



**The Ministry of Education of  
Azerbaijan Republic**

**Impact of the  
Financial and Economic Crisis  
on Tourism**

Bəşirzadə Emil

UNEC SABA  
Azerbaijan State Economic University





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## **Abstract**

Tourism is one of the largest industries in the global economy and has been both a key driver and a beneficiary of the prolonged period of economic growth seen in recent years. It also has significant social and cultural benefits because of its potential to promote understanding and international relationships. These socioeconomic dimensions make tourism a vital component of globalization. But the many events taking place at global level call into question how the tourism industry is affected.

Natural phenomena (earthquakes, hurricanes, volcanic eruptions), epidemics, terrorist acts, political instability drastically affect the tourism industry and hence national economies. The intensity of business organizations is reflected in the national economy and hence overall performance.

The tourism industry has been affected by other crises in the previous period but the current crisis (whose starting point can be considered the period September-October 2008) is characterized by some specific aspects that differentiate it from other crises. The global financial crisis started from 2008 has brought severe damages to tourism, as tourism is especially vulnerable to economic uncertainty and volatility. Therefore it is very important and necessary to monitor the impact of the financial crisis and forecast the future change in tourism demands. Its impact, based on real data, are analyzed in this article. Despite the current difficulties.

The Tourism sector remains a critical economic sector worldwide and one that provides significant potential for economic growth and development

internationally. This paper examines the impact of crisis events on the demand for tourism overnights in order to establish a better understanding of changes and trends in tourism.

# CONTENT

## **1. INTRODUCTION**

1.1. Research Background

1.2. Research Purpose and Objectives

1.3. Research Structure

## **2. FINANCIAL AND ECONOMIC CRISIS AND TOURISM**

2.1. Determinant factors of tourism development

2.2. Economic impact of the tourism

2.3. Economic crisis and Tourism

## **3. IMPACT OF THE FINANCIAL AND THE ECONOMIC CRISIS ON THE REGIONS AND COUNTRIES: SOLUTION VERSIONS**

3.1. The Impact of E

uropean Economic and Financial Crisis on tourism; the  
case of Greece

3.1.1. The impact of European and Financial Crisis on tourism

3.1.2. Tourism in Greece and SWOT analysis of Greek tourism

3.1.3. The Economic and Financial Crisis on Greece

3.2. The Impact of Asian Economic and Financial Crisis on tourism; the case  
of Turkey

3.2.1. The impact of Asian and Financial Crisis on tourism

3.2.2. Tourism in Turkey and SWOT analysis of Turkey tourism

3.2.3. The Economic and Financial Crisis on Turkey tourism

3.3. The Impact of Economic and Financial crisis on tourism; the case of  
Azerbaijan

3.3.1. Tourism in Azerbaijan and SWOT analysis of Azerbaijan tourism

3.3.2. The Economic and Financial crisis on tourism; the case of Azerbaijan

## **5. CONCLUSION AND IMPLICATIONS**

5.1. Conclusion

5.2. References

5.3. Appendixes

## **6. BIBLIOGRAPHY**

## **INTRODUCTION**

Tourism is the largest industry in the world that many people are working directly or indirectly in it. The importance of the sector worldwide is strengthened by increasing volume and complexity of tourism supply that have generated a real development of tourism industry; by the specific business environment which take proportions more than any other service sector.

### **1.1. Research Background**

Economic advantage that is represented by international tourism, specially, has led many developing countries to increase their efforts to develop tourism industry as an activity susceptible to provide one part from necessary currency in order to develop the national economy.

A growing national tourism sector contributes to raises national income, employment, and can improve a country's balance of payments. The sector is thus an important driver of growth and prosperity and, within developing countries; it can play a leading role in poverty reduction. Despite the overall importance of developing the Tourism sector, many obstacles at the national level continue to hinder its development.

### **1.2. Research Purpose and Objectives**

This analysis aims to serve purposes. First, we intend to provide useful comparative information for making decisions related to business and tourism development. Second, and more importantly, we hope that the analysis provides an opportunity for the Tourism Industry to highlight the obstacles to tourism competitiveness.

The number of tourism overnights stays directly impacts the tourism industry's income and the government agency investments therein. Therefore, policymakers need to improve their understanding of how crisis events affect the demand for inbound tourism.

Income and foreign exchange rates are both significant explanatory variables. In terms of incurred losses, the number of overnights stays suffered the greatest decline during the impact of the financial crisis.

The purpose of this study is to examine the impact of the economic crisis on the tourism sector, study how important tourism is for the economy and whether tourism has recovered faster than other sectors. The result of this study will reveal whether, the economic crisis has affected the tourism sector and what were the results of such an impact. The aim of the research is to obtain information and create a brief overview of the economic situation in regions, to describe the changes followed by the financial crisis and analyze.

### **1.3 Research structure**

This paper finds that any impact on safety, whether domestic or international, negatively affects tourism demand. The impact of financial crises on tourists overnights stays demand is not less significant.

The crisis has brought balance between price and quality. Important changes have occurred mainly in the accommodation prices, the time spent on holidays; consider reducing, but especially as a tourist destination and place.

The study consists of sections. The first section presents the choice and purpose of the study and its implementations, followed by a brief introduction to the economic crisis and tourism. The next section presents a literature review which discusses the tourism and economic crisis, economic crisis in regions, tourism as a generic approach and lastly the importance of tourism to regions. The



third section discusses the research approach and methodology chosen to complete the research for this study. The fourth section, data collection and result findings are described as well as the questionnaires which were used as a data collection tool. The dissertation finally ends with a conclusion section, which highlights and summarize the findings of this study.

## **2. FINANCIAL AND ECONOMIC CRISIS AND TOURISM**

### **2.1. Determinant factors of tourism development**

Tourism is a powerful tool for economic-social development and has been characterized by the ability to become the core of a new development policy, focused on overcoming economic crises through inbound tourism income. Basically economic, environmental and social drivers are influencing tourism industry. Tourism industry plays vital role in creation of both direct and indirect employment through small scale industry, guide services, community services and infrastructural development. Tourism is creating negative impacts of fishes and aquatic resources in various ways.

The activities adopted by the visitors are annoyed both fishes and other aquatic resources as a results reduce fishes and aquatic resources. The ultimate result shows economic losses for the community. Not only has that it also made more vulnerable to the fishing communities. The employment also linked with income and livelihood of the communities. Tourism is creating only few employment opportunities for the few special focused groups rather than devastating huge fishers group. Lot of factors is related with environment. Many fold activities of tourism are creating detrimental effects on environment. 100% respondents were mentioned that economic factors mostly influence tourism in the greater extent followed by environmental and social factors respectively (Table II).

