

ECONOMIC AND SOCIAL IMPACTS OF TOURISM: A THEORETICAL EVALUATION ON TURKEY

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ABSTRACT

Tourism is a strategic sector that contributes to both global and local economies. Its key functions include supporting economic growth, generating foreign exchange, improving the balance of payments, and increasing national income. Due to its labor-intensive nature, tourism creates significant employment opportunities and promotes economic diversification and regional development through indirect effects on sectors such as agriculture, industry, and services. Moreover, tourism positively impacts infrastructure investments, strengthening economic foundations and supporting national modernization. Effective management of tourism's effects on domestic prices is essential to maintain local living standards. Tourism revenues play a critical role, especially in developing countries, in addressing trade deficits and maintaining foreign exchange reserves. The sustainability of tourism is closely linked to the preservation of natural resources, the protection of cultural heritage, and the integration of local communities into economic development processes. Findings indicate that the long-term success of the sector depends on the implementation of policies aligned with environmental, social, and economic sustainability principles. This study is a literature review examining the economic impacts of tourism for the period 2000–2023. Secondary data from reliable national and international sources were used, presented in tables and graphs, and analyzed using descriptive statistics. The study specifically evaluates tourism's effects on the balance of

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payments, national income, exports, employment, regional development, and infrastructure investments. In conclusion, the study highlights the multifaceted role of tourism in economic growth, regional development, and social welfare, emphasizing that strategic management and sustainable policies play a central role in maximizing benefits for both local communities and the broader economy.

Key Words: Tourism, National Income, Employment, Sustainability, Regional Development

TURİZMİN EKONOMİK VE SOSYAL ETKİLERİ: TÜRKİYE ÜZERİNE TEORİK BİR DEĞERLENDİRME

ÖZET

Turizm, hem küresel hem de yerel ekonomilere katkı sağlayan stratejik bir sektördür. Temel işlevleri arasında ekonomik büyümeyi desteklemek, döviz geliri sağlamak, ödemeler dengesini iyileştirmek ve milli geliri artırmak yer almaktadır. Emek yoğun yapısı sayesinde turizm, önemli ölçüde istihdam yaratmakta ve tarım, sanayi ve hizmetler gibi sektörler üzerinde dolaylı etkiler yoluyla ekonomik çeşitlenmeyi ve bölgesel kalkınmayı teşvik etmektedir. Ayrıca turizm, altyapı yatırımlarını olumlu yönde etkileyerek ekonomik temelleri güçlendirmekte ve ulusal modernleşmeyi desteklemektedir. Turizmin iç fiyatlar üzerindeki etkilerinin etkin bir şekilde yönetilmesi, yerel halkın yaşam standartlarının korunması açısından önemlidir. Turizm gelirleri, özellikle gelişmekte olan ülkelerde, ticaret açıklarının kapatılmasında ve döviz rezervlerinin sürdürülmesinde kritik bir rol oynamaktadır. Turizmin sürdürülebilirliği, doğal kaynakların korunması, kültürel mirasın gözetilmesi ve yerel toplulukların ekonomik kalkınma süreçlerine entegrasyonu ile yakından ilişkilidir. Bulgular, sektörün uzun vadeli başarısının çevresel, sosyal ve ekonomik sürdürülebilirlik ilkeleriyle uyumlu politikaların uygulanmasına bağlı olduğunu göstermektedir. Bu çalışma, 2000–2023 dönemi için turizmin ekonomik etkilerini inceleyen bir literatür taramasıdır. Araştırmada ikincil veriler kullanılmış, güvenilir ulusal ve uluslararası kaynaklardan elde edilen veriler tablo ve grafiklerle sunulmuş ve tanımlayıcı istatistiklerle analiz edilmiştir. Çalışmada turizmin ödemeler dengesi, milli gelir, ihracat, istihdam, bölgesel kalkınma ve altyapı yatırımları üzerindeki etkileri özel olarak değerlendirilmiştir. Sonuç olarak,

çalışma turizmin ekonomik büyüme, bölgesel kalkınma ve sosyal refah üzerindeki çok boyutlu etkilerini ortaya koymakta olup, stratejik yönetim ve sürdürülebilir politikaların hem yerel topluluklar hem de genel ekonomi açısından faydaların en üst düzeye çıkarılmasında merkezi bir rol oynadığını vurgulamaktadır.

Anahtar Kelimeler: Turizm, Milli Gelir, İstihdam, Sürdürülebilirlik, Bölgesel Kalkınma

1.INTRODUCTION

The tourism sector is a significant component of the global economy, characterized by its multifaceted impacts and extensive influence. Although adverse factors such as natural disasters, pandemics, financial crises, and terrorist incidents occasionally cause fluctuations in the sector, the global growth of tourism continues at a remarkable pace. This phenomenon can be attributed, on the one hand, to the increasing demand for tourism among individuals and, on the other hand, to the efforts of nations to alleviate economic challenges through tourism revenues. Tourism activities represent a dynamic structure that makes significant contributions to the economies of numerous countries on a global scale. This sector, which holds strategic importance for both developed and developing nations, exerts direct impacts on macroeconomic indicators such as economic growth, balance of payments, national income growth, regional development, and infrastructure investments. Moreover, its interaction with other economic sectors, such as agriculture, industry, and services, further amplifies the indirect effects of tourism (Dilber, 2007; Kızılgöl and Erbaykal, 2008; Vanhove,2005).

The tourism sector holds strategic importance for many countries due to its economic and social benefits. According to data from the World Tourism Organization, the number of international tourist arrivals increased from 687 million in 2000 to 1.305 billion in 2023. During the same period, global tourism revenues also showed a parallel rise, growing from \$477 billion in 2000 to \$1.803 trillion in 2023. The tourism sector holds strategic importance for many countries due to its economic and social benefits. According to data from the World Tourism Organization, the number of international tourist arrivals increased from 687 million in 2000 to 1.305 billion in 2023. During the same period,

global tourism revenues also showed a parallel rise, growing from \$477 billion in 2000 to \$1.803 trillion in 2023 (unwto.org).

One of the most striking economic impacts of the tourism industry is its employment effect, rooted in a labor-intensive production model. The service-oriented nature of the sector increases the demand for labor, as the delivery of services largely relies on human effort. These characteristic positions tourism as a prominent job-generating industry. Notably, the limited opportunities for automation and mechanization in tourism heighten its dependence on human labor, making the sector's labor intensity more pronounced compared to many other industries. According to the World Tourism Organization, as of 2022, a total of 102.607 million people were directly employed in the tourism sector worldwide. The labor-intensive nature of the tourism industry provides extensive economic contributions through its direct, indirect, and induced employment effects. This employment not only strengthens local economies but also enhances individual well-being (Ganeshamoorthy, 2019; Yıldız,2011; unwto.org/tourism-data/un-tourism-tourism-dashboard)

Consequently, the tourism sector plays a critical role in the global economy, contributing to economic growth, generating foreign exchange, and creating employment opportunities. This study aims to comprehensively examine the historical development and economic impacts of the tourism sector, which holds strategic importance for both developed and developing countries. Additionally, it analyzes the economic effects of tourism from both theoretical and practical perspectives, offering valuable insights to promote sustainable growth at both local and global levels. The study is a literature review based on the method of secondary data analysis. All data used in the research were obtained from reliable national and international institutions. Statistical data were sourced from organizations such as the United Nations World Tourism Organization (UNWTO), Turkish Statistical Institute, World Bank, the Republic of Türkiye Ministry of Culture and Tourism, and the Association of Turkish Travel Agencies (TÜRSAB). The data were selected to monitor developments in the tourism sector and evaluate its economic impacts over the period from 2000 to 2023. The collected data were presented using tables and graphs and analyzed through descriptive statistics. In this context, relevant literature was

utilized to comprehensively assess the effects of tourism on the balance of payments, national income, additional exports, employment, regional development, and infrastructure investments.

2.TOURISM CONCEPT

Tourism can be defined as the entirety of activities involving individuals temporarily traveling outside their habitual residence and work areas to visit different communities or regions, with the aim of meeting their needs and ensuring their satisfaction during this process. Alternatively, tourism encompasses the travel and accommodation activities undertaken by individuals outside their permanent residences for a specific period, aiming to meet various needs such as relaxation, entertainment, or other purposes. In summary, tourism refers to activities carried out by individuals during their journeys outside their living areas for business or leisure purposes. The fundamental characteristics of tourism can be outlined as follows:

- Tourism is a multidimensional phenomenon that emerges from the combination of multiple elements.
- Tourism incorporates dynamic elements through travel to a destination and static elements through accommodation activities in the region.
- Travel and accommodation activities occur outside individuals' permanent places of residence and work, taking place in an unfamiliar environment.
- Tourism stands out as a labor-intensive service sector, relying heavily on human effort.
- In tourism, travel is temporary and short-term, typically undertaken with the intention of returning within a few days, weeks, or months.
- In the tourism sector, preparing the supply to meet demand may require a lengthy process depending on the intensity of demand.
- The services and products offered in tourism have an intangible nature, as they are consumed at the point of production.
- Tourism activities are carried out for various purposes, such as business, leisure, family visits, duties, or meetings.

Tourism is a broad field of activity that not only involves the production of tourist products and services and the generation of economic income but also has direct connections with numerous professions and sectors. The tourism sector includes a wide range of elements, from air, sea, and rail transportation to car rental companies, tour operators, and travel agencies, from accommodation facilities to amusement parks, convention centers, national parks, festivals, and concert halls. In addition, small-scale businesses such as restaurants, bars, souvenir shops, and photography services are also part of the tourism ecosystem. The tourism sector offers a multifaceted network of economic and social interactions at local, regional, and national levels.

