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The Bankruptcy of Thomas Cook: An Evaluation from the Perspective of Consumer Behaviour, Digital Transformation and Strategic Management

Fatih ŞAHİN¹ Hakan RODOPLU²

Abstract

This study examines the 2019 bankruptcy of Thomas Cook, a company with a 185-year history, in the light of multidimensional dynamics, including digital transformation, changing consumer behaviours, financial sustainability, corporate governance, and crisis management. In the study, the difficulties faced by traditional tourism businesses in adapting to the requirements of the age are analysed through a case study method. The study's method is based on Yin's (2018) explanatory single-case study design. In the analysis process based on secondary data sources, the factors contributing to the bankruptcy of Thomas Cook were classified into digitalisation, experience economy, financial early warning systems, organisational flexibility, and governance frameworks, using a descriptive analysis technique. Academic publications, industry reports, company documents, and credible media content formed the dataset. The findings reveal that Thomas Cook has developed organisational vulnerability due to its inadequate adaptation to digital transformation, its insistence on a traditional business model, its insensitivity to changing consumer preferences, poor crisis management, and ethical weaknesses. In addition, the fact that top management bonus systems contradict ethical and governance principles stands out as an essential factor that undermines stakeholder trust. The study has the potential to develop preventive strategies at the policy and practice level in the areas of digital adaptation, strategic planning, organisational resilience and ethical governance for tourism enterprises with similar structures.

Keywords: Thomas Cook, Digital Transformation, Strategic Management, Consumer Behaviour, Corporate Governance.

JEL Codes: G32, G33, L25, M31, O33

Thomas Cook'un İflası: Tüketici Davranışı, Dijital Dönüşüm ve Stratejik Yönetim Perspektifinden Bir Değerlendirme

Öz

Bu çalışma, 185 yıllık geçmişi olan Thomas Cook şirketinin 2019 yılında iflasını, dijital dönüşüm, değişen tüketici davranışları, finansal sürdürülebilirlik, kurumsal yönetim ve kriz yönetimi gibi çok boyutlu dinamikler ışığında incelemektedir. Çalışmada, geleneksel turizm işletmelerinin çağın gerekliliklerine uyum sağlamada karşılaştıkları zorluklar vaka çalışması yöntemi ile analiz edilmiştir. Çalışmanın yöntemi, Yin'in (2018) açıklayıcı tek vaka çalışması tasarımına dayanmaktadır. İkincil veri kaynaklarına dayalı analiz sürecinde, Thomas Cook'un iflasına katkıda bulunan faktörler, tanımlayıcı analiz tekniği kullanılarak dijitalleşme, deneyim ekonomisi, finansal erken uyarı sistemleri, örgütsel esneklik ve yönetim çerçeveleri olarak sınıflandırılmıştır. Akademik yayınlar, sektör raporları, şirket belgeleri ve güvenilir medya içerikleri veri setini oluşturmuştur. Bulgular, Thomas Cook'un dijital dönüşüme yetersiz adaptasyonu, geleneksel iş modelinde ısrarı, değişen tüketici tercihlerine duyarsızlığı, zayıf kriz yönetimi ve etik zayıflıkları nedeniyle örgütsel kırılganlık geliştirdiğini ortaya koymaktadır. Ayrıca, üst yönetimin bonus sistemlerinin etik ve yönetim ilkeleriyle çelişmesi, paydaşların güvenini sarsan önemli bir faktör olarak öne çıkmaktadır. Çalışma, benzer yapıya sahip turizm işletmeleri için dijital adaptasyon, stratejik planlama, örgütsel direnç ve etik yönetim alanlarında politika ve uygulama düzeyinde önleyici stratejiler geliştirme

¹ Lecturer, Recep Tayyip Erdoğan University, Department of Transportation Services, Civil Aviation Cabin Services Pr., fatih.sahin@erdogan.edu.tr, 0009-0005-7118-9589.

² Asst. Prof., Kocaeli University, Department of Aviation Studies and Management, hakan.rodoplu@kocaeli.edu.tr, 0000-0001-9670-814X.

potansiyeline sahiptir.

Anahtar Kelimeler: Thomas Cook, Dijital Dönüşüm, Stratejik Yönetim, Tüketici Davranışı, Kurumsal Yönetişim.

JEL Kodları: G32, G33, L25, M31, O33

Introduction

The dynamic structure of the global tourism sector, transformations in consumer behaviour, the acceleration of digitalisation and macroeconomic uncertainties seriously affect tourism companies operating with traditional business models. In this context, the bankruptcy of Thomas Cook, which has a history of 185 years, as of 2019 is considered not only as the collapse of a company but also as an indicator of the threats faced by corporate structures that cannot keep up with the transformation of the sectoral structure in terms of sustainability.