It is now widely recognized that not only uncontrolled tourism expansion is likely to lead to environmental degradation, but also that environmental degradation, in turn, poses a serious threat to tourism.

Pollution, natural disasters, seasonal pressure of visitors, lack of infrastructural development, depletion of natural resources are major threats to tourism. Infrastructural improvements not only generate benefits to tourists but can

also contribute to improving the living conditions of local populations. This increase in social overhead capital can also help attract other industries to a disadvantaged area and thus be crucial to regional economic development. Impacts of natural resources and seasonal pressure are the major threats for tourism followed by natural disasters and warning on air & water quality. The negative impacts of intensive tourism activities on the environmental quality of beaches, mountains, rivers, forests and other ecosystems also compromise the viability of the tourism industry in these places.

Tourist usually wants to make the tour comfortable and joyful through tour related concerns including accommodation, food, facilities, services and healthy environment. Regarding accommodation most of respondents were opined that accommodation is not available followed by if avail but not comfortable, expensive and lacking from available services .

Notwithstanding of sustainable tourism alarmed with the environmental, as well as the socio-cultural problems linked with conventional tourism. As a consequence, there is crucial need to uphold sustainable tourism development to imitate its environmental impacts and to ensure more sustainable management of natural resources. To boost up the concept of sustainable tourism process, refers to tourist activities “leading to management of all resources in such a way that economic, social and aesthetic needs can be fulfilled while maintaining cultural integrity, essential ecological processes, biological diversity and life support systems.

Tourism infrastructure is global system. Conducting tourism involves a specific request for goods and services, demand drives the increase in their production area.

Tourism demand determines supply adaptation that results in, inter alia, the technical and material development of the sector, and indirectly stimulating the

production branches participating in the construction and equipping of accommodation and food, modernization of roads, development of means transport, leisure facilities etc.

Apparent in relationship to the assembly of national economy, tourism acts as an element which activates the global system.

In this context, the main arguments which determine the necessity of tourism development are the consequence of the following aspects:

- Because tourism resources are practically inexhaustible, tourism represents one of economy's sectors with real long term development perspectives;
- The complex exploitation and valorization of tourism resources, together with an efficient advertising on the external market can represent a way of growing the financial resources of the state, contributing to establishing a balance of external payments;
- Tourism is a secure market for workforce as it redistributes the unemployed personnel coming from other economic sectors;
- Because of its multiplying effect, tourism acts as an element of the global tourism system, generating a specific request of goods and services which determine a growth of their production, contributing to the national economy's sectors' diversification;
- A harmonious development of tourism contributes to the economic and social growth and to the attenuation of the disequilibrium between various areas, representing an important source of increasing the population's financial resources.

## **2.2. Economic impact of the tourism**

Tourism's economic benefits are touted by the industry for a variety of reasons. Claims of tourism's economic significance give the industry greater

respect among the business community, public officials, and the public in general. This often translates into decisions or public policies that are favorable to tourism. Community support is important for tourism, as it is an activity that affects the entire community. Tourism businesses depend extensively on each other as well as on other businesses, government and residents of the local community.

Economic benefits and costs of tourism reach virtually everyone in the region in one way or another. Economic impact analyses provide tangible estimates of these economic interdependencies and a better understanding of the role and importance of tourism in a region's economy.

Tourism activity also involves economic costs, including the direct costs incurred by tourism businesses, government costs for infrastructure to better serve tourists, as well as congestion and related costs borne by individuals in the community. Community decisions over tourism often involve debates between industry proponents touting tourism's economic impacts (benefits) and detractors emphasizing tourism's costs. Sound decisions rest on a balanced and objective assessment of both benefits and costs and an understanding of who benefits from tourism and who pays for it.

Tourism's economic impacts are therefore an important consideration in state, regional and community planning and economic development. Economic impacts are also important factors in marketing and management decisions. Communities therefore need to understand the relative importance of tourism to their region, including tourism's contribution to economic activity in the area.

### **2.3. Economic crisis and Tourism**

With the rapid development of tourism in past years, the types of crises faced by the tourism industry in general have also expanded and diversified as they are caused by many different things such as natural events, economic and financial

changes, political policies and acts of terrorism, environmental issues, health and disease, technological failure and other factors from within the tourism industry itself. Especially starting in the beginning of twenty-first century, crises have become more frequent, large scale and widely influencing.

The global financial crisis started to unfold in July 2007, when the level of private household debts in the United States of America peaked, due in part to extensive lending schemes to economically weak private persons for property purchase. When the interest rates inevitably increased, a large number of lenders failed to service their mortgages. The worldwide financial crisis gained further momentum when member banks of the US Federal National Mortgage Association expanded into the secondary mortgage market via complex securitization processes. Confronted with the increasing number of loan defaults, secured commercial paper experienced a sudden drop in demand, which in turn prompted a critical decrease in interbank trust. Thus, global financial transactions became scarce, credit markets ran dry.

In the spring of 2008, the interbank market collapsed. The credit crisis became a global financial crisis, causing credit flows to the real production sector and the private economy to dry up. A considerable number of private companies had difficulties in receiving loans for due investments.

The contraction of the real economy impacted on the tourism market. Faced with possible lay-offs or loan reductions, employees would postpone, change or even cancel travel plans, significantly reducing their travel budgets. Accompanied by a high oil price and rising inflation rates, recession fears took their toll and travel budgets further diminished. This constricted international demand for tourism services in the holiday destinations. Albeit time-delayed and dependent on the crisis resilience in the source markets, international tourist arrivals dropped notably by end of 2008, affecting not only the economic performance of tourism

companies but also tourism related firms along the value chains. The crisis hit the tourism sector and lasted for 15 consecutive months of negative growth until October 2009. The crisis peaked in March 2009, with a 12% decrease in international tourist arrivals. Since then, international tourist arrivals steadily recovered and turned positive during the last quarter of 2009.

During 2009, international tourist arrivals decreased by 4% at global level, coupled with a 6% decline in tourism receipts. The 2008–2009 crisis was the first serious downturn faced by the sector at global level. The tourism sector experienced important declines and changes in travel habits, such as the decrease of long-haul travel in favor of short-distance travel, including intra-regional and domestic travel. In 2010, the tourism sector rebounded faster than expected and fully compensated for the losses caused by the economic crisis at global level, posting a growth rate of international tourist arrivals of 7%. The recovery confirms the sector's resilience in the medium and long term, and its role as a key driver of growth and much needed employment in a changing economic setting.