Although the tourism sector consists of various industries, concentration and integration in specific areas are evident through franchises, market agreements, partnerships, and ownership structures. Particularly in Europe, some or all tour operators are owned by specific airline companies. Similarly, some airlines operate with multi-partner structures, while some hotel chains are managed by airline companies. In the tourism sector, some international companies offer integrated service structures by bringing together various industries. This trend indicates that the sector is evolving toward a unified structure on a global scale. One of the striking examples of mergers and integration in the tourism sector is the Carlson Travel Group. This group owns over 4,000 travel agencies in 25 countries and manages hotels, restaurants, cruise ships, and travel agencies through ownership, franchises, or operational models. It also trains its own tour personnel, creating a broad influence in the sector and ensuring effective coordination between different business units. Similarly, the Thompson Group operates in areas such as charter airline transportation, travel agency services, and tour operation under the ownership of British Airways Limited, British Airways Holidays Limited, and Alta Holidays Limited. These examples highlight how companies in the tourism sector create integration and synergy by operating across diverse business fields (Lunderberg et al,1995:4-7;Vanhove, 2005:2-5;Cooper,2005:13-14).

3. HISTORICAL DEVELOPMENT OF TOURISM

The origins of tourism can be traced back to the maritime voyages undertaken by Phoenician merchants in the Mediterranean for trade purposes. These journeys continued

during the Ancient Greek and Roman periods. Particularly in the Roman Empire, the emphasis placed on road construction and the establishment of inns specifically designed for soldiers and merchants during long journeys led to the emergence of the first accommodation facilities in tourism. During the Middle Ages, significant events that contributed to the development of tourism included the Silk Road trade, the Crusades, and Marco Polo's journey to China. The Silk Road, a network extending from China through India and the Middle East to Western Europe, encouraged tourism by facilitating the exchange and trade of goods. Additionally, the Crusades, which began in the 11th century, increased religiously motivated travel, thereby fostering the growth of tourism. Marco Polo's journey, undertaken without military or commercial intentions, also played a role in the spread of tourism. In the Early Modern and Modern Ages, tourism began to develop under the influence of the Renaissance movements. Significant explorations, such as Vasco da Gama's voyage to India in 1492 and Portuguese navigator Magellan's circumnavigation of the globe, laid the foundations of tourism. The discovery of new continents, the settlement of these regions, and the establishment of new cities and trade centers led to an increase in travel for political, artistic, and scientific purposes. In the 18th century, the Industrial Revolution significantly accelerated the development of tourism. Urbanization, population growth, and rising income levels provided momentum for tourism, leading to the establishment of travel agencies to organize more structured journeys. While travel initially began for commercial and military purposes, the Early Modern Period saw a shift towards exploration and leisure, transforming tourism into a cultural activity (Akat,2000:7-9; Toskay,1987:38).

Since 1980, the tourism sector has undergone significant transformation due to global economic, social, and technological changes. During this period, globalization and increasing international connectivity positioned tourism as a strategic sector in the economies of many countries. The widespread adoption of air transportation, in particular, reduced travel costs and made tourism more accessible on a global scale. The number of international tourists rose from 277 million in 1980 to 327 million in 1985, 457 million in 1990, and 664 million in 1999. This period witnessed an approximately

140% increase in the number of participants in tourism activities worldwide (World Tourism Organization (UNWTO)).

In the present day, technological advancements, improved living standards, and the freedom to travel facilitated by globalization have led to a rapid increase in the number of participants in tourism activities. Consequently, since the 2000s, participation in tourism and the growth of tourism revenues have accelerated, driven further by technological progress.

4. TOURISM SECTOR IN THE WORLD

Today, the tourism sector has entered a multidimensional development process that goes beyond merely generating economic returns, encompassing the preservation of cultural heritage and the sustainable management of the natural environment. In this context, many tourism destinations are increasingly adopting more sustainable and responsible tourism approaches in order to reduce the environmental degradation and socio-cultural erosion caused by mass tourism. Within this transformation process, tourism types referred to as alternative tourism or special interest tourism are gaining growing importance. The alternative tourism approach is planned with sensitivity to the ecological and cultural carrying capacities of the regions visited. In doing so, it aims to minimize the negative impacts of tourism activities on local communities while enhancing their economic, social, and cultural well-being. This approach not only focuses on the preservation of natural and cultural assets but also supports the active participation of local people in the process, ensuring that they directly benefit from the revenues generated by tourism. On the other hand, the increasing environmental awareness, pursuit of authentic experiences, and expectations for meaningful interactions among individuals drawn to special interest tourism are encouraging tourism destinations to offer more innovative, high-quality, and sustainable services. In this context, it is not only the material tourist attractions that matter, but also the meaningful and interactive presentation of authentic cultural elements, local lifestyles, and the natural environment without compromising their originality. For example, the preservation and interpretation of a cultural heritage site should be seen not merely as a visual experience, but also as an educational and awareness-raising interaction process (Amerta et al. 2018:249)

The post-World War II period witnessed significant growth in the tourism sector, driven by rising economic prosperity and the advancement of international relations. These developments allowed for greater investment in tourism, fostering the sector's rapid expansion. Since the 1950s, there has been a consistent rise in both the number of international tourists and tourism revenues. For instance, the number of international tourists increased from 25 million in 1950 to 699 million in 2000, representing nearly a 28-fold growth. This expansion was significantly influenced by the proliferation of mass tourism in the 1970s, the dynamics of globalization in the 1980s, and the accelerating pace of technological advancements from the 2000s onward.

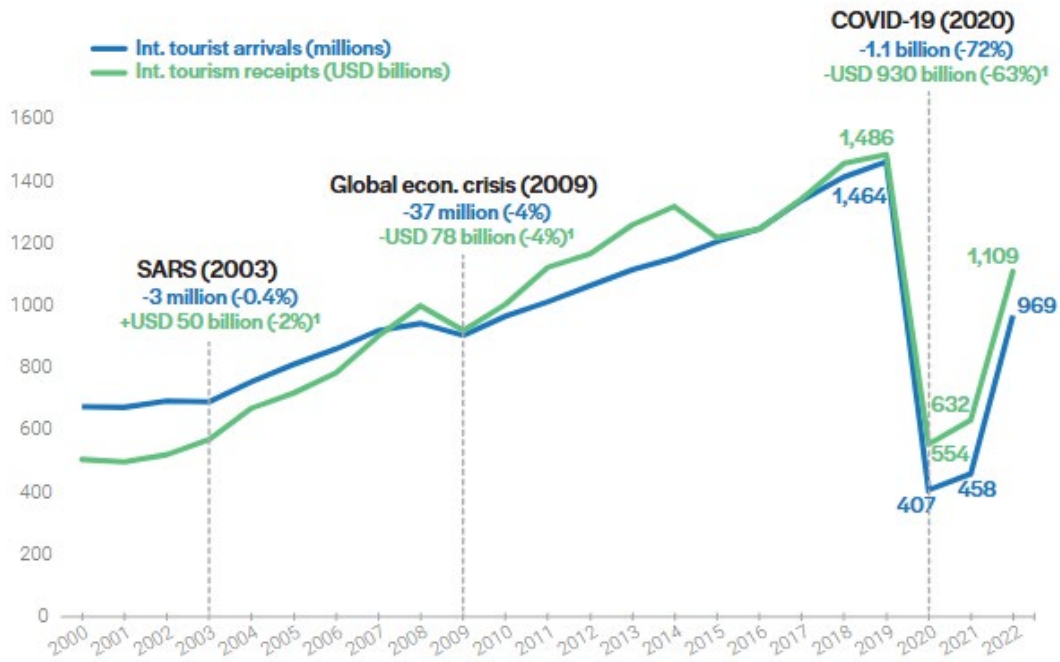
In particular, during the 1980s, the number of international tourists increased by an average of 5% per year. However, this growth rate had slowed down in the 1990s, dropping to 4.3%, indicating a slight deceleration in the sector's expansion. Nevertheless, the annual average growth rate of 4.4% between 1980 and 2000 highlights the overall strong upward trend in the tourism industry (Vanhove, 2005:15-20).

International tourism revenues had shown significant growth over the years, directly correlating with the increase in the number of people participating in tourism activities. For example, international tourism revenues, which had been 2.1 billion dollars in 1950, had reached 6.9 billion dollars in 1960, 17.9 billion dollars in 1970, 105 billion dollars in 1980, 271 billion dollars in 1990, and 495 billion dollars in 2000 (World Tourism Organization, Tourism Market Trends, 2006 and 2015 Edition).

There are several reasons for the significant development and growth of tourism activities after World War II in Europe and around the world. Among these reasons are the increasing popularity of sun and sea as key demand factors, industrialization, the search for escape from the pressures of working conditions and urban life, large-scale propaganda and advertising campaigns aimed at boosting tourism demand, population growth in particularly industrialized European countries, the widespread availability of campsites, resorts, and hotels offered at affordable prices, and the increase in income and welfare levels in industrialized European countries. These factors stand out as key drivers of global tourism growth (Demirci Orel, 2003:16).

This steady growth indicates that the impact of the tourism sector on the global economy has been steadily increasing. Especially since the 1980s, the rapid rise in tourism revenues not only demonstrates the economic power of the sector but also highlights its growing importance in international trade and services. This increase in revenues is not only due to the rise in the number of tourists but also stems from the diversification of tourist products, the development of destinations, and the increase in per capita tourism spending. Tourism has emerged as a growing sector globally, becoming a significant source of income for many countries. The following figure (Figure 1) presents the number of people participating in tourism activities and tourism revenues between the years 2000 and 2022.