The bankruptcy of Thomas Cook is a combination of multidimensional problems such as limited capacity to adapt to digital transformation processes, inability to read changing consumer trends adequately, weaknesses in financial sustainability and corporate governance weaknesses. This situation shows that tourism sector companies must build resilient and adaptable structures across financial, strategic, operational, and ethical dimensions.

Globalisation, technological developments and changes in consumer behaviour have brought about a structural transformation in the tourism sector. Especially with the acceleration of digitalisation, the sector has shifted from traditional supply-oriented models to demand-oriented, flexible and experience-based models (Buhalis & Law, 2008). This transformation has radically affected both the presentation of travel products and distribution channels.

For many years, traditional travel agencies have been the leading actors offering flight, accommodation and package tour services through physical offices. However, the proliferation of the internet and the emergence of online travel platforms (OTAs) have severely reduced their competitiveness (Law et al., 2014). Consumers now prefer to make their bookings directly through online channels, which calls into question the role of intermediaries (Xiang & Gretzel, 2010). In this context, the evolution of travel agencies can be interpreted as a transition from physical presence to a digitised, experience-oriented and direct contact-based structure.

Explanations for the bankruptcy phenomenon are primarily based on theories of financial failure, corporate governance deficiencies and strategic misalignment. While financial early warning systems such as Altman's Z-Score Model suggest that weaknesses in the balance sheet structure of companies can lead to bankruptcy, the governance literature considers the lack of board effectiveness, transparency and accountability as critical factors (Altman 1968; Daily & Dalton, 1994).

Especially in the service sector, large-scale firms that cannot adapt quickly to changing external environmental conditions, organisational inertia and lack of strategic flexibility are decisive in the process leading to bankruptcy (Hannan & Freeman 1984). These theoretical approaches show that the failure of traditional companies such as Thomas Cook to adequately adapt to the requirements of the age, such as digitalisation and experience economy, is one of the main reasons for bankruptcy.

The primary purpose of this research is to analyse the bankruptcy process of Thomas Cook in a multidimensional framework and to reveal the structural problems faced by traditional tourism businesses in areas such as digital transformation, changes in consumer behaviour, financial sustainability and corporate governance. In particular, it examines in depth how strategic management failures and a lack of organisational resilience to environmental

uncertainties played a critical role in the bankruptcy process.

The significance of the research lies not only in documenting a failure story specific to Thomas Cook but also in its potential to provide preventive strategic lessons for tourism organisations with similar structures. In today's rapidly changing digital and economic conditions, this case study contributes to concrete conclusions on how tourism businesses can become more resilient in areas such as strategic planning, crisis management, digital adaptation and ethical governance. This study aims to contribute to the academic literature while also providing practical recommendations for tourism sector professionals.

1. Conceptual Framework

1.1. Changing Consumer Trends and Digitalisation

Developing technology and the widespread use of the internet have led to radical changes in consumer behaviour; digitalisation has reshaped decision-making and service purchasing processes, especially in the travel industry. Consumers now prefer faster, personalised and more accessible online services, which leads to the questioning of traditional business models. In this context, changing consumer trends and the effects of digitalisation in the travel industry should be evaluated together.

1.2. Experiential Economics

In recent years, the tourism sector has evolved beyond simply providing a physical travel service and has evolved into a structure that aims to provide consumers with unique and personalised experiences. This transformation is closely related to the concept of experiential economy introduced by Pine and Gilmore (1999). The experiential economy argues that products and services are now valued based on the experience they provide to consumers, and this situation is becoming more visible, especially in the tourism sector.

As a reflection of this approach, concepts such as "experiential tourism", "search for authentic experiences", "personalised service", and "emotional connection" come to the fore in tourism literature (Uriely, 2005; Kim, Ritchie, & McCormick, 2012). The decrease in demand for traditional package tours and the increase in individual travel preferences indicate that tourists are no longer considered as "consumers" but as "participants". In this context, Airbnb, Couchsurfing and digital platforms offering local experiences have become important actors of experiential tourism (Tussyadiah & Pesonen, 2016).

In addition, consumer behaviour has changed significantly with digitalisation. Instant access to information in travel planning, online user reviews and social media posts shapes tourist decisions and raise experience expectations (Xiang & Gretzel, 2010). This new consumer profile demands flexible, authentic and emotionally satisfying experiences.