The decrease in the economic activity – following a big economic crisis - has an obvious impact on the tourism markets. Employed individuals faced with possible layoffs and tighter borrowing conditions, were forced to cancel, change or postpone their travel plans due to their reduced disposable income and therefore reduced travel budget.

The economic crisis has great effects on the consumer mind-set, tourists are analyzing the prices as never before, issues like environmental and social responsibility as well as the country's reputation regarding these issues take prominent place in the planning process and this kind of behavior is called “green consumerism”. On the other hand, tourists are nowadays unwilling to pay full prices, and expectations about generous and discounts have sharpened. In 2011 a survey, conducted by the Visa Global Travel Intentions, mentioned that price was

the first among other important factors of choice, even before scenery, political stability and variety of activities in the destination. Consumers have become accustomed about flash' sales, time limited offers and fluid prices, which even when the troubled economic conditions settle, the behavior learned during the downturn will not disappear.

An economic crisis may affect tourism as a result of both economic and non-economic factors (Goh 2012). Taking into account a traditional microeconomic approach, an economic crisis is expected to affect tourism as a result of changes in income and prices. To specify, an economic crisis has a big effect on the economy leading to the reduction of GDP as well as on the disposable income.

During a recession – which is defined as a situation where the GDP is negative for two or more consecutive quarters – the consumers are very likely to experience a change in consumption habits. The economic crisis as a result may affect tourism consumption due to reduction in disposable income in two ways. First is about the change, individuals or families usually face the decision of whether to travel or not. Even if they decide to travel they might change the destination they used to enjoy or the length of their holidays, for example instead of travel away for a week now they might decide to travel only for five days. The second effect is a result of tourism substitution due to the income elasticity. Tourism generally counts as an income elastic service, meaning that even a small change of disposable income will immediately affect the choice of destination, services and the demand for tourism. In particular, a reduction in income is expected to affect negatively especially luxurious tourism destinations and positively destinations and services of basic standards



### **3. IMPACT OF THE FINANCIAL AND THE ECONOMIC CRISIS ON THE REGIONS AND COUNTRIES: SOLUTION VERSIONS**

#### **3.1. The Impact of European Economic and Financial Crisis on tourism; the case of Greece**

##### **3.1.1. The impact of European and Financial Crisis on tourism**

In recent periods tourism has become a vital channel of economic growth and in some circumstances has been a country's most important source of income. In a briskly growing and developing world, traveling is not considered as luxury good, but as a good investment. As an important international activity, tourism has faced numerous global changes, such as political, technological, social and demographic. These changes can drastically affect the development of both the tourism sector of a country as well as the aggregate socio-economy of the country. In a global economy, tourists are increasingly informed about their destination both before and while visiting a country and events such as political instability or economic crisis can be reflected on the consumption habits of tourists.

The international economic crisis of the early 2009, affected many global economies which started a chain of events that affected many sectors, tourism was one of the highly affected.

Europe, as the most important tourism region in the world in terms of both destination and source, has always paid careful attention to the state of the tourism industry on many different levels. Europe's market share in global tourism has steadily declined during recent years; nonetheless, Europe continues to play a central role in the global tourism market. According to the European Commission, tourism has consistently contributed to the achievement of several major European Union (EU) objectives such as sustainable development, economic growth, employment as well as economic and social cohesion. "The EU tourism industry generates more than 4% of the EU GDP, with about 2 million enterprises employing around 4% of the total labor force (approximately 8 million jobs). When related sectors are taken into account, the estimated contribution of tourism to GDP creation is much higher - tourism indirectly generates about 11% of the European Union's GDP and provides about 12% of the labor force. Since the last quarter of 2008, the global economy has under gone the most severe recession of

the post second world war period with damaging consequences for millions of people, businesses and jobs worldwide. Tourism has not gone untouched by this global crisis, and throughout the tourism industry it is believed that the global financial crisis has ultimately damaged the entire industry because tourism is especially vulnerable to economic uncertainty and volatility.

Furthermore, all of the frequently used figures and indicators, such as arrivals and overnights, also reflect negative effects of the crisis. The latest economic data, such as GDP, given by different countries and international organizations indicate that the world economy bottomed out and might now be starting to emerge from this unprecedented recession. But experts warn that recovery might be sluggish and some unexpected difficulties might occur along the way to recovery. Furthermore, unemployment that worsened quickly, including in many regions that had already been experiencing rising unemployment rates, will take much longer to rebound. Misfortune never comes alone. Beginning in the spring of 2009, the worldwide outbreak of influenza A (H1N1) also hit both international and domestic tourism markets.

While proceeding toward completion of European Union (EU) as unified single state, major European Countries have come across with an unexpected economic crisis. In the course of this unfortunate developments, European unification as single state has become a controversial issue. There have been many reasons for that outcome. However, among explicit and implicit reasons, we could claim that leading industrialized EU countries have managed the process rather unsuccessfully. The apparent reasons for the recent outbreak of economic crises within the economic and monetary union could be cited as; differences in economic development levels within the EU countries, having an unproductive economy, excessive public expenditures & debts, and soon. It is expected that reflection of economic crisis from Greece. The global financial crisis has greatly

affected the tourism sectors of European countries, but Greece has suffered in particular.

### **3.1.2. Tourism in Greece and SWOT analysis of Greek tourism**

Greece is a Mediterranean country on the archipelago with a rich economic, religious and intellectual activity that takes place in this area for more than three and a half millennia. It has a long tradition in the field of tourism and hospitality, mainly due to its history and ancient civilization. Already in ancient Greece, visitors were considered sacred. Namely Zeus, the supreme god of Greek mythology or god of sky and lightning, was also the god of hospitality, who protected visitors and inspired local people to care for them.

The development of modern industry in Greece for the tourism demand started in the 1950s. According to Buhalis, the main Greek tourism product is a mix of natural, cultural and historical attractions, which is reflected in large part.

Additionally, 15,000 miles of coastline and 2,500 islands, an average of 300 sunny days yearly, with a unique flora and fauna as well as an excellent climate with mild winters and warm summers. Greece owns such a variety of natural attraction with approximately 25,000 registered monuments and archaeological sites, museums and another 500 traditional settlements.