Figure 1: International Tourist Arrivals and Tourism Receipts, 2000–2022



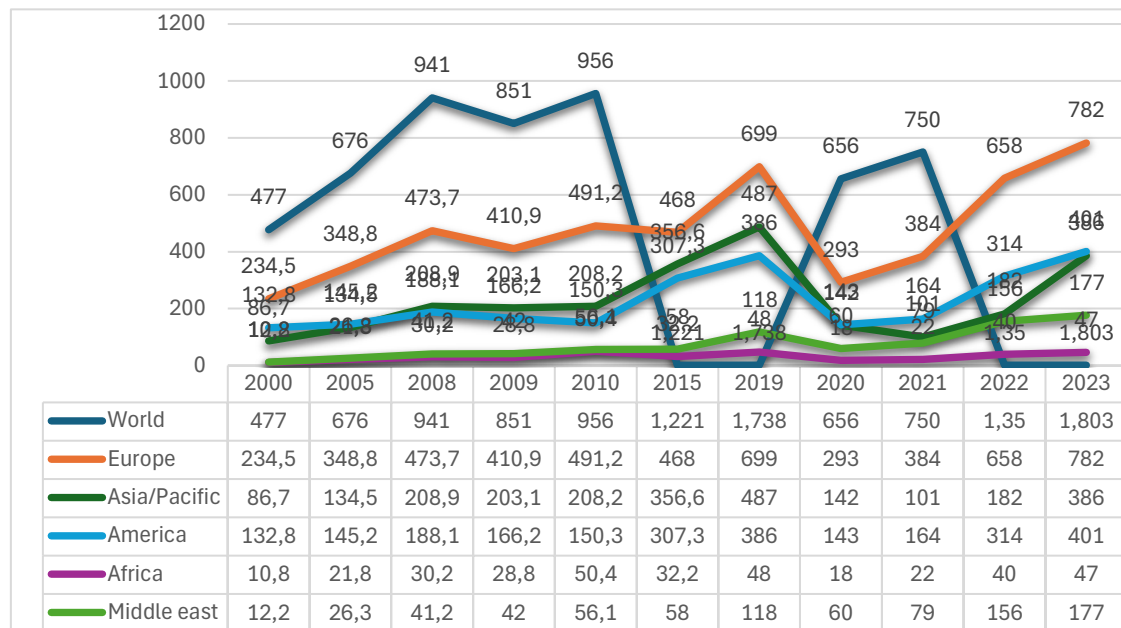
Source: World Tourism Organization (UNWTO) Data as of June 2023

Figure 1 shows the number of people participating in tourism activities and tourism revenues between 2000 and 2022. Upon examining the figure, it is clear that the increase in the number of tourists corresponds with a parallel rise in tourism revenues. During this period, the global tourism sector experienced significant growth. Particularly in the years prior to the pandemic, there was a rapid increase in travel and tourism activities, which

directly reflected in tourism revenues. In the pre-pandemic period, the number of people participating in tourism activities and tourism revenues had only shown a decline during the SARS outbreak in 2003 and the global financial crisis that began in the last quarter of 2008 and had its impact during the first half of 2009. In 2003, the number of international tourists decreased by 0.4%, while tourism revenues experienced a 2% drop. Similarly, in 2009, due to the effects of the global financial crisis, the number of international tourists and tourism revenues had decreased by 4%. The pandemic, which began in March 2020, had caused a unique disruption in the tourism sector, leading to a significant decline in international travel due to global quarantine measures and a dramatic drop in travel demand. During this period, the comprehensive travel restrictions imposed to prevent the spread of COVID-19 had severely impacted the tourism industry, leading to a major halt in the sector. The number of international tourists, which had been 1.464 billion in 2019, saw a 72% decline in 2020 due to the pandemic, falling to 407 million. This indicates a reduction of 1.1 billion people in international tourism as a result of the effects of COVID-19. This dramatic decline surpassed the 4% decrease observed during the global economic crisis of 2009 by a significant margin, reducing the number of travelers to levels seen 30 years earlier. The data for the 2000-2022 period shown in the figure highlights not only the economic importance of tourism but also its critical role in global connections and cultural interactions. Regionally, as with global tourism revenues, Europe holds the largest share in international tourist arrivals, while Africa holds the smallest share. Europe plays a dominant role in global tourism due to its advanced transportation infrastructure, rich cultural heritage, and world-renowned tourist attractions, significantly boosting the number of international tourists in the region. On the other hand, despite having great potential for tourism, Africa faces challenges in many of its countries, especially in West Africa, where issues such as food poisoning, malaria, and other health problems negatively impact tourism. Additionally, in North Africa, particularly in Egypt, which holds great potential for tourism, attacks by Islamic terrorist groups targeting tourists and the tourism sector have raised security concerns in the region. Political instability, corrupt practices such as bribery, and other such obstacles hinder tourism investments in Africa, limiting the sector's development. In addition, the presence of only a few luxury hotels in

some African countries creates challenges in fully harnessing the continent's tourism potential. These factors reduce the effectiveness of investments in Africa's tourism sector and limit the continent's share in the global tourism market. In developing countries, there are several challenges that limit the development of the tourism sector. High risk levels, poor working conditions, difficulties in finding experienced personnel and managers, issues with transferring company profits to headquarters, unfair political interventions, and management agreements all hinder international airlines, tour companies, and hotel chains from making large investments in these regions. Most international tourism businesses are reluctant to make large investments unless governments or national authorities provide initial capital. They tend to adopt a more cautious approach, with investments being limited to smaller ventures. Additionally, international hotel chains typically focus on investing in first-class hotels in countries where the risk is lower, which limits the growth of the tourism sector in developing countries. These factors prevent the strengthening of tourism infrastructure and hinder an increase in investments in the sector in these regions (Lundberg,2005:17-18)

Figure 2: International Tourist Arrivals by Region (2000-2022)



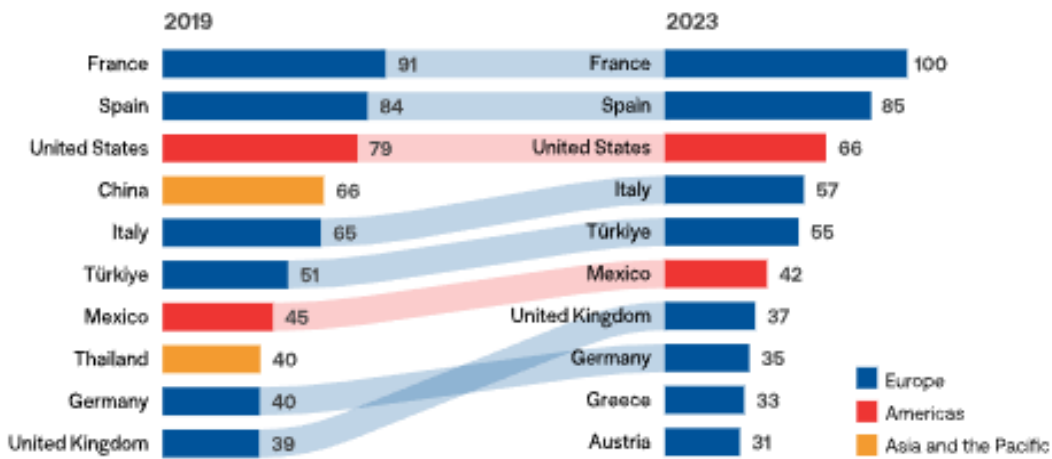
Source: unwto.org

Note: The data were obtained from www.unwto.org. Tables and figures were prepared by the author.

According to the data in the table/graph, the international tourism sector had experienced declines due to negative factors such as the 2008 global financial crisis and the pandemic, but overall, it followed a continuous growth trend. In 2000, international tourism revenues had been at 477 billion dollars, but by 2009, due to the global financial crisis, they had decreased to 851 billion dollars. Prior to the pandemic, in 2019, this figure had reached 1.738 trillion dollars. However, the pandemic, which started in March 2020, caused a significant decline in the sector, and revenues had dropped to 656 billion dollars. After the pandemic, the sector had quickly recovered, reaching 750 billion dollars in 2021, 1.350 trillion dollars in 2022, and 1.803 trillion dollars in 2023. These developments show that international tourism has made a rapid recovery despite crises and that the sector's long-term growth potential remains intact.

When examined on a regional basis, it is observed that Europe holds the largest share of global tourism revenues, while Africa holds the smallest share. Europe plays a dominant role in global tourism due to its advanced transportation infrastructure, rich cultural heritage, and world-renowned tourist attractions, which significantly increase the region's share of tourism revenues. On the other hand, despite having great potential for tourism, Africa has a lower revenue share due to barriers such as less developed tourism infrastructure and political and security issues in certain regions.

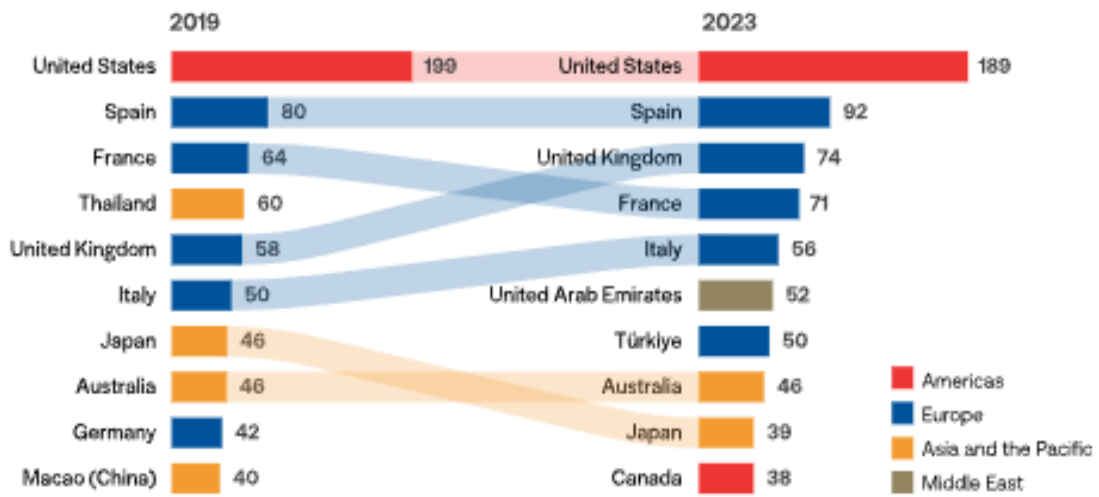
Figure 3 :World's Top 10 Destinations International Tourist Arrivals (Millions)



Source: UN Tourism UN Tourism Data as of September 2024

According to the data for 2019, the pre-pandemic period, and the statistics for 2023, the countries attracting the most tourists have been ranked. Looking at the data, it is evident that there has been no change in the ranking of the top three most visited countries before and after the pandemic. However, countries like Turkey, Italy, and the United Kingdom have seen an improvement in their rankings, while China, which was one of the world's most popular destinations before the pandemic, is not in the top 10 countries post-pandemic. This shift points to changes in global travel trends and countries' post-pandemic tourism policies.