As a result, traditional tourism businesses that fail to adapt to the experiential economy face the risk of losing their competitive advantage. Thomas Cook serves as a clear example of how rigid and costly business models fail to adapt to experience-oriented, digital tourism trends.

1.2.1. Online Reservation Systems and Consumer Preferences

With the impact of digitalisation in the tourism sector, online booking systems (Online Travel Agencies - OTA) have become one of the main tools in travel planning. Consumers now prefer to make quick and easy bookings by comparing prices through digital platforms rather than traditional agency services when planning their travels (Buhalis & Law, 2008). This transformation shows that factors such as instant access to information, user experience, reviews and customisation options directly affect decision-making processes.

Studies reveal that price, user reviews, platform reliability and ease of use are among the factors that users consider most when making online bookings (Xiang, Magnini & Fesenmaier, 2015). Especially platforms such as TripAdvisor, Booking.com and Airbnb shape booking decisions by increasing consumers' perception of trust (Litvin, Goldsmith & Pan, 2008).

Moreover, it is stated that consumer preferences have become individualised with digitalisation, and different demographic groups exhibit different digital behaviours. For example, while young consumers prefer mobile-friendly reservation systems, older consumers pay more attention to security factors in web-based systems (Morosan & Jeong, 2008).

Online platforms also support the search for meaningful travel experiences. Consumers plan not only accommodation or flights but also local experiences, tours and gastronomy events on the same platform, making it possible to design the entire trip digitally (Gretzel, Sigala, Xiang, & Koo, 2015).

In light of these developments, the inability of traditional tourism companies such as Thomas Cook to integrate into online reservation systems or to remain weak in this area has caused them to fail to meet consumer expectations and to experience competitive disadvantages.

1.2.2. Impact of Digitalisation on the Service Sector

The rapid development of digital technologies has led to radical changes in the service sector and necessitated the restructuring of traditional business models. While digitalisation has automated service delivery processes, it has also transformed the ways of interacting with customers and brought user experience to the forefront (Rust & Huang, 2014).

One of the most prominent effects of digitalisation in the service sector is the personalisation and increased accessibility of services. Customer behaviour is analysed through artificial intelligence, big data and mobile applications, and services tailored to the customer profile are offered in the light of these analyses (Aksoy, 2024). Especially in areas such as banking, healthcare, education and tourism, digitalisation has not only increased customer satisfaction but also increased operational efficiency by reducing costs.

In the tourism sector, digitalisation has digitised many aspects of the service experience through tools such as reservation systems, virtual tours, online customer support and user reviews (Buhalis & Amaranggana, 2015). This transformation has become not only a technological development but also a determining factor in shaping customer expectations.

However, it is also seen that digitalisation does not produce advantages for every service provider. Especially traditional companies with large, cumbersome structures cannot adapt to digitalisation processes fast enough, and this leads to competitive disadvantages (Henfridsson & Bygstad, 2013). In this context, the Thomas Cook example is noteworthy in terms of showing the structural vulnerabilities that service companies that cannot integrate into digital transformation processes may face.

As a result, digitalisation reshapes the service sector around the criteria of customer orientation, flexibility and speed and reveals the necessity of strategic adaptation based on technology for businesses to survive.

1.2.3. Digital Competition in the Travel Industry

With the spread of digitalisation, the travel industry has evolved into an intensely competitive environment, and the innovative services offered by digital platforms have posed a serious threat to traditional business models. This transformation has brought about a new competitive paradigm where competition is shaped not only by price but also by speed, ease of access, user experience and personalised service (Werthner & Klein, 1999).

Research shows that the most prominent representatives of digital competition are online travel platforms (Booking.com, Expedia), low-cost airlines (EasyJet, Ryanair) and sharing economy-based applications (Airbnb, Couchsurfing). These actors have gained a strong position in the market by offering consumers instant price comparison, personalised recommendations and choices based on user reviews (Gretzel et al., 2015).

Digital competition has necessitated the restructuring of not only new players but also traditional companies investing in digital strategies. For tourism businesses, factors such as website quality, mobile compatibility, online customer service and social media interaction have become determinants of competitive advantage (Law, Buhalis, & Cobanoglu, 2014).

In this process, companies that are late or resistant to adopt digital innovation face the risk of falling behind the competition. The Thomas Cook example clearly demonstrates how companies that insist on maintaining their traditional structure may face sustainability problems in the face of digital competition.