The main products of the Greek tourism are sun, sand, sea, known as the '3S model', and a plethora of history, culture, scenery and tradition. Greece's tourism is well develop to cover the twenty first century's diverse and needs. Greece has been positioned as a year around destination, covering all seasons, winter as well as summer. Along with exports of goods, tourism is expected to constitute one of the main sectors that will contribute towards the recovery and growth of the Greek economy in the coming years, by assisting in attracting investments, supporting other economic sectors and boosting employment. Tourism has already contributed

decisively in this direction, since it recorded an impressive recovery in 2013. Greece's employment is also highly depended on tourism as the direct contribution of travel and tourism in 2016 amounted 423,000 jobs (11,5% of total employment) and the total contribution of travel and tourism was estimated 860,500 jobs in 2016 (23,4% of total 21 employment) which both are forecast to rise by 2027. In 2015 Greece has attracted 26.5 million visitors and 30 million visitors in 2016, making it one of the most visited countries in Europe and the world.

There is a growing competitiveness among countries due to high costs, which force destinations to over-function and reduce prices, oversupply, which affects the balance between demand and supply and results in price-reduction, the features of the competitors, which defines the extent of competitiveness and finally demand growth, delay in demand growth means great competitiveness among destinations (SETE,2005).

A SWOT analysis which stands for strengths, weakness, opportunities and threats, is an analysis tool helping the researchers or planners to identify and prioritize the business goals, and to further identify the strategies of achieving them. Define the internal environment as 'the strength and weakness of a firm which includes key dimensions such as financial performance and resources, human resources, production facilities and capacities, customer perceptions of product quality, price, market share, product availability and organizational communication.

A SWOT analysis have been carried out for the Greek tourism to evaluate its competitiveness, based on strategic management research undertaken.

We can detect strengths of the Greek tourism to be its natural and cultural resources/attractions, tourism providers flexibility, health and hygiene systems as well as entrepreneurial activity as family involvement which improves their customer satisfaction and service quality. Main weaknesses of the Greek tourism

are management and marketing, lack of economies of scale, financial constraints, and lack of quality standards, general high cost of living, rules and regulations as well as seasonality. Main opportunities for the Greek tourism are information technology, low cost transportation, European Union support, trends in tourism demand, infrastructure development as well as new emerging markets such as China and Russia. Threats for the Greek tourism are environmental degradation, oversupply, concentration and globalization, political as well as terrorism crises.

### **3.1.3. The Economic and Financial Crisis on Greece**

The economic changes can dramatically affect Greece, because the economy of country is depended on tourism sector. Greece in particular was one of the heavily affected countries by the International financial crisis in the European Union in 2009. According to United Nations World Tourism Organization, 1,087 million international tourist arrivals were recorder in 2013, estimating for 873 billion euros in tourism receipts. Greece has approximately 1.5% share of the world tourism market share and 2.9% of the European.

Tourism represents an important part of the Greek economy, since it has a huge impact on different economic activities, covering up to 11.5% of total employment of the country. The contribution of tourism to the total employment, the economic growth and development of the country has been huge as it amounts for 16.4% of the total GDP. During the beginning of the economic crisis the tourism sector, as well as other sectors were critically challenged in a time where unemployment rates were increasing rapidly.

From the work carried out in this field, it seems that three elements must be presented in order to develop a crisis; first is a triggering event causing significant change or having the potential to cause significant change; second, the perceived

inability to cope with this change; and third, the threat to the existence of organizations.

Greece was severely damaged by the economic crisis, with effects such as enormous debts and increasing unemployment causing huge difficulties in the positive promotion of the country's image.

The economic crisis apart of the economic instability, has caused a political crisis as well as the legitimacy of the political system is criticized and heavily questioned. This goes further as a significant percentage of the population sees the current management of the country as worrying for the future. Issues like the fact that the government undercounted debt levels and deficits which became the catalyst of the country falling into the crisis in the first place showed strong structural weaknesses in the Greek economy and political respect and recognition. As bad and worrying this situation sounds there might be a glimpse of light down the tunnel for the Greek economy and that is thanks to its tourism sector capabilities. As the international literature on tourism suggests, inbound tourism arrivals can be positively affected in a region that suffers from an economic crisis. This can be a result of the reaction of the tourism sector providers choosing to lower their prices in order to become more competitive and fight the bad climate around the country's reputation that has damaged their brand name because of the economic crisis.

Additionally, Greece's commitment towards the Eurozone meant that the government had no power over its monetary policy and therefore was not able to independently react by changing the interest rates and getting control of the inflation which are common for the whole monetary zone. That meant that the Greek economy couldn't keep up with the European economy which at the same time was booming. Combining the inconsistency in the political field with the economic disadvantage towards the other parts of the Eurozone created a highly

dysfunctional situation. A list, published by the national statistical agency of Greece reported the five main reasons that caused the Greek debt crisis; poor GDP growth, government debt and deficits, budget, budget compliance and data compatibility.

Greece's national statistical agency published a report listing the five main reasons of the Greek government debt crisis, poor GDP growth, government debt and deficits, budget compliance and data compatibility.