Figure 4: World's Top 10 Tourism Earners International Tourism Receipts (USD Billions)



Source: UN Tourism UN Tourism Data as of September 2024

In Figure 4, when examining the data for the countries with the highest tourism revenues in 2019 (pre-pandemic) and 2023 (post-pandemic), it is evident that the top two countries have remained unchanged. The United States, which generates the highest tourism revenue in the world, had earned 199 billion dollars in tourism revenue in 2019, but this amount had decreased to 189 billion dollars in 2023. On the other hand, a notable development is Turkey's rise to the seventh position in 2023 with 50 billion dollars in tourism revenue, a position it had not held in the top ten prior to the pandemic. Additionally, the United Kingdom, Italy, and France have managed to increase their

tourism revenues. In contrast, Thailand, Germany, and Macao (China), which were among the top ten in 2019, have experienced significant declines in their tourism revenues. These changes indicate that the dynamics of global tourism have reshaped post-pandemics, with some countries strengthening their positions in tourism while others are facing challenges.

5. TOURISM SECTOR AND HISTORICAL DEVELOPMENT IN TURKEY

The economic, social and cultural effects of tourism in Turkey were recognized after the Second World War in parallel with the developments in the world and started to take place in government policies. From the 1960s to the 1980s, tourism developed slowly due to various social, economic and political reasons. The continuous expansion of international tourism and its position as one of the fastest-growing sectors have made it less susceptible to economic restrictions, quotas, and tariffs. Furthermore, tourism has the potential to address the seasonal and chronic foreign exchange shortages faced by developing countries, while offering relatively low growth costs. The rapid rise in global tourism demand has also contributed to the increased interest of many developing nations, including Turkey, in the tourism sector as a viable economic strategy (Dilber,2007:209). In Turkey, the first significant organizational initiative in the field of tourism after the declaration of the Republic took place in 1923 with the establishment of the Turkish Travelers' Society. This association had later changed its name to Turkey Touring, and then to the Turkey Touring and Automobile Association. The Turkey Touring and Automobile Association had published Turkey's first tourism brochures, conducted the first guide exams, and printed posters and road maps for the promotion of the country. Operating as a semi-official state body until World War II, it had played a key role in shaping Turkey's tourism policy (Oktayer et al, 2007:41).

Turkey first established the legal framework for tourism through the Law No. 2450, issued in 1934, titled "Organization and Duties of the Ministry of Economy," which designated the institution named "Türk Ofis" as responsible for tourism activities. The first significant step in tourism policy was taken with the publication of Law No. 6086, titled "Tourism Sector Promotion Law," on May 22, 1953. This law not only addressed

the financing needs of the private sector but also provided tax and resource advantages to encourage private sector involvement in tourism (Yağcı, 2003:17).

In the 1960s, the importance of the tourism sector had started to be recognized, and it had begun to take a detailed place in economic policies. The 1960s were the years when developments in tourism had emerged and development plans had been made. During this period, physical planning studies had been conducted, resource inventories had been created by regions, technical infrastructure investments had been made, and sample enterprises such as accommodation facilities and marinas had been invested in by the state. However, the share allocated to tourism investments had not exceeded 0.7% of total fixed capital investments until the 1980s (Yıldız,2011:58; Akin et al, 2012:68).

During the period of 1963–1980, the main objectives of tourism policy had been to create new job opportunities through tourism, increase foreign exchange revenues, contribute to the balance of payments, and provide Turkish citizens with the opportunity to take vacations. One of the most important steps taken during this period had been the establishment of the Ministry of Tourism and the Tourism Bank. After 1980, tourism had become a government policy due to its importance in development and had started to be addressed in a multifaceted way. The legal regulations, tourism incentive laws, and support measures such as tax exemptions introduced after these years had led to significant progress and development. From the mid-1980s, with the implementation of the "Tourism Incentive Measures," there had been a rapid increase in the establishment of accommodation facilities and the production of beds with Ministry of Tourism certification. In Turkey, the tourism sector had been seen as an easy, effective, efficient, and relatively inexpensive element in achieving export-oriented industrialization, which is considered one of the core principles of the free market economy (Çoban and Özcan,2013:244).

With the implementation of the "Tourism Incentive Law" (Law No. 2634) in 1982, significant developments had occurred in the tourism sector. Increased allocation of resources to the tourism industry, enhanced cooperation between the private and foreign sectors, the development of tourism awareness, greater interest from investors in tourism, and the application of incentive policies had led the Turkish tourism industry to a dynamic

operation. Many areas, which had not been covered before, had been included under the scope of incentives. The implementation of this law had stimulated tourist demand, encouraging investments, and thus initiating a period of rapid development and revitalization in tourism (Kaya and Canlı,2013:47; Çımat and Bahar, 2003:8).

Table 1: The Development of Facility and Bed Capacity in Turkey (2000-2023)

Tourism Management Certified Facilities			Tourism Investment Certified Facilities	
Years	Facility	Bed	Facility	Bed
2000	1824	325168	1300	243794
2001	1980	364779	1240	230248
2002	2124	396148	1138	222876
2003	2240	420697	1130	242603
2004	2357	454290	1151	259424
2005	2412	483330	1039	278255
2006	2475	508632	869	274687
2007	2514	532262	776	254191
2008	2566	567470	772	258287
2009	2625	608765	754	231456
2010	2647	629465	877	252984
2011	2783	668829	922	267900
2012	2870	706019	960	273877
2013	2982	749299	1056	301862
2014	3131	807316	1117	309556
2015	3309	850089	1125	314194
2016	3641	899881	1135	312912
2017	3771	935286	1051	263033
2018	3925	974574	981	225421
2019	4038	992341	723	180852
2020	4218	102098	649	167673
2021	4801	106553	585	139703
2022	5060	109813	654	155019
2023	5228	111701	720	165067

Source: Turkey Travel Agencies Association and Turkish Ministry of Culture

When Table 1 is examined, significant changes in Turkey's tourism sector can be observed from the year 2000 onwards. During this period, there was a noticeable increase in the number of tourism-certified businesses and beds, while the number of tourism investment-certified businesses and beds followed a fluctuating trend, generally showing a decrease. In 2000, the number of tourism-certified businesses was 1,824, and it increased significantly to 5,228 by 2023. Particularly, 2021 was the year when this growth trend was most evident. In 2020, there were 4,201 tourism-certified businesses, and in 2021, the number increased by 12.5%, rising to 4,801. In parallel with the increase in the number of businesses, there was also a significant rise in the number of tourism-certified beds. However, the number of tourism-investment certified businesses and beds has followed a fluctuating trend between 2000 and 2023, generally showing a decline. In 2000, the number of tourism-investment certified businesses was 1,300, and over the next decade, it decreased by approximately 42%, reaching 754 in 2009. This decline continued until 2023, with the number of businesses decreasing further to 720. As a result, between 2000 and 2023, there was an approximate 45% decrease in the number of tourism-investment certified businesses.

6. POSITIVE ECONOMIC IMPACTS OF THE TOURISM SECTOR

The tourism sector is a dynamic industry that makes significant contributions to many economies around the world. In both developed and developing countries, tourism activities have an impact on economic growth, balance of payments, national income, regional development, infrastructure investments, employment, additional exports, agriculture, industry, services sectors, domestic prices, and the supply and demand for foreign currency. Therefore, tourism not only generates direct sectoral revenues but also indirectly supports many other sectors, contributing to the overall increase in economic activities.

6.1. The Impact on the Balance of Payments

The foreign currency flows generated by tourism are of great importance for national economies, and this is evaluated in terms of their impact on the balance of payments. Both countries with a balance of payments surplus and those with a deficit support the tourism sector at the national level primarily because of the positive contribution tourism makes

to the balance of payments. Tourism is primarily considered an export element that has significant effects on the balance of payments yet remains invisible. This is because foreign currency inflow is generated by providing services and goods to incoming tourists without the transportation costs. From this perspective, the tourism sector can be regarded as an export of services and goods conducted at domestic retail prices. (Aktaş,2005:164;Şen and Şit,2015:31).

Many countries around the world have based their efforts to develop the tourism sector on the goal of earning foreign exchange. For this reason, developing countries promote tourism to overcome their periodic or chronic foreign exchange shortages, support their economic development, and secure the necessary investment and intermediate goods. However, for the tourism sector to positively contribute to the balance of payments by increasing foreign exchange supply and balancing foreign exchange demand, the ratio of foreign exchange earnings (r) to foreign exchange expenditures (c) must be less than 1 (Bulut,2000:78).

If we consider this situation specifically for Turkey, the following Table 2 shows the rates at which the tourism sector in Turkey has closed the foreign trade deficit.

Table 2: The Contribution of Tourism Receipts to Closing Foreign Trade Deficits for the Period 1996-2023

Years	Foreign Trade Deficit (Billion Dollars)	Tourism Receipts (Billion Dollars)	Share of Tourism Income in Closing Foreign Trade Deficit %
1996	20,402,178	7,970,722	39,07
1997	22,297,649	9,233,503	41,41
1998	18,947,440	8,878,840	46,86
1999	14,084,047	7,069,293	50,19
2000	26,,727,914	9,990,841	37,38
2001	10,064,867	13,450,127	133,63
2002	15,494,708	15,214,514	98,19
2003	22,086,856	16,302,053	73,81
2004	34,372,613	20,262,640	58,95
2005	43,297,743	24,124,501	55,72
2006	54,041498	23,148,669	42,83
2007	62,790,965	27,214,988	43,34

2008	69,936,378	30,979,979	44,30
2009	38,785,809	32,006,149	82,52
2010	71,661,113	33,027,943	46,09
2011	105,934,807	36,151,328	34,18
2012	84,066,659	36,776,645	43,75
2013	99,858,613	32,308,991	32,35
2014	84,508,918	34,305,903	40,59
2015	63,268,398	31,464,777	49,73
2016	55,995,686	22,107,440	39,48
2017	76,736,291	26,283,656	34,25

Source : tursab.org.tr

According to the data in Table 2, tourism revenues had covered a significant portion of Turkey's foreign trade deficit. In 1996, the rate of tourism revenues covering the foreign trade deficit had been 39.07%, and this rate fluctuated over the years. Particularly during the financial crisis in 2001, this rate increased to 133.63%. In 2009, due to the global financial crisis, the rate had been recorded at 82.52%. In the following years, it fluctuated, reaching 46.09% in 2010, 34.18% in 2011, and 43.75% in 2012. In the subsequent years, the trend followed an up-and-down pattern. As for tourism revenues, significant declines had occurred in 1999 due to increased terrorist activities and in 2006 due to the FIFA World Cup held in Germany, with decreases of 20.38% and 8.50%, respectively. Overall, while an increase in tourism revenues had been observed, it followed a fluctuating trend over the year.