As a result, digital competition in the travel industry has become a strategic necessity beyond technological adaptation; companies that can offer value to consumers and develop fast and flexible digital solutions stand out in the market, while businesses that resist transformation face serious structural threats.

1.3. Political and Environmental Uncertainties

Global political fluctuations and environmental crises are among the external factors that directly affect tourism demand. Volatility in exchange rates, political uncertainties, climate change and natural disasters may cause travel decisions to be postponed or routes to be changed. This situation poses a serious threat, especially for tourism enterprises with a fragile structure. In this framework, it should be analysed in detail how the political and environmental risks faced by Thomas Cook contributed to the bankruptcy process.

1.3.1. Political Uncertainties in Tourism

The tourism sector is susceptible to external environmental conditions. Among these conditions, political uncertainties are among the critical factors that directly affect the demand for destinations. Political instability, security concerns, administrative crises and tensions in international relations lead to significant changes in tourists' destination preferences (Seddighi, Nuttall & Theocharous, 2001).

In the literature, political uncertainty is addressed both at the micro (domestic conflicts, elections) and macro level (international sanctions, regional instability), and the effects of these factors on tourism demand are supported by empirical studies. For example, Neumayer (2004) showed that civil wars and human rights violations significantly reduce international tourist flows.

The perception of security created by political uncertainties, especially for Western tourists, results in postponing their travel decisions or turning to safe alternative destinations (Baker, 2014). In this context, uncertainty not only reduces the existing demand but also prevents the development of tourism infrastructure by negatively affecting the investment environment.

In addition, sudden changes in exchange rates, customs regulations and visa policies are also considered within the scope of political uncertainty and make strategic planning difficult by reducing the predictability of enterprises (Enders, Sandler & Parise, 1992).

As in the case of Thomas Cook, the Brexit process and the resulting currency fluctuations directly affected both the financial structure of the company and the travel decisions of British tourists, which was an exogenous factor that increased the vulnerability of the company.

1.3.2. Climate Change and Travel Behaviour

Climate change is considered a global crisis with both direct and indirect impacts on the tourism sector. Increasing temperatures, extreme weather events, forest fires, and sea level rises reduce the attractiveness of many destinations and reshape the travel behaviour of tourists (Scott, Gössling & Hall, 2012). In this context, trends such as changing the direction of touristic preferences, decreasing the frequency of travel or changing the timing of travel are observed.

Research shows that climate change increases risk and threatens the sustainability of tourist products, especially in coastal destinations, mountain tourism and ecotourism (Becken, 2007). For example, examples such as the inability of ski resorts to offer snow guarantees or the increase in off-season preferences due to extreme temperatures in summer holiday destinations show climate-induced behavioural changes.

It is also emphasised in the literature that tourists with high environmental sensitivity towards climate change tend to prefer transportation methods with low carbon footprint (e.g. train), short-distance travel or local destinations (Barr, Shaw, Coles, & Prillwitz, 2010). However, it is stated that these behaviours have not yet become widespread in all tourist groups due to the dependence on air transport and cost advantages.

In addition to the impacts on travel behaviour, climate change also challenges tourism businesses in terms of operational risks, cost increases and insurance liabilities. This situation necessitates the development of more flexible, environmentally friendly and climate adaptation-based strategies across the sector.

1.3.3. Crisis Management and Resilience to External Shocks

Crisis management is recognised as a strategic imperative, especially for companies operating in sectors that are open to strong external influences. Tourism and aviation sectors are directly vulnerable to many external factors, such as political uncertainties, economic fluctuations, natural disasters and climate crises. In the literature, the resistance developed against such conditions is explained by the concept of "organisational resilience", which refers to the extent to which an organisation is affected by a crisis and how quickly it can recover (Duchek, 2020).

When the case of Thomas Cook Airline is analysed in this context, it is seen that the company does not have sufficient resilience capacity against external shocks and cannot develop an effective crisis management mechanism. In particular, currency fluctuations due to the Brexit process, air transport uncertainties with the EU, and the stagnation in the travel behaviour of British tourists have disrupted Thomas Cook's demand and revenue balance. In addition, factors such as the climate crisis extending or shifting summer seasons have also led to changes in consumer preferences, making operational planning difficult (Scott, Gössling & Hall, 2012).

In the face of such external shocks, instead of activating early warning systems, the company's strict adherence to its current business model and its high fixed cost structure shows that it is far from strategic flexibility. However, according to the literature, the basic principles of crisis management include flexibility, adaptability, multi-scenario planning and strong communication with stakeholders (Pearson & Clair, 1998; Ritchie, 2004).