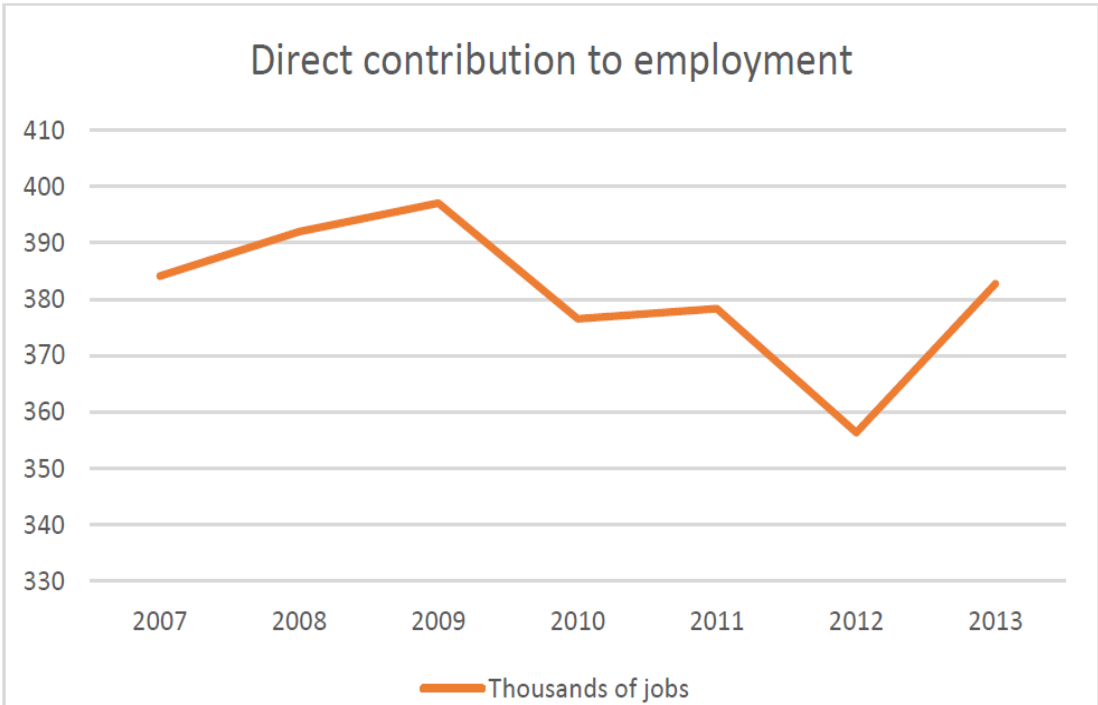
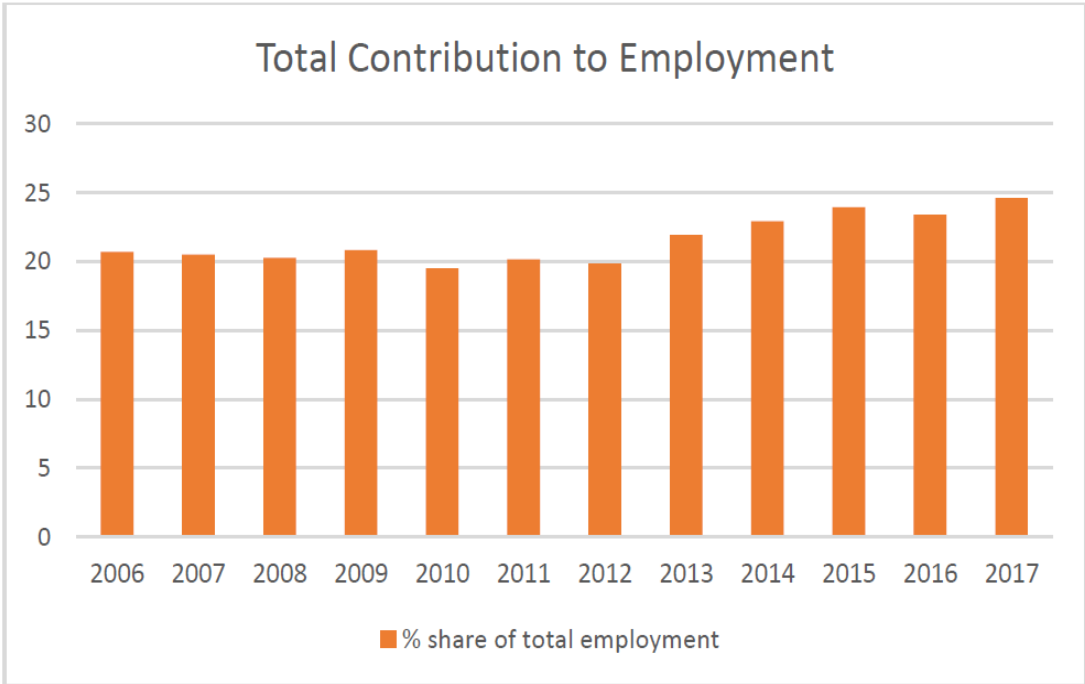
Furthermore, the lack of accountability and proper oversight in so many aspects of Greek public finances compounded the problems. At the height of the global financial crisis in the closing months of 2009, however, investors' minds were distracted by the banking crisis in the rest of the world, so the spotlight was not fully focused on the specific issues in Greece. The Eurozone, established for political purposes as a next step on the path to closer economic and monetary union within the European Union, gave rise to a flawed economic structure, and Greece's inclusion in the Eurozone made Greece's crisis inevitable.

The Greek economy was at a boom since 1990s benefiting from low interest rates and rapid foreign direct investment. This growth however, emerging from the private sector credit bubble, proved to be unsustainable due to unnecessary spending and an increase in the government's debt levels. During the 2008-2010 period Greece faced all the consequences from the previous years and, "hostage" of the European Central Bank as it was, it became impossible to devalue its currency or reduce interest rates in order to stimulate growth as the ECB had full control over the country's monetary policies. Moreover, draconian measures and restrictions posed by the ECB through Greece into a never ending cycle of three failing bailouts, totaling a cost of 246 billion euros. These left Greece with a damaged brand image, the country's Real GDP at the one fourth and a struggling human capital (Kind Reich, 2017).



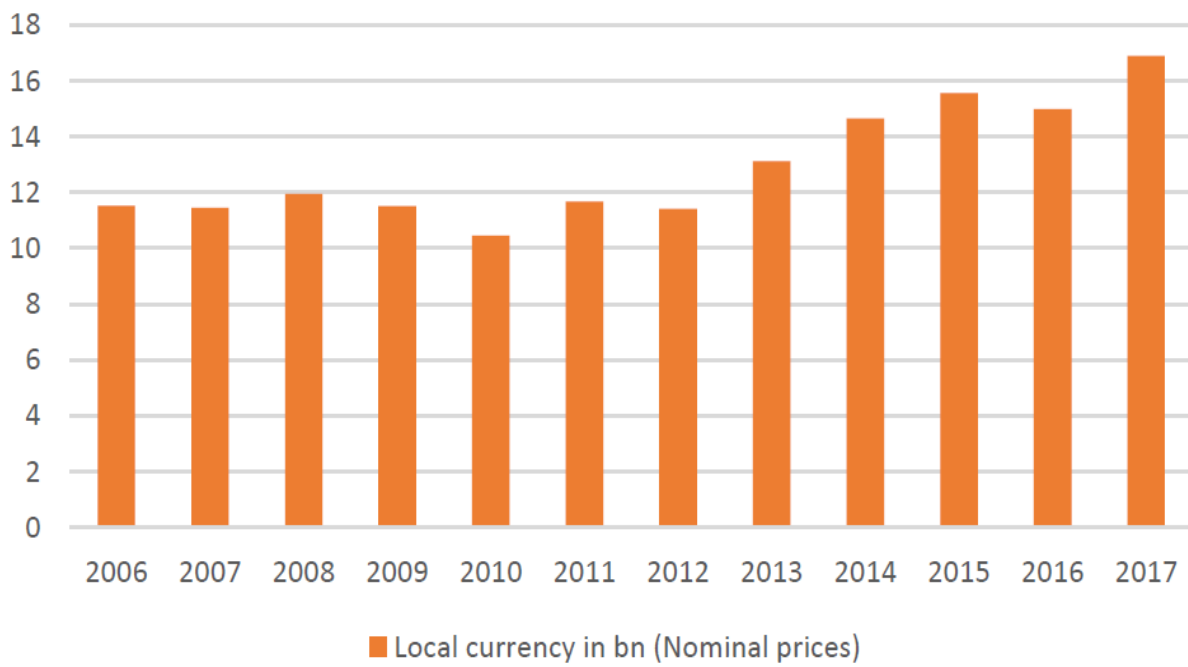
Tourism represents an important part of the Greek economy, since it has a huge impact on different economic activities. According to WTTC, in 2012 Greece ranked 40th among the 184 countries by tourism's contribution to economy with the entire GDP of tourism amounted to 30, 3 billion euros or 16, 4% (World 9.2%). The total contribution of tourism to employment in 2012, was estimated for 689,000 jobs or 18.3% of total employment (World 8.7%) and the depositary receipt from international tourism arrivals in total was 26.4%, which equals to 11.4 14 billion euros (World 5.2%). The share of the capital investment in tourism was estimated to 13.7% which equals to 3, 1 billion euros (World 4.7%). The presented indicators proves the high dependence of the Greece economy on the tourism sector (WTTC, 2013, 1-8).