6.2. The Impact of Tourism Sector on National Income

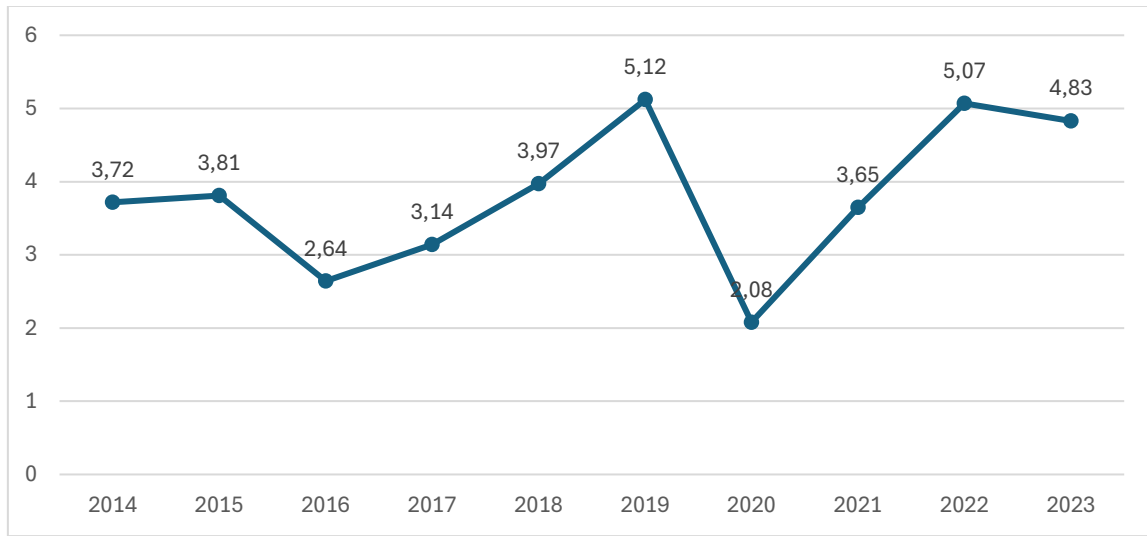
The contribution of tourism to national income is calculated based on the total expenditure of tourists, both at current market prices and constant prices. This calculation takes into account the difference between the total amount of goods and services purchased by the tourism sector and tourist expenditures (Zengin,2010:118).

The expenditures made by tourists to meet various needs such as transportation, souvenirs, shopping, sightseeing, entertainment, food and beverages, and accommodation in the countries they visit for vacation purposes contribute to increasing the economic income of the host country. Additionally, investments made to meet the continuously

increasing demand for tourism contribute to the growth of income in both the tourism industry and the production activities of other sectors that support this industry. Therefore, tourism expenditures lead to the creation of much more income than what they could generate on their own, due to the multiplier effect (Kızılgöl and Erbaykal,2008:354).

Tourist expenditures are of great importance because they have a broad impact on the economy. For instance, restaurants and accommodation facilities operating in the tourism sector contribute to the increase in local income by sourcing food and beverage supplies from the local market. Additionally, manufacturers and wholesalers, who purchase their products from local farmers or villagers, see the income generated in the tourism sector spread to the agricultural sector. Therefore, tourism investments not only boost production activities within the tourism industry but also increase income in other sectors that support it (Tutar et al,2013:15).

Figure 5: Impact of Tourism Receipts on GDP: 2014-2023 (Turkey Case)



Source: Tursab.org.tr; World Bank, 2024

Note. Data obtained from Tursab.org.tr and World Bank. The graph was created by the author

When Figure 5 is examined, it can be seen that the share of tourism revenues in Gross National Product (GNP) in Turkey has followed a fluctuating trend during the analyzed period. In 2014, the ratio of tourism revenues to GNP was recorded at 3.72%, and this

ratio has shown an increasing trend, except for the years 2016 and 2020. Between 2014 and 2023, the share of tourism revenues in Gross National Product (GNP) averaged 3.8%. However, the COVID-19 pandemic, which started in March 2020, severely impacted the tourism sector. While the ratio of tourism revenues to GNP was 5.12% in 2019, it decreased to 2.08% in 2020 due to the pandemic. In 2021, 2022, and 2023, it followed a fluctuating trend. This situation highlights the fluctuating yet steadily increasing importance of the tourism sector in the Turkish economy.

6.3. The Impact of Tourism Sector on Regional Development

The tourism sector plays a significant role in the economic development of a region. In areas rich in historical, socio-cultural, and natural heritage, the increase in tourism activities supports regional development by accelerating infrastructure projects and improving education and healthcare services. By promoting the region's natural beauty and cultural values, it becomes possible to promote local products in areas with increased tourism intensity. This process allows the local population to benefit directly or indirectly from various employment opportunities created by the tourism sector and the income generated through local businesses (Tüsiad, 2012, s.33).

Many countries consider tourism as a leading sector to ensure sustainable regional economic development. The tourism sector stands out as a powerful industry that can guide economic growth in terms of regional development. The growth of tourism activities in a region contributes to an increase in national income levels, the expansion of benefits derived from tourism-related sectors, and a rise in employment rates, while also promoting the development of other sectors in the region (Künü et al,2015:74-80).

The development of tourism activities not only provides significant contributions to national economies but is also of great importance for developing and underdeveloped countries and regions with high tourism potential. In the context of reducing regional inequalities, the tourism sector can promote development in regions that are underdeveloped but rich in historical, cultural, and natural beauty. Tourism investments in these areas, along with the utilization of existing natural and historical potential for tourism, can facilitate the development of these regions from a tourism perspective (Önal et al,2008:831).

The expansion of tourism activities in the underdeveloped regions of a country can contribute to reducing the imbalance between these regions and economically developed areas. Tourism brings commercial vitality to the region by increasing the business volume of existing enterprises and generating income growth through new capital inflows. Additionally, by supporting small and medium-sized enterprises, it allows other sectors to be attracted to the region. This process can accelerate economic development by expanding the business volume in the region and increasing employment opportunities (Somuncu,2006:165).

The tourism sector plays a significant role not only in contributing to regional development but also in ensuring the effective and efficient use of resources. Particularly for regions that lack sufficient resources or development opportunities in the agriculture and industry sectors but possess a rich tourism potential, tourism can serve as a strategic tool for development. Supporting such regions with planned and effective tourism policies can enable the assessment of their tourism potential, thus helping to reduce development disparities between regions and contributing to the achievement of balanced economic growth (Çeken,2008:298)

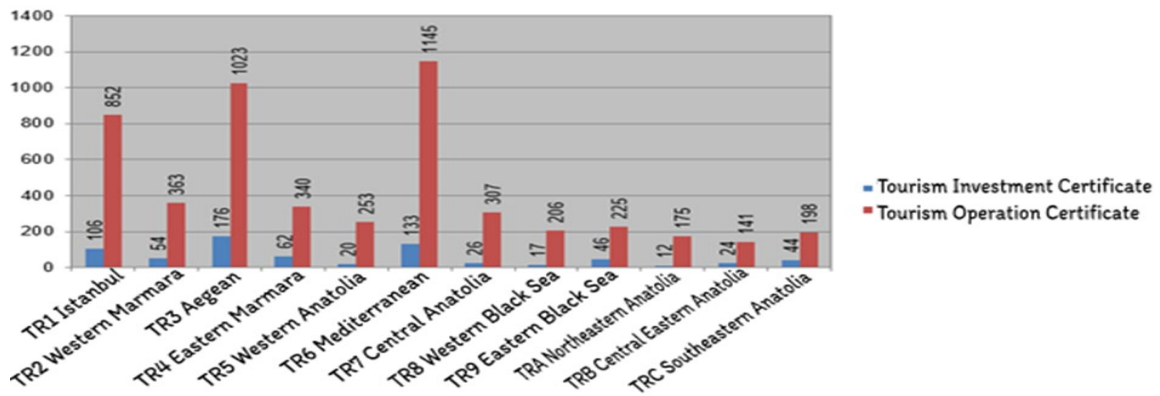
Thanks to the stimulating effect of tourism, new infrastructure investments are being made. This situation ensures that local communities have access to higher living standards and improved infrastructure services. Especially in developing countries, the tourism sector and its related auxiliary industries play a catalytic and supportive role in the development of regions with tourism potential. By leveraging a country's tourism potential, the economic and social development of underdeveloped regions can be achieved. In this way, it can be stated that the tourism sector makes a significant contribution to reducing regional disparities within the country (Zengin,2010:115).

6.4. The Impact of Tourism Sector on Infrastructure and Superstructure Investments

As a service-based sector, tourism is sensitive to potential risks and crises, which leads to the need for high capital investment and an increase in risk levels within industry. This situation causes banks and international credit institutions to hesitate in providing loans to the tourism sector. Such financial hesitations complicate the realization of tourism

investments and negatively impact the achievement of the expected economic benefits from these investments. One of the most significant challenges faced by the tourism sector in developing countries is the inadequacy of infrastructure investments in tourist areas. Infrastructure investments for tourism are typically carried out by the public sector and include essential services such as roads, water, electricity, communication, sewage, and airports. On the other hand, capital-intensive superstructure investments, particularly in accommodation facilities and businesses associated with them, are made by private sector companies with government incentives. The insufficiency of these investments emerges as a critical factor hindering the sustainable development of the tourism sector. In developing countries, the capital insufficiency and high-risk levels encountered in financing investments increase the importance of foreign capital investments. The tourism sector, unlike other sectors, has a structure consisting of numerous small businesses and sub-sectors. These sub-sectors include businesses such as hotels, restaurants, laundromats, supermarkets, motels, and souvenir shops. The capital requirements of such establishments are generally at lower levels, which allows for a quick return on investments. Furthermore, investments in tourism infrastructure and superstructure encourage investments in small businesses within the sector, thereby supporting regional economic development (Tutar et al,2013:16).