Despite the looming financial risks, Thomas Cook's management failed to read the crisis signals in time and delayed the restructuring processes. The capital venture plan with Fosun Group was also not enough to rebuild public trust. This suggests that crisis management should be supported not only by financial interventions but also by transparent communication, strategic alignment and management of stakeholder expectations (Hotchkiss, John & Mooradian, 2008).

1.4. Financial Structure and Restructuring Process

In today's intensely competitive environment, the long-term sustainability of enterprises depends on a sound financial structure and effective resource management. High indebtedness ratios, low liquidity and fluctuating market conditions seriously challenge companies, especially in times of crisis. In this context, financial restructuring processes are critical strategic steps that enable businesses to re-establish their financial balance and sustain their existence. In this framework, the impact of weaknesses in the financial structure and restructuring efforts on the bankruptcy process should be analysed through the Thomas Cook case.

1.4.1. Financial Early Warning Systems in Company Insolvencies

Predicting the bankruptcy risk of businesses in advance is of vital importance for both managers and investors. Financial early warning systems developed in response to this need are a set of models for determining the probability of bankruptcy based on the financial data of companies. In the literature, the basis of these systems is based on analysing the ratios obtained from the financial statements of companies by statistical and mathematical methods.

The Altman Z-score model, one of the most well-known financial early warning systems, was first developed in 1968 and is based on five elemental financial ratios to distinguish bankrupt firms from non-bankrupt firms (Altman, 1968). Over time, this model has been adapted and improved for non-manufacturing sectors, developing countries and private firms. Subsequently, Ohlson (1980) improved the statistical accuracy by proposing a model based on the logit regression method.

In recent years, artificial intelligence and machine learning techniques have been used to improve the accuracy of early warning systems further. Methods such as support vector machines (SVM), decision trees and neural networks offer high success rates, especially when working with large datasets (Sun, Li & Huang, 2014).

The application of these models in the tourism and service sectors requires more careful analysis due to structural differences such as seasonality, low asset concentration and vulnerability to external shocks. In the case of Thomas Cook, indicators such as high indebtedness ratios, poor liquidity and declining profitability were at a level that would have signalled bankruptcy risk in classical early warning models but were not intervened in a timely manner. In this context, financial early warning systems should be considered not only as bankruptcy prediction tools but also as managerial control mechanisms that should be integrated into strategic decision-making processes.

1.4.2. Corporate Restructuring Processes

Corporate restructuring is defined as an adaptive response of businesses to market conditions, financial pressures or strategic failures. This process is multidimensional, including financial restructuring (debt restructuring, capital raising), operational restructuring (productivity improvement, workforce reduction, process optimisation) and strategic restructuring (market and product portfolio review, mergers and acquisitions) (Sudarsanam, 1995).

The success of restructuring processes is often directly related not only to financial indicators but also to the leadership approach, stakeholder management, timing and alignment with organisational culture (Slatter, Lovett & Barlow, 2006). Management failures, poor communication with stakeholders and inadequate analyses of the situation are the most prominent factors in most of the examples of failed restructuring in the literature (Hotchkiss, John, & Mooradian, 2008).

In addition, while restructuring in times of crisis is usually reactive, proactive, visionary and strategic transformations for long-term sustainability lead to more lasting results. In this

context, restructuring should be considered not only as a "rescue operation" but also as an opportunity for organisational learning, renewal and transformation (Barker & Duhaime, 1997).

In the case of Thomas Cook, it is seen that the restructuring efforts made despite the long years of debt burden and low profitability ratios were insufficient at the strategic level and were only for short-term financial relief. This reveals how critical corporate restructuring is in terms of both scope and timing.

1.4.3. Financial Sustainability and Risk Management

Financial sustainability refers to the financial resilience required for an organisation to continue its current activities in the long term and to resist crises. This concept is not only limited to ensuring the balance of income and expenditure but also includes multidimensional elements such as debt management, liquidity control, investment planning and resource diversity (Richardson, 2008). Failure to ensure financial sustainability increases the risk of bankruptcy, especially in times of crisis, and limits the company's restructuring capacity.

Risk management is one of the main components of this sustainability. Businesses should identify internal (operational errors, management weaknesses) and external (currency fluctuations, political crises, natural disasters) risks in advance and develop preventive and mitigating strategies against them (Hopkin, 2018). An effective risk management system should be holistic, covering not only financial risks but also reputational, regulatory and strategic risks.