**Main Indicators of Tourism’s Contribution in Greek economy (%) for the 2006-2017**

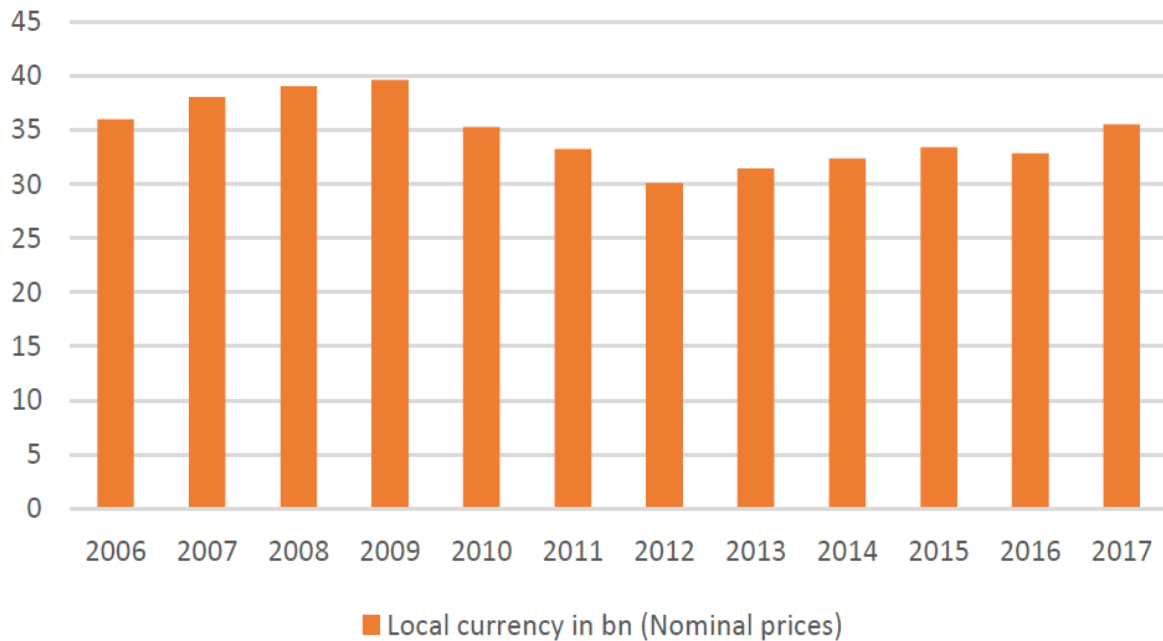


The direct contribution to employment in 2009 was 397,000 jobs and in 2012 it was estimated for 356,300 jobs. From 2009 to 2012 we can notice an obvious decline of 40,700 jobs (WTTC, data search tool, 2013). This was a result of the economic crisis, started in the late 2009, beginning of 2010.

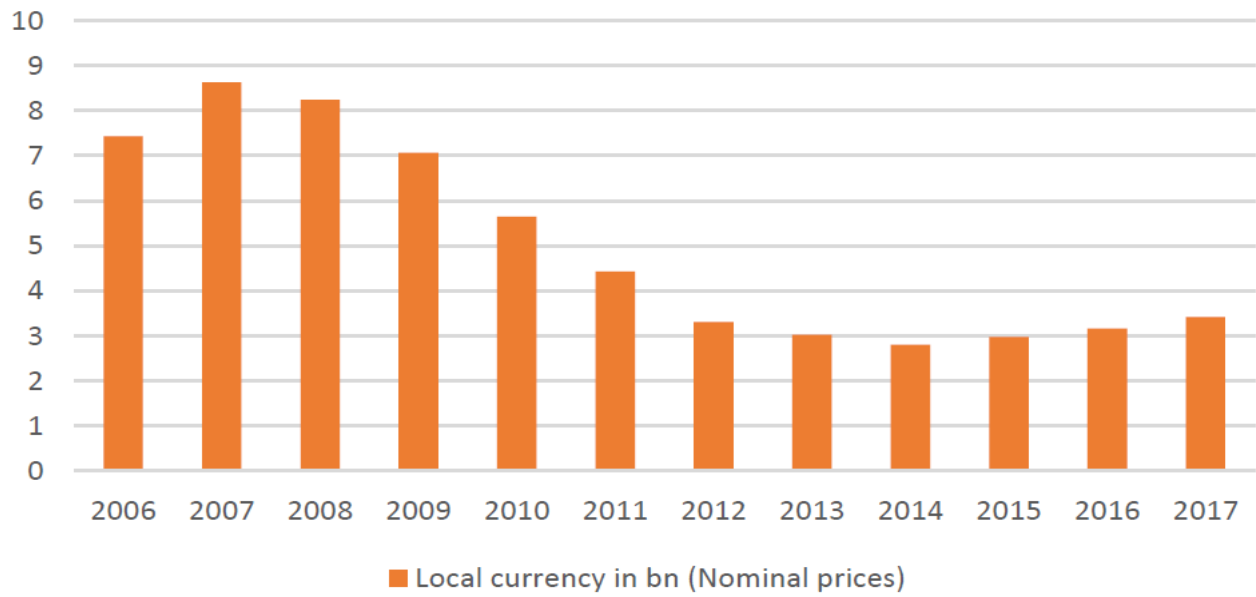
## Visitor Exports (as % of Total Exports)