Figure 6: The Number of Accommodation Facilities in Tourism Regions by Statistical Regional Units Classification (NUTS)



Source: Turkish Ministry of Tourism and Culture,2024

Figure 6 illustrates the number of accommodation facilities with tourism operation certificates in Turkey. It can be seen that the regions with the highest number of tourism investment and operation-certified accommodation facilities are the Mediterranean and Aegean regions, where tourism activities are most intense in Turkey. The Mediterranean region holds the highest number of facilities with 1,145 tourism-certified accommodation establishments, while the Aegean region, which includes popular tourist destinations such as Bodrum, Marmaris, Fethiye, Kuşadası, and Çeşme, ranks second with 1,023 accommodation facilities. Istanbul, one of Turkey's most important tourist destinations, ranks as the third region with the highest number of tourism operation-certified accommodation establishments, thanks to its historical and cultural richness, modern infrastructure, and geographical location. It is evident that tourism activities contribute significantly to the infrastructure of regions in parallel with their facility development. This is because in regions with a high concentration of tourism operation and investment-certified establishments, modern infrastructure can largely be associated with tourism.

6.5. The Impact of Tourism Sector on Employment

The development of tourism and the revenues generated from this sector have made tourism an important source of employment. Today, many countries consider the tourism sector as one of the main areas with significant job creation potential due to various reasons. In particular, tourism serves as a sector that contributes to regional development by providing employment opportunities in areas where traditional economic activities are limited. At the same time, it helps reduce social inequalities by creating job opportunities for disadvantaged groups in the labor market, such as young people, low-skilled or unskilled workers, and women. The tourism sector, which has a labor-intensive structure, plays a significant role in poverty reduction through its wide range of job opportunities that require various skills. Moreover, the fact that employment in tourism is largely met by the local workforce allows the sector to offer important opportunities for small and micro-scale entrepreneurs operating in both the formal and informal economy (Ganeshamoorthy, 2019: 119-120)

The labor force in the tourism sector is highly diversified in terms of socio-economic and socio-demographic aspects. Individuals with different professions, income levels, ages,

and cultural backgrounds can work in the same establishments within the tourism sector. Additionally, tourism activities give rise to sub-professions that require fewer qualifications and lower levels of knowledge, such as gardening, cleaning, purchasing and storage, and commis roles. These types of jobs contribute to the creation of broad employment opportunities in the sector, thereby increasing diversity in the labor market (Oktayer et al,2007:27).

As a labor-intensive sector, tourism plays a more effective role in job creation compared to other sectors. Factors such as labor intensity in the sector, flexible working hours, the presence of numerous temporary job opportunities, the abundance of low-wage job fields, seasonal peaks, and seasonality contribute to the increase in the number of employed individuals. Furthermore, the demand for labor that does not require high levels of knowledge and skills is another important element in boosting employment. The concentration of tourism investments and the increase in tourism demand directly affect employment levels in the sector, thereby strengthening the employment impact within the tourism industry (Ünlüönen and Şahin,2011:4-11).

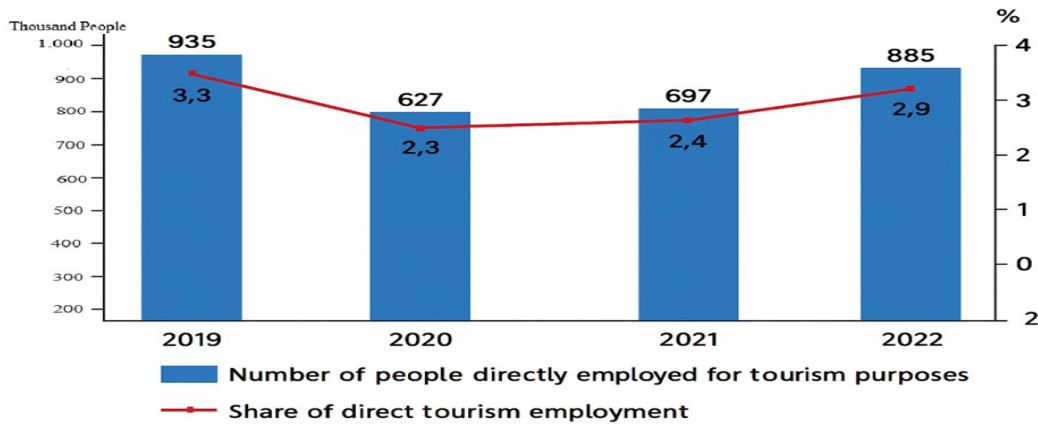
In addition to the economic impacts of the tourism industry, the most notable real effect in the sector is the employment impact based on a labor-intensive production model. The central role of service in tourism and the necessity for these services to be provided by people highlight labor force efficiency as a key factor. Moreover, the limited opportunities for automation and mechanization in tourism further increase employment intensity in comparison to other industries. The high level of human labor-based activities creates a direct employment impact, which intensifies with the growth of the tourism sector. This increase manifests itself generally in the form of direct, indirect, and induced employment.

6.5.1. Direct Employment

It refers to the job opportunities created by businesses directly providing services in the tourism sector. Travel agencies, tour operators, transportation companies, restaurants, bars, souvenir shops, tourist offices, and accommodation establishments fall into this category. For example, activities in accommodation facilities such as reception, reservation services, room cleaning, bed arrangements, animation services, and the

preparation and serving of meals are labor-intensive tasks that directly rely on human labor and create direct employment. The labor-intensive production model of the tourism industry and the inability to replace tourist services with automation increase the impact of direct employment in the sector. This situation contributes to the growth of employment as the sector expands.

Figure 7: Number of Directly Employed Individuals in the Tourism Sector and Tourism's Share in Total Employment (2019-2022)



Source: tuik.gov.tr

Figure 7 shows the number of people employed and the share of direct tourism-related employment in Turkey between 2019 and 2022. In 2019, the number of people employed in the tourism sector was 935,000, and the share of direct tourism-related employment was 3.3. However, in 2020, due to the COVID-19 pandemic, the number of employed individuals decreased to 627,000, and the share of direct tourism-related employment dropped to 2.3. In 2021, as the effects of the pandemic eased, this number increased to 697,000. In 2022, the number of employed individuals rose by 27% compared to the previous year, nearing pre-pandemic levels, reaching 897,000, and the share of direct tourism-related employment increased to 2.9.

6.5.2. Indirect Employment

The tourism sector is economically interconnected with the auxiliary sectors that provide services and products to it. These auxiliary sectors include manufacturing, banking, construction, agriculture, handicrafts, and fisheries. These sectors, which produce the

goods and services required by the tourism industry, indirectly benefit from tourist expenditures. Jobs that are supported by such expenditures and indirectly affected by tourism activities fall under the category of indirect employment.

6.5.3. Stimulated Employment

The income generated from the direct and indirect employment created by the tourism sector, when spent, reflects the additional employment created in the economy. In other words, the expenditure of the income generated through direct and indirect employment from tourism activities leads to the creation of new job opportunities and additional employment in the economy, due to the multiplier effect of tourism. This process is seen as a reflection of tourism's contribution to economic growth (Yıldız,2011:59-61)

6.5.4. Characteristics of Tourism Employment Markets

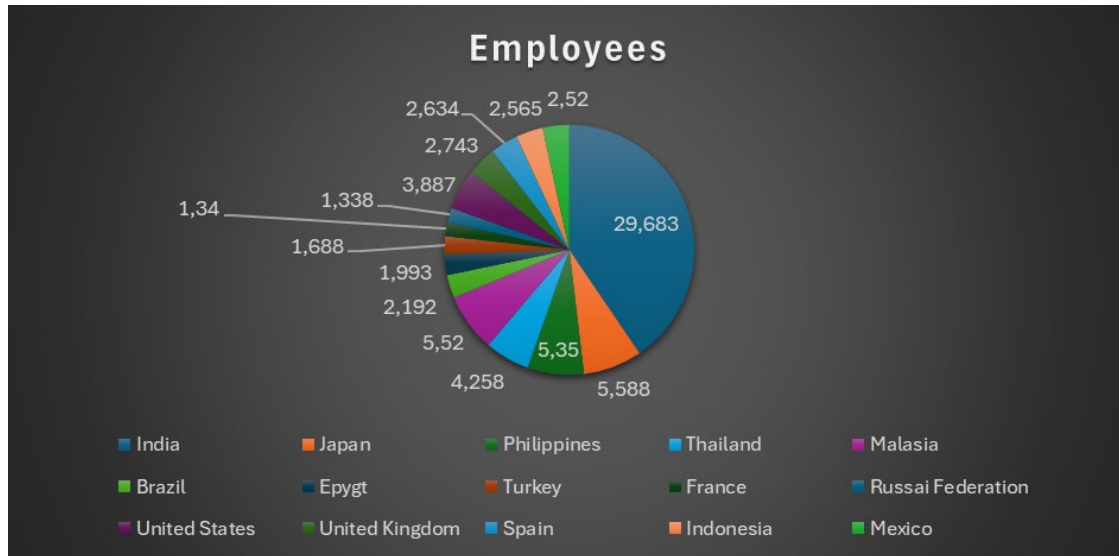
Tourism employment markets are dynamic and diverse, offering a wide range of job opportunities across various sectors such as accommodation, transportation, entertainment, and food services. These markets are typically characterized by seasonal fluctuations, with labor demand varying based on travel trends, peak seasons, and global events. The general characteristics of tourism employment markets can be summarized as follows:

- In the tourism sector, there are generally many jobs that do not require high levels of skill. This allows for the employment of marginal labor in the sector, particularly during peak seasons, in markets with a large labor supply.
- In the tourism sector, organizational dependency is generally at low levels, which allows different businesses within the sector to operate independently. However, factors such as employee turnover rate, working hours, and conditions can lead to a high level of turnover in the sector.
- In the tourism sector, wages are typically high during peak seasons due to increased demand. However, during the winter months, an oversupply of labor can lead to a decrease in wages.
- The number of employees in tourism establishments changes depending on seasonal demand fluctuations. During the high-demand summer months, the number of staff increases, while in the low-demand winter months, there may be

a reduction in the number of employees. During this period, situations such as layoffs or suspension of working hours may occur.