In the literature, it is seen that inadequate risk calculation and weak financial planning are the determinants of the failures of large-scale and multinational companies (Bessis, 2015). Modelling, measuring and continuous monitoring of risk is directly related to a strong corporate governance structure.

The case of Thomas Cook is a concrete example of the financial sustainability problems of a company that was dragged into the bankruptcy process by high indebtedness, poor cash management and inadequate risk measures against external economic shocks. The company's inability to manage foreign exchange and demand risk, especially in the post-Brexit uncertainty period, made operational weaknesses even more visible.

1.5. Corporate Governance and Ethical Discussions

The global business world has entered an era in which companies are evaluated not only by their financial performance but also by the extent to which they adhere to ethical values and corporate governance principles. Principles such as transparency, accountability, fairness and responsibility play a critical role in building stakeholder trust and protecting long-term corporate reputation. However, especially in times of crisis, managerial decisions can become ethically questionable and cause severe erosion of public trust. In this context, corporate governance and ethical dilemmas should be analysed in detail through Thomas Cook's top management practices.

1.5.1. Corporate Governance Principles

Corporate governance is a set of structures and processes that aim to manage businesses in line with the principles of sustainability, transparency and accountability. This concept has gained more importance, especially after the major corporate scandals (Enron, WorldCom, etc.) in the 2000s and has been shaped by regulatory bodies within the framework of a set of principles (Clarke, 2007).

The four basic corporate governance principles identified by the OECD (2016) are transparency, accountability, fairness and responsibility. These principles require companies to

adopt an ethical and responsible management approach not only towards their shareholders but also towards all stakeholders such as employees, customers, suppliers and society.

In the literature, it has been shown that good governance practices have many positive effects beyond improving financial performance, such as reducing the cost of capital, increasing investor confidence, and increasing the resilience of the company in times of crisis (Shleifer & Vishny, 1997). Moreover, it is emphasised that an effective board structure plays an important role in preventing managers' conflicts of interest and making corporate decisions in a stakeholder-oriented manner (Tricker, 2015).

However, it is not enough just to have principles; these principles should be internalised and integrated into the corporate culture. Otherwise, a formal (nominal) governance structure is insufficient to eliminate ethical risks and managerial problems (Aguilera & Jackson, 2003).

In the case of Thomas Cook, the high bonus payments made to the top management despite the company's bankruptcy shows that corporate governance principles are applied only at the formal level, while basic principles such as accountability and responsibility are neglected.

1.5.2. Executive Bonus Systems and Performance Measures

Executive bonus systems are a means of motivating senior executives in line with company goals and ensuring that they consider the long-term interests of the company in their decision-making processes. These systems are usually structured on the basis of performance and consist of components such as salary, cash bonus, stock options or long-term incentive plans (Jensen & Murphy, 1990).

The basic assumption of such systems in the literature is to harmonise the interests of managers and shareholders. According to agency theory, since there is a potential for conflict of interest between managers and owners, bonus systems aim to bridge this gap (Eisenhardt, 1989). However, these systems may lead to negative results if performance measures are structured incorrectly or focus only on short-term financial targets (Bebchuk & Fried, 2004).

Performance measures are generally based on financial metrics (e.g. profit, share price, rate of return), but in recent years, non-financial metrics such as corporate social responsibility, sustainability, customer satisfaction and employee engagement have been integrated into evaluation systems (Kaplan & Norton, 1996).

As seen in the case of Thomas Cook, the fact that high bonuses were paid to executives even in the pre-bankruptcy period questioned the extent to which performance evaluation systems were structured correctly. This situation is not only ethically controversial but also points to governance weaknesses.

1.5.3. Ethical Responsibilities in Bankruptcy

Insolvency processes are not only economic collapses; they are also complex situations that raise serious ethical and social responsibility issues. When companies go bankrupt, not only shareholders but also employees, suppliers, customers and the public suffer at various levels. Therefore, evaluating the decisions of managers and boards of directors in the bankruptcy process within the framework of ethical responsibility is becoming increasingly important in the literature (Jones, 1991).

In the pre-bankruptcy period, ethical issues that are frequently criticised include the deliberate disregard of risks by company managers, failure to disclose the financial situation transparently or making payments that create conflicts of interest (Boatright, 2014). Such practices contradict both corporate governance principles and business ethics principles and harm stakeholders.

In the literature, it is emphasised that the ethical responsibilities of managers in bankruptcy situations are not only limited to fulfilling legal obligations; they also include moral responsibilities. In this framework, the "stakeholder theory" makes it necessary to consider the effects of decisions on all stakeholders (Freeman, 1984).