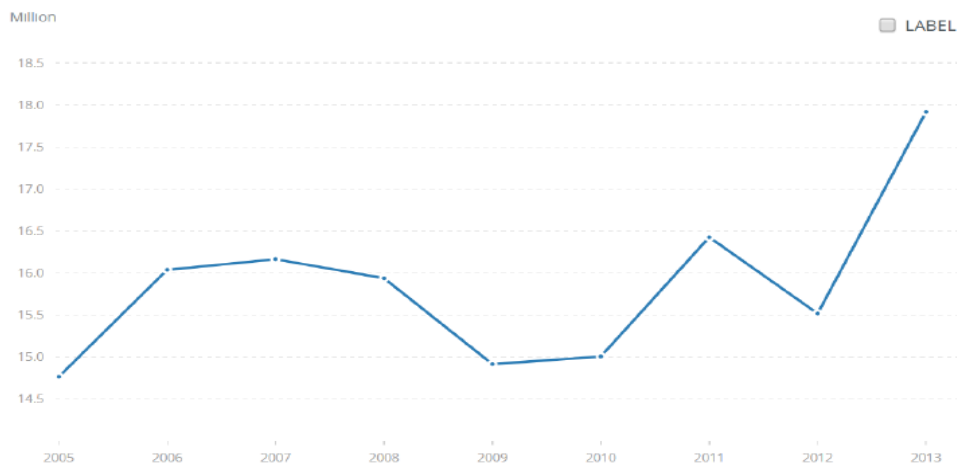
## Total Contribution to GDP



## Capital Investment (as % of Total Investment)



According to the movement of the four indicators in period 2006-2017, shows a decrease in the contribution of tourism in 2008 for all indicators. All the indicators declined even before 2008, except investments (WTTC – Economic Data Search Tool, 2017). By analyzing the above figures we can notice that the capital investment in tourism has been declining, from the occurrence of the crisis, all other indicators declined after 2008, but they eventually improved showing a small but steady recovery. Regarding to the purpose of travel in 2012, 94.3% of the direct contribution of tourism to GDP (20,5 billion euros) amounted from leisure travel spending, while spending on business travel amounted for 5.7% (1,2 billion euros) of tourism contribution. In order of country of origin, 55.2% was foreign tourists' consumption, while domestic tourists amounted for 44.8%.



Source: The World Bank | International tourism (number of arrivals), 2013

Based on the World Bank, 2013 the international economic crisis has affected international tourist arrivals in Greece, which was reduced in the first years of the crisis. The number of tourists' arrivals witnessed a drop that had Greece moving from 16th in 2008 to 17th in 2011 and was slowly overtaken by other popular tourist destinations, such as Thailand and Saudi Arabia (World Bank, 2013). According to the movement of figure 7, a dramatic decline on the number of international arrivals can be detected, due to the economic crisis in the early 2008, which increased in the late 2010.

## **3.2. The Impact of Asian Economic and Financial Crisis on tourism; the case of Turkey**

### **3.2.1. The impact of Asian and Financial Crisis on tourism**

Tourism is a leading industry in the service sector at the global level as well as a major provider of jobs and a significant generator of foreign exchange at the national level. Tourism has become one of the largest and fastest growing industries in the global economy. Economic growth remained robust in Asian low-income and Pacific Island economies, as they benefited from strong commodity exports and investment in the mining sector, textile exports, and tourism. In 2010, international tourism recovered more strongly than expected from the shock it had suffered from economic recession and the global financial crisis in 2009. The estimated worldwide number of inbound tourism arrivals in 2010 was 940 million, up 6.6% over 2009 and 2.5% more than the pre-crisis peak in 2008. While some

destinations are still struggling to come out of the crisis, the tourism sector in Asia and the Pacific has been buoyant. The Asia-Pacific region had an increase in inbound tourism arrivals of 13% between 2009 and 2010, making the region a leader in the global recovery of tourism. In comparison with other regions across the globe, Asia and the Pacific had the second highest growth in inbound tourism arrivals in 2010 over 2009. The Middle East was the fastest growing region, up 14.1% in 2010, following a significant drop of 4.3% in 2009; Asia and the Pacific posted only a modest drop of 1.7% in 2009.

North-East Asia has been the most dynamic sub-region in Asia and the Pacific, with an average growth rate in arrivals of 7.8% over the decade, while its global share grew from 8.3% in 1996 to 11.1% in 2006.

Worldwide, inbound tourism expenditure reached US\$919 billion in 2010, up from US\$851 billion in the previous year, corresponding to an increase by US\$68 billion. Travel and tourism in the Asia-Pacific region had an increase in inbound tourism arrivals of 13% between 2009 and 2010, making the region a leader in the global recovery of tourism. In comparison with other regions across the globe, Asia and the Pacific had the second highest growth in inbound tourism arrivals in 2010 over 2009. Inbound tourism expenditure grew to US\$249 billion in 2010, up from US\$203 billion in 2009. The TSA aims to compile and present information about the participation of this sector on a national or regional economy. The global financial and economic downturn that affected tourism from 2007 through to 2010 and beyond has cast substantial attention on the role that crisis events play in tourism.

### **3.2.2. Tourism in Turkey and SWOT analysis of Turkey tourism**

At the end of 2013, the number of tourists visiting Turkey was 39.2 million and tourism revenues were \$ 32.3 billion. On the other hand, the number of



Turkish citizens who travelled abroad was 7.5 million, while their spending was \$ 5.2 billion in 2013.

The number of visitors coming to Turkey has increased annually 9.18% in the last 10 years. In the same period, the rate of increase in international tourism income was 8.84%. These data indicate that the rate of increase in international tourism revenue has remained lower than 0.34% from the rate of increase in the number of visitors. On the other hand, the increased rate of abroad travels from Turkey was 8.22% and the annual increase in foreign tourism expenditure ratio was 8.04% in the last ten years.

It can also be observed in Table 1 that there is a significant increase in both domestic and international tourism revenues and expenses with the exception of some years in the past ten years. These growth rates were quite high compared with the growth rate in world GDP that was 2.7% and 4% in Turkey's economy during 2000- 2011.

The data also show that despite the reduction in overseas spending in some years, the upward trend continued in international tourism demand and tourism spending. The annual increase rate in number of the domestic travels was 2.97% in the last five years. In contrast, the annual increase in domestic tourism spending was 10.81% in the same period. These results show that citizens travelling abroad spent out much more than the growth rate of Turkish economy. In 2013, for domestic tourism, a total of 68,452,000 citizens travelled and they spent 18,416 million TL. Of these 1,274 million TL was spent on tour package, while 17,142 million TL was spent as individual expenses.

As indicated above, a significant increase has been observed in both overseas and domestic travel expenses in Turkey in recent years. To explicate this study, the issue should be evaluated along with other variables such as growth, interest, currency and inflation in Turkey, and there would be a need to take on

some additional comments, which would come up by comparison of pre-crisis and crisis periods. The following sections address these points.

