be to increase the funds available to the NTO for tourism promotion, via subscriptions and donations and to increase the variety of tourism product that the country is able to offer. The current structure of community and professional organisations is not conducive to their active involvement in tourism, and a new legal framework is needed to encourage and facilitate their participation. Involvement of the communities should help to decrease the perceived unfair allocation of incentives to the tourism industry, due to the more open democratic processes that will be in place.

Directing an increased proportion of incentives towards guest houses, small hotels and other small units and towards the restoration of traditional dwellings in support of alternative tourism, is one means of reducing the investment required per bed space, as well as the shortening the payback periods of tourism credits. Obviously, increasing community involvement will not raise sufficient funds alone, but it will help to create the right "hygienic" conditions to stimulate sustainable development in Northern Cyprus.

CONCLUSIONS

Northern Cyprus is fortunate in not having suffered from the depredations caused by inappropriate and excessive tourism development. However, the level of tourism that has been achieved and the current rate of growth of tourism income is far less than is desirable. It is perhaps not an exaggeration to suggest that the country's survival depends, to an extent, on a successful tourism. Whilst the difficulties of building a tourism industry in the present political climate are acknowledged, it is clear that the current structures that are intended to fulfil the role of an NTO are not as effective as they need to be. In particular, we find that cooperation and interaction with the industry and the community is not sufficiently close. Also, the industry is not taking as active a role as is needed in promotion. Marketing efforts on its own behalf were found to be almost negligible. The positive aspects are that the government is reviewing the setting up of a new NTO, and that industry has expressed itself willing both to participate and to contribute financially. Closer working, between industry, the community and the government, outside the bureaucratic constraints of the government process, holds out the hope that both the right structure and increased funding can be achieved. The new structure should also be better able to encourage the development of sustainable tourism.

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The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that every entry should be supported by a valid receipt or invoice. This ensures transparency and allows for easy auditing of the accounts.

In the second section, the author details the various methods used to collect and analyze data. This includes both primary and secondary research techniques. The primary data was gathered through direct observation and interviews with key stakeholders. The secondary data was obtained from industry reports and public databases.

The analysis of this data revealed several key trends and insights. One major finding was the significant impact of market volatility on consumer behavior. Another important observation was the growing importance of digital marketing channels in reaching target audiences.

Based on these findings, the author proposes several strategic recommendations. These include diversifying the product portfolio to reduce risk, investing in digital marketing initiatives, and strengthening relationships with key suppliers and distributors.

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