Moreover, breaches of ethical responsibility can undermine public trust, lower the reputation of the sector and disrupt restructuring processes in the long run (Kaptein, 2008). In the case of Thomas Cook, the payment of high bonuses to senior executives, even during the bankruptcy process, indicated that ethical responsibility took a back seat to financial interests and led to severe public criticism.

2. Method

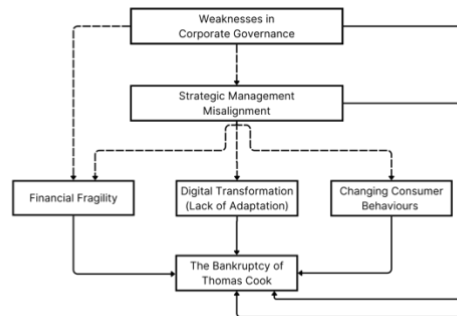
This study is a qualitative case study conducted to examine the bankruptcy process of Thomas Cook from a multidimensional perspective. The study adopts the explanatory single case study design defined by Yin (2018) and analyses structural factors such as strategic misalignment, lack of digital transformation, transformation in consumer behaviour and corporate governance weaknesses within the framework of the Thomas Cook case.

All of the data used in this research were obtained from publicly available secondary sources (company reports, financial statements, academic literature and media content). Within the scope of the research, no primary data collection method (e.g. interview, questionnaire or experimental study) was used, and human participants were not directly contacted. Therefore, ethics committee approval was not required for the study.

2.1. Research Model

The model illustrates the impact of interrelated dimensions such as lack of digital transformation, changing consumer behaviour, financial fragility, corporate governance weaknesses and strategic management misalignment on the bankruptcy process. This conceptual framework is based on the findings of the multidimensional analysis from the explanatory single-case design described by Yin (2018). The model presents the theoretical basis of each variable and its interrelationships, considering the factors that led to corporate collapse in the Thomas Cook case from a holistic perspective. In explaining the bankruptcy phenomenon, financial failure theories, corporate governance approaches, and strategic alignment literature are utilised; thus, the internal and external dynamics shaping the process leading to the company's collapse are evaluated together.

Figure1: Conceptual Research Model for the Bankruptcy of Thomas Cook



2.2. Universe-Sample

The Thomas Cook case, which is the focus of the research, has been selected by purposive sampling method due to its historical nature, sectoral representativeness and its potential to contribute to the literature with its bankruptcy process. In this context, the case is handled in a

singular and explanatory manner, and the interactive analysis of the internal and external variables that cause bankruptcy is aimed.

2.3.Data Collection Tools

The data set was created through international press reports published between 2015 and 2019 regarding the bankruptcy process of Thomas Cook, publicly available financial statements of the company, management statements, industry reports and a secondary academic literature review. In particular, documents obtained from publications such as the Financial Times, BBC, The Guardian, Bloomberg and Reuters constitute the media-based secondary data dimension of the case analysis.

2.4. Analysing the Data

The secondary data obtained were analysed using the thematic analysis method commonly used in qualitative research. In the analysis process, the pattern identification approach was adopted, and the problem areas that recurred and became evident in the news texts and sector reports were coded. The themes that emerged as a result of coding were categorised in the following four dimensions by matching them with conceptual frameworks compatible with the literature:

1. Changing consumer trends and digitalisation,
2. Political and environmental uncertainties,
3. Financial structure and restructuring process,
4. Corporate governance and ethical debates.

These themes are presented and interpreted within the framework of subheadings related to the theoretical literature in the literature review section of the study.

The internal validity of the research was ensured by utilising multiple data sources (data triangulation). The information obtained from media news, financial documents and academic literature were cross-checked to confirm each other; the prominent conceptual patterns were consistently coded and transformed into themes. During the coding process, the methodological reliability of the study was supported by paying attention to the principles of transparency and documentability. In accordance with ethical principles, all sources used were cited in line with academic norms, and copyrights were respected.

3. Findings

Changing Consumer Trends and Digitalisation: Thomas Cook's traditional business model has not been able to respond adequately to digitalised consumer expectations (Stryber, 2019). Especially in recent years, the increasing demands of travellers for digital reservation systems, mobile compatibility and personalised service offerings have revealed the inadequacy of the company's static and package tour-oriented service approach. Thomas Cook's delay in integrating with digital platforms in the face of the new generation of tourists who are oriented towards experience-based consumption has significantly weakened its competitiveness in the market.