*Table 1. Domestic and International Tourism Income-Expenditure in Turkey, 2003-2013*

Year	Number of Foreign Visitors	Δ (%)	Int. Tourism Income (Million\$)	Δ (%)	Travels Abroad	Δ (%)	Int. Tourism Expend. (Million\$)	Δ (%)	Num of Dom. Travel (1000)	Δ (%)	Dom. Tourism Expend. (MillionTL)	Δ (%)
2003	16 302 053	-	13 854	-	3 414 844	-	2 424	-	-	-	-	-
2004	20 262 640	24,3	17 076	23,2	3 844 494	12,5	2 954	21,8	-	-	-	-
2005	24 124 501	19,0	20 322	19,0	4 124 829	7,2	3 394	14,8	-	-	-	-
2006	23 148 669	-4,0	18 593	-8,5	4 063 180	-1,4	3 270	-3,6	-	-	-	-
2007	27 214 988	17,5	20 942	12,6	4 956 069	21,9	4 043	23,6	-	-	-	-
2008	30 979 979	13,8	25 415	21,3	4 892 717	-1,2	4 266	5,5	-	-	-	-
2009	32 006 149	3,3	25 064	-1,3	5 561 355	13,6	5 090	19,3	60 888	-	12 216	-
2010	33 027 943	3,1	24 930	-0,5	6 557 233	17,9	5 874	15,4	68 373	12,2	13 843	13,3
2011	36 151 328	9,4	28 115	12,7	6 281 972	-4,1	5 531	-5,8	65 854	-3,6	15 641	12,9
2012	36 776 645	1,7	29 351	4,3	5 802 950	-7,6	4 593	-16,9	64 922	-1,4	16 725	6,9
2013	39 226 226	6,6	32 310	10,0	7 525 869	29,6	5 253	14,3	68 452	5,4	18 416	9,1
Annual Δ (%)*		9,18		8,84	8,22		8,04			2,97		10,81

Turkish tourism has developed as more dependent on the international tourism demand until the 2000s. However, it has gained more stable and more balanced structure with the effect of increase in demand of domestic tourism in the early 21 century. Turkey has so much to offer her visitors; breathtaking natural beauties, unique historical and archaeological sites, steadily improving hotel and touristic infrastructure and a tradition of hospitality and competitive prices. Therefore, it is not surprising that this country has recently become one of the world's most popular tourism destinations. Due to Turkey's diverse geography, one can experience four different climates in any one day. The rectangular shaped country is surrounded on three sides by three different seas. Its shores are laced with beaches, bays, coves, ports, islands and peninsulas. The summers are long, lasting as long as eight months in some areas. Turkey is also blessed with majestic mountains and valleys, lakes, rivers, waterfalls and grottoes perfect for winter and summer tourism and sports of all kinds. Skiing fans, mountain climbers, trekkers, hikers and hunters can enjoy new and unforgettable experiences in Turkey. Turkey

is, above anything else, a huge open-air museum, a repository of all the civilizations nurtured by the soils of Anatolia.

The huge amount of historical and archaeological wealth in Turkey seems more appropriate for an entire continent than a single country. Recently, a new field of tourism has opened up: health tourism. The country is in fact rich with hot springs, healing waters and healing muds, which come highly recommended by the medical authorities as a remedy for many diseases. For centuries, Turkey has also been a crossroads of religions, not only of Islam and Christianity, but also of many others now forgotten by history. Many religious devotees can find a site, a shrine, a monument, a tomb or a ruin connected with their faith or belief.

### **SWOT analysis of Turkish tourism:**

#### *Strengths:*

- Cheap workforce: Turkish minimum base rate is around 350 USD in 2015. This rate is 743 in Greece, 1500 in France. Low base rate is competitive workforce for tourism industry.
- Rich of History: Land of Turkey is full of history from Troy to Roman, from Urartu's to Hittites. Anatolia is one the oldest living place for human and it gives competitive advantage for the industry.
- Nature: Turkey is one the most touristic place from sea you can go for skiing or mountain to river.
- Hotel: The age of the hotels is new to compare competitors.
- Strong airline fleet: Turkish charter and major airline fleet is one the biggest in Europe. And it give advantage for tour operators and other countries charter airlines to the industry.

- Well educated workforce: Turkey population around 75 million and mostly young. This young and well educated workforce help to improve service quality of the industry.
- Close to market: almost 70% of tourist coming from 3-4 hours fly to Turkey. It positive effects both ticket of price and time left for free for tourist.
- Strong brand: Turkish brand is getting well known many countries for rest and holiday. It gives better price for tours and individual holidays.
- People: residents of Turkey know that tourism is important for them and make good communication for tourist.
- Cheap: Shopping in Turkey especially clothes, jewelry, carpets, towels, etc. cheap for tourist, it is also positive effect for the industry.

*Weakness:*

- Geography: The location is Turkey is near unsteady regions, south of the country the neighbors are Iran, Iraq and Syria which last almost last two decades some kind of conflicted still have.
- Average yield: The average yield per tourist not growth but down even inflation and all goods price is up last decade. It means you discount every year or work for just work.
- Transportation facilities: Between tourists place no air nor good highway systems in Turkey. It effects negative for tourist transportation. For example, if a tourist want to visit Cappadocia from Antalya no direct flight, it must go 7-8 hours by bus one way and return again same day.
- Share of Packed tour: Most of the tourist visiting Turkey coming with all-inclusive tours, and not to go out from hotel. It effects negative for yields and small enterprises around the hotels.

- No planning: There is no tourism planning, some popular points like Bodrum, Antalya, and etc. full of tourist investments but 20-30 km away just villages. Or much more building effects negative tourist and not to visit again.
- Tourism season: Turkey tourism season start last of May and finish end of September. After most of the hotels closed until next year. This 5 months tourism season must be longer alternative tourist attractive like conferences or spas or others.
- Disharmony between 5 star hotels and arounds: because of unplanned extension of touristic areas, near 5 stars hotels slummy places and it impact negative tourist.

*Opportunities:*

- THY: Turkish Airlines one the biggest in Europe has expansion fleet from 100 to 350 and getting bigger day by day. It is hub Istanbul is not enough, and make 3th airport which is one of the greatest in the world has positive effect Turkey tourism industry. THY is the airline which has the most extensive route network in the world.
- Alternative tourism: most of the tourist visit Turkey for sun and sea. But Turkey has great historical places, spas, conference hall, etc. tourism can diversify and