- The tourism sector, especially in developing countries, provides employment opportunities for unskilled or semi-skilled labor by transferring significant amounts of workforce from other sectors.
- The concentration of tourism demand during specific periods of the year leads to the need for seasonal labor in addition to the workforce that is continuously employed, depending on the characteristics of businesses in the sector. This results in variability in labor demand within the sector, which fluctuates based on seasonal changes and the intensity of tourist activities.
- The short-term and temporary nature of the workforce, along with weak organization, allows employers to dismiss employees without any compensation. Even in places with minimum wage regulations, the lack of protection for workers in the labor market can lead to employers not fulfilling their responsibilities regarding employee rights adequately. (Ünlüönen and Şahin,2011.12-13;Yağcı,2003:169-170;Aktaş,2002:65).

Figure 8: Total Employees in Tourism in Industries (in 1000)



Source: unwto.org/tourism-data/un-tourism-tourism-dashboard

Note: Data obtained from unwto.org/tourism-data/un-tourism-tourism-dashboard. The graph was created by the author

Figure 8 shows the number of people employed in the tourism sector in leading tourism countries around the world. When examining this data, it can be seen that the highest employment in the tourism sector is in India, with 29 million 683 thousand people. However, when considering the population ratio, countries in the Asia-Pacific region, such as the Philippines, Thailand, and Malaysia, stand out as having high employment rates in the tourism sector. Additionally, in the United States, which generates the highest tourism revenue, 3 million 887 thousand people are employed in the tourism sector, while in France, the country with the most tourists, 1 million 340 thousand people are employed, and in Spain, 2 million 634 thousand people work in tourism. These figures demonstrate that tourism is not only a sector that generates revenue but also one with significant employment potential.

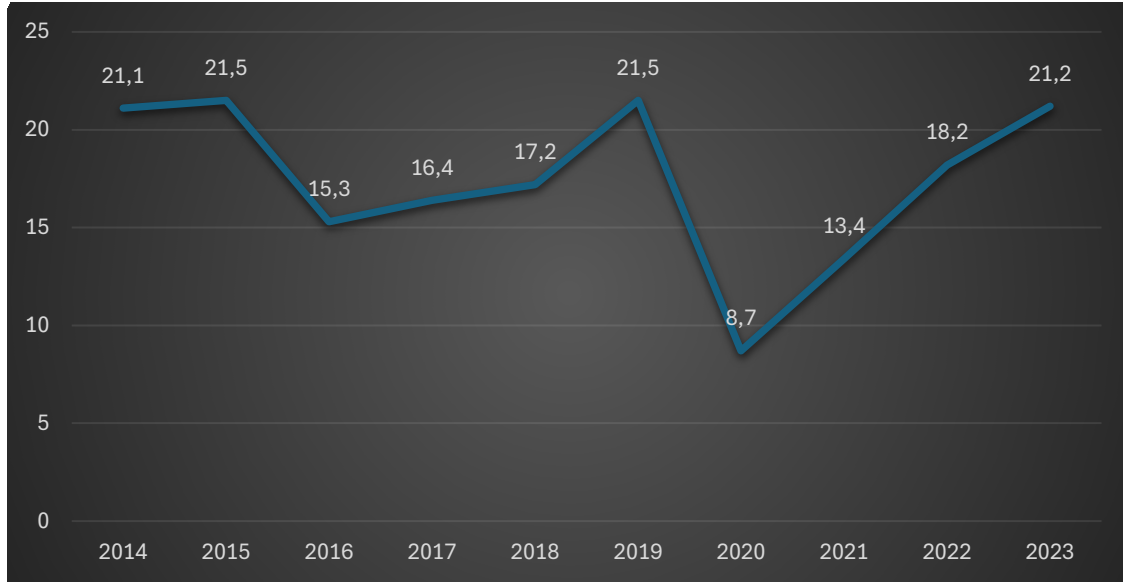
6.6. The Impact of Tourism as Additional Export

The tourism sector constitutes a significant source of income, particularly for the national economies of developing countries. Following globalization after the 1980s, the development of countries, increases in national income, and the rapid growth of the tourism industry have led to a rise in tourist expenditures in the countries they visit. Tourists, through their spending in the countries they visit for leisure purposes, create an additional export source for these countries. This phenomenon not only contributes to economic growth and income increase but also serves as a mechanism that reduces the trade deficit for countries. Tourist expenditure generally varies based on income levels, social and cultural factors, and the economic conditions of the country they visit. In particular, tourists from developed countries tend to make significant expenditures on transportation, entertainment, accommodation, souvenirs, and other tourism-related services during their travels to countries rich in natural and historical attractions for vacation or cultural activities. These types of expenditures provide an additional export source for the visited country, contributing to its economic growth (Sezgin,2001:67).

In the countries visited by tourists, it is possible for local agricultural and industrial products to be sold at prices higher than those in international markets. Particularly, products such as food, beverages, and souvenirs, when of high quality, experience significant demand from tourists in vacation areas. This not only provides additional

income for local producers but also strengthens the economic impact of the tourism sector (Kızılgöl and Erbaykal,2008:354).

Figure 9: Ratio of Tourism Receipts to Export Receipts 2014-2023 (Turkey Case)



Source: Tursab.org.tr

Note: Data obtained from Tursab.org.tr. The graph was created by the author

According to Figure 9, the ratio of tourism revenues to export revenues in Turkey generally showed an upward trend during the examined period, with the exceptions of 2016 and 2020. In 2014, the ratio of tourism revenues to exports was recorded at 21%, but due to adverse events such as the July 15 coup attempt in 2016 and the outbreak of the COVID-19 pandemic in 2020, this ratio declined to 15.3% and 8.7%, respectively. In other years, however, an overall upward trend was observed. Between 2014 and 2023, the average ratio of tourism revenues to export revenues was 17.5%. However, the COVID-19 pandemic, which began in March 2020, had a profound impact on the tourism sector. The quarantine measures implemented globally and the sharp decline in travel demand led to a significant downturn in international tourism activities. As a result, the ratio of tourism revenues to export revenues, which was 21.5% in 2019, dropped by 58.7% to 8.7% in 2020. In 2021, 2022, and 2023, however, the ratio began to show an upward trend again.

6.7. The Impact of Tourism on Other Sectors

The tourism sector has a broad network structure composed of various small and large industries. This sector is directly related to 41 different sub-sectors, including hotels, motels, restaurants, entertainment centers, shopping malls, conference centers, travel agencies, car rental companies, maritime transport, railways, and airlines. This diversity is a key factor that enhances the capacity of tourism to contribute to the economy (Önal et al, 2008:830).

The tourism industry, due to its characteristics, maintains a strong relationship with other sectors. In meeting the needs of tourists, it extensively benefits from the agriculture, industry, and services sectors, influencing the business volume of these sectors based on demand intensity. Particularly, travel, food and beverage, and accommodation businesses are closely linked to the industrial and agricultural sectors through output-input relationships in their service and goods delivery processes. The tourism industry contributes to the growth and development of other sectors by utilizing the goods and services they produce to meet tourist needs. Additionally, the expansion of the tourism sector leads to the emergence of new economic activities. After 1980, the rise in international tourism demand for developing countries rich in historical and natural attractions, along with the diverse needs and preferences of tourists, has strengthened the impact of the sector and led to a diversification of tourism supply (Çıkın, et al, 2009:4).

The growth and development of the tourism sector directly impact activities in many other sectors. The increase in tourist demand creates a need for more restaurants, entertainment centers, accommodation facilities, transportation services, and real estate rentals. This rise in demand stimulates investments aimed at improving the infrastructure and service quality in tourist regions. Particularly, the construction sector, as a subfield of the industrial sector, flourishes with the increase in tourism investments. This, in turn, supports the growth of the steel and iron industry, as it provides the essential materials used in construction projects, thereby contributing to its expansion (Yamak et al, 2012:206).

Although the tourism sector is part of the services industry, the positive contributions that tourism revenues make to the economy of the country or region where tourism activities

are carried out strengthen its close relationship with agriculture, industry, and other service sectors. Tourism creates a significant source of income for local economies, generating demand in areas such as food supply from the agricultural sector, construction and production materials from the industrial sector, and accommodation and transportation services from the services sector. This demand contributes to the growth and development of the relevant sectors.

6.7.1. The Impact of Tourism on Agriculture Sector

The development of tourism in a region leads to the standardization of agricultural production and an increase in quality, allowing agricultural products produced with specific qualities to be marketed at higher prices. Particularly during the summer season, when both domestic and international tourism activities intensify, the demand for agricultural products in the region rises. This increased demand drives up the prices of agricultural products, thereby boosting the income of local communities who rely on farming for their livelihoods. Additionally, tourism leads to an increase in demand for livestock and dairy products, and there is also a growing interest in fresh fruits and vegetables from the region. This situation creates economic opportunities for local producers in the agriculture and livestock sectors, while also supporting regional development. (Akova,1998:89;Aslan, 2010:66).

The development of tourism activities enables landowners in tourism regions to utilize their non-agricultural lands for purposes such as camping or caravan tourism, providing them with additional income. In terms of employment, the seasonal nature of agricultural production and the resulting idle capacity and seasonal unemployment can be alleviated by the job opportunities created by the tourism sector. Particularly in the accommodation sector, the demand for unskilled or semi-skilled labor facilitates the transfer of the workforce from agriculture to tourism. However, tourism does not only have positive impacts on the agricultural sector but also poses certain negative effects. The allocation of agricultural lands for tourism activities, such as the construction of summer homes and tourism facilities or the redirection of agricultural areas toward tourism, leads to a decline in agricultural activities. The use of agricultural lands by local communities for tourist facilities such as holiday villages, campsites, or guesthouses, or permitting the

establishment of such facilities, results in a reduction in agricultural production in the region (Zengin, 2010:116).