Political and Environmental Uncertainties: External factors that increase Thomas Cook's operational and strategic vulnerability include the United Kingdom's departure from the European Union (Brexit), exchange rate fluctuations and changes in travel behaviour due to climate change (Bloomberg, 2019). Such uncertainties made the company's planning and resource allocation processes unpredictable and increased financial and operational burdens. In addition, the preference of environmentally sensitive consumers for low-carbon-footprint transport and accommodation has reduced the interest in traditional airline-based holiday packages.

Financial Structure and Restructuring Process: Failure to ensure financial sustainability stands out as a determining factor in the company's bankruptcy process. Long-term borrowing, weak liquidity ratios and low profitability levels made the company's financial structure fragile; a strategic transformation process could not be initiated despite the financial indicators obtained from early warning systems (Fitchratings, 2019). The capital raising initiative with Fosun Group was limited to providing temporary liquidity support that did not include structural reforms; this situation prevented the establishment of trust among stakeholders. Consequently, corporate restructuring efforts were found to be inadequate in terms of both scope and timing.

Corporate Governance and Ethical Controversies: The findings of the study indicate that there are serious weaknesses in Thomas Cook's corporate governance practices. The fact that high-performance bonuses were paid to senior executives even when the company's bankruptcy was inevitable contradicts the principles of ethical responsibility and accountability (Business, Energy and Industrial Strategy Committee, 2019). This situation not only eroded stakeholder confidence but also deepened questions about the transparency, fairness and sustainable decision-making capacity of the board of directors. The inability to transform formal governance mechanisms into internalised corporate values is considered one of the main institutional pathologies behind bankruptcy.

4. Discussion and Conclusion

This study analyses Thomas Cook's bankruptcy from a multidimensional perspective, highlighting the structural challenges faced by traditional tourism businesses. The findings clearly demonstrate how digitalisation, changing consumer trends, lack of financial sustainability, ineffective crisis management, corporate governance weaknesses and breaches of ethical responsibility paved the way for bankruptcy.

The Thomas Cook example shows that companies that do not adapt to digital transformation processes in a timely manner can quickly lose their competitiveness. The company's failure to integrate into online platforms, to maintain its traditional business model with fixed costs and to adequately anticipate changes in consumer demand led to its exclusion from the market. In addition, ignoring financial early warning systems, failing to manage the increasing debt burden in a timely manner, and unsuccessful restructuring initiatives reveal a lack of corporate flexibility.

In terms of ethics and corporate governance, the Thomas Cook case emphasises the importance of accountability and responsibility principles. The high bonuses paid to senior executives during the company's bankruptcy process not only undermined stakeholder confidence but also demonstrated that governance systems should be more than formalised.

In this context, strategic recommendations for the future can be summarised as follows:

- 1. Digital Adaptation and Innovation:* Tourism businesses should accelerate the integration process with digital platforms and prioritise digitalising the customer experience.
- 2. Financial Early Warning Systems:* Enterprises should effectively use financial analysis tools that can identify the risk of bankruptcy in advance and take preventive actions according to these signals.
- 3. Institutional Resilience and Crisis Management:* Scenario-based planning, liquidity reserves and rapid decision-making mechanisms against external shocks should be strengthened.
- 4. Ethical and Transparent Governance:* Managers' performance systems should be structured according to sustainable value criteria such as ethical responsibility and stakeholder satisfaction, not just financial outputs.

The Thomas Cook case is not just the collapse of a company but a strategic lesson in how traditional structures can quickly become dysfunctional if they do not adapt to a changing world.

This study has some limitations. Firstly, the use of only secondary data sources limits in-depth analysis and enrichment of context. Moreover, the fact that the study is based on a single case reduces the generalisability of the findings. The fact that the time period is limited to the years 2015-2019 prevents the complete capture of long-term trends. The superficial approach adopted in the financial analyses limits detailed assessments of the financial structure. Additionally, the lack of direct stakeholder consultation and the inherent subjectivity of the qualitative analysis method are factors that should be considered when interpreting the findings. Finally, the regional and cultural focus on the European and UK context may limit the universality of the results.

Çıkar Beyanı: Yazarlar arasında çıkar çatışması yoktur.

Etik Beyanı: Bu çalışmanın tüm hazırlanma süreçlerinde etik kurallara uyulduğunu yazarlar beyan eder. Aksi bir durumun tespiti hâlinde Avrasya Üniversitesi Sosyal ve Beşeri Bilimler Dergisi'nin hiçbir sorumluluğu olmayıp, tüm sorumluluk çalışmanın yazarlarına aittir.

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