6.7.2. The Impact of Tourism on the Industrial Sector

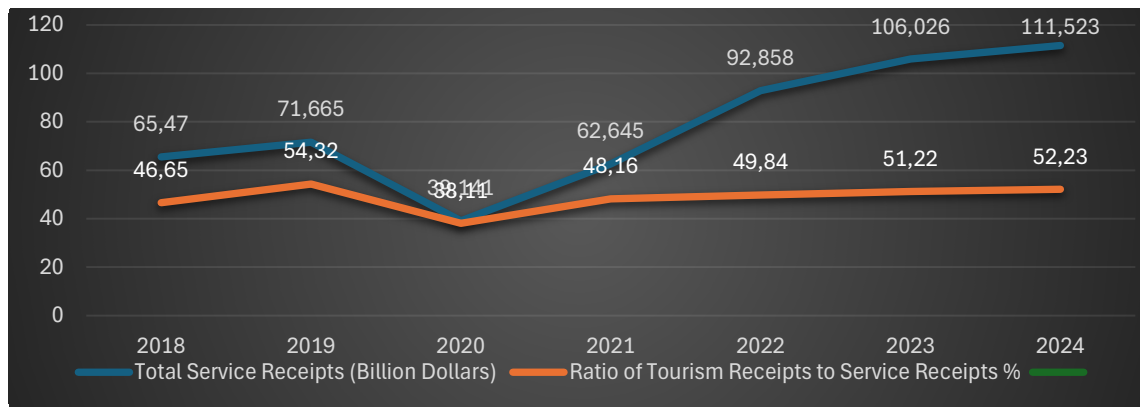
The impact of the tourism sector on the industrial sector becomes particularly pronounced in industries producing intermediate and consumer goods. The increase in tourism-related investments drives up the demand for industrial products used in the realization of these investments. These effects can be assessed as follows:

- **Intermediate Goods Industries:** The ceramics industry and the leather and leather products industry, among others producing intermediate goods, are directly influenced by tourism activities. In particular, the sale of leather products benefits from the additional export opportunities generated through tourism, as tourists often purchase these items as premium, locally made products.
- **Consumer Goods Industries:** The impact of tourism is more prominently felt in industries producing consumer goods. Particularly in the beverage and food industries, production is carefully tailored to meet tourist demand, with a focus on aligning products with tourism standards to cater to the preferences and expectations of visitors.
- **Construction Industry:** The most significant impact of tourism facility construction is felt in the construction sector. Approximately 60% of total tourism investments are allocated to the construction industry, which leads to a substantial boost in production and demand for construction materials, revitalizing the construction materials industry.
- **Tourism Expenditures and Infrastructure Services:** The increase in tourism expenditures and the development of infrastructure services (such as roads, seaports, and airports) create an indirect impact on the industrial and commercial sectors. This influence is observed in the supply of raw materials, production processes, and marketing activities, as these sectors adapt to meet the demands generated by tourism growth (Oktayer et al,2007:109).

6.7.3. The Impact of Tourism on Services Sector

A large portion of global trade is comprised of the services sector, and the tourism sector plays a significant role in contributing to the growth of this broad services industry. The services sector includes not only hardware-related trades such as electrical work, furniture making, construction, painting, and blacksmithing, but also daily consumption services like greengrocery, bakery, meat, and grocery; luxury consumption services such as antiques, jewelry, sports equipment, fashion houses, and perfumery; as well as other services like healthcare, banking, insurance, security, communication, and transportation. The tourism sector, particularly due to increases in income and expenditures, contributes to both quantitative and qualitative advancements in various service areas, including insurance, transportation, healthcare, handicrafts, security, banking, communication and entertainment (Durgun, 2006:33).

Figure 10: Ratio of Tourism Receipts to Service Receipts in Turkey in the 2018-2024 Period



Source: Republic of Turkey Ministry of Trade

Note: Data obtained from the Republic of Turkey Ministry of Trade. The graph was created by the author

In Turkey, the ratio of tourism revenues to service revenues generally showed an upward trend during the examined period, except for the year 2020. However, due to the COVID-19 pandemic, there was a 16% decline in 2020. In 2019, the ratio of tourism revenues to service revenues was 54%, but due to the negative effects of the pandemic, this ratio decreased to 52% by 2024.

6.8. The Impact of Tourism on Domestic Prices

In a developing economy, the increase in both domestic and international tourism activities leads to a rise in demand for both regional production and imported goods. As tourism activities expand, the demand for tourist products and services increases, which not only raises the costs of production factors but also leads to short-term price increases due to the time lag between investments made to meet demand and the realization of those investments. As a result of tourism-related developments and activities in the region, inflationary pressures emerge. These pressures trigger price increases in both the services and products offered within the tourism sector, as well as in other sectors that provide services to the tourism industry (Öztaş,2002:63).

The construction of tourism facilities in tourist regions provides significant profits for construction companies, while also creating substantial rent opportunities for landowners and the real estate sector in the area. However, the increase in land prices results in higher taxes on properties owned by local residents. This situation forces the local population to either utilize their properties in their own business activities or transfer them to larger capital holders (Zengin, 2010:116).

One of the most important factors determining demand in the tourism sector is the price factor. In both international and domestic tourism activities, tourists make their final decisions after comparing the prices of the destinations they plan to visit with those of competing countries, regions, or alternative holiday options. Tourist consumers generally prefer destinations that align with their income levels. In this context, tourism regions with lower domestic prices contribute to an increase in tourist demand, while regions with higher domestic prices may lead to a decrease in demand. However, consumers' perceptions that the services they receive in their preferred destination are of higher quality compared to alternative tourism regions can reduce their price sensitivity. On the other hand, specific popular groups, such as Harley Davidson enthusiasts, are less affected by price increases, yet their spending in the regions they visit can cause a short-term rise in local prices. (Akova,1998:77).

Price, along with a tourism destination's accessibility conditions, the information and services offered before travel, and the region's attractions, are key factors that shape

demand for a tourist region or country. Therefore, tourist demand is directly affected by changes in the prices of tourism products and services. In a destination, price increases for tourist products can significantly reduce the purchasing power of consumers, leading to a notable decrease in tourist demand for that region or country. Price hikes in tourism products and services reduce individuals' real purchasing power through the income effect, while also directing consumers to alternative destinations through the substitution effect. This can result in a decline in the number of tourists visiting the region and a reduction in tourism revenue, negatively impacting the tourism sector. (Tutar et al,2013:15; Coşkun,2010:54).

6.9. Effects of Tourism on Foreign Exchange Supply and Demand

The impact of the tourism industry on foreign exchange supply and demand is primarily based on the functioning of exports and imports. Offering tourist products and services to foreign tourists increases foreign exchange supply, similar to the export of goods. On the other hand, the foreign exchange demand is generated by the tourist spending of domestic citizens abroad and the import of goods and services needed in the production processes of the tourism sector. (Aktaş, 2002:61).

Revenue from active outbound tourism generates foreign exchange supply, similar to the export of goods. These revenues can be divided into two categories: visible and invisible exports. Visible exports consist of purchases made by tourist consumers, such as souvenirs, gifts, food, and beverages, at retail prices in the countries where they are vacationing. Invisible exports, on the other hand, refer to service exports and imports, which are more difficult to measure and identify compared to goods, due to the nature of services. In this context, tourism income and expenditures are classified as invisible items in the balance of payments (Beyazıt,2003:36,37).

7. CONCLUSION

This study has thoroughly examined the economic impacts of the tourism sector from various perspectives, highlighting its multidimensional contributions to both global and local economies. Tourism is not just a source of income; it is a crucial sector that supports economic growth, improves the balance of payments, creates employment, and fosters regional development. In this context, the foreign exchange revenue generated by tourism

and its contribution to national income are among the key factors that strengthen economic stability in both developed and developing economies. The impact of tourism on employment is particularly evident due to the labor-intensive nature of the sector. Its indirect effects on other sectors, such as agriculture, industry, and services, enable economic diversification while simultaneously fostering local development. However, the sustainability of employment in the sector depends on the development of workforce skills and improvements in working conditions. This highlights the need for tourism policies to be addressed comprehensively, considering both economic and social dimensions. Additionally, the impact of tourism on both infrastructure and superstructure investments strengthens the economic foundation as demand for the sector increases. Infrastructure investments not only boost the tourism industry but also serve as a driving force for the overall modernization of the national economy. However, effectively managing the impact of tourism on domestic prices is crucial to maintaining the living standards of the local population, ensuring that tourism-driven economic growth benefits the broader society without causing significant cost of living increases. The impact of tourism on foreign exchange supply and demand is a vital economic balancing tool, particularly for developing countries. Tourism revenues help meet foreign exchange demand while also serving to balance the country's international trade deficits. In this context, tourism's contribution to foreign exchange reserves plays a critical role in macroeconomic management, stabilizing the economy and providing the necessary resources to mitigate external financial pressures. In conclusion, while the tourism sector is an indispensable tool for economic growth and development, ensuring sustainable growth requires managing it according to environmental, social, and cultural sustainability principles. The long-term success of tourism will depend not only on economic gains but also on the preservation of natural resources, the safeguarding of cultural heritage, and the integration of local communities into economic development. In this regard, shaping tourism policies with more inclusive and long-term strategies will secure the future success of the sector. The findings of this study reveal that the tourism sector generates significant economic impacts both globally and specifically in Turkey. Based on these results, a series of concrete recommendations can be developed to enhance

the economic contributions of the tourism sector. Accordingly, infrastructure investments should be systematically increased to support regional development, and the untapped potential in underdeveloped areas should be effectively utilized. Moreover, implementing targeted promotional policies aimed at tourists with high spending tendencies is crucial to maximize foreign exchange revenues. In addition, to mitigate seasonal fluctuations, it can recommend to support diversified sustainable tourism types that can operate year-round, such as cultural tourism, health tourism, and ecotourism. Furthermore, tourism enterprises should prioritize investments that are sensitive to environmental and cultural values within the framework of quality standards and sustainability principles. Tourist profiles should also be effectively analyzed using digital marketing and data analysis tools, and service strategies should be developed in line with changing consumer demands. Integrating local products and services into tourism activities not only provides an authentic experience but can also contribute to strengthening local economies. Furthermore, conducting more comprehensive research on changes in tourist preferences post-pandemic is of great importance. Such studies should focus particularly on digital transformation in tourism, sustainability practices, and the resilience of tourism businesses to global crises. The study is expected to provide a foundation for the development of long-term strategic policies and to offer guidance to policymakers, industry professionals, and academics in enhancing sectoral resilience and promoting sustainable development within the tourism field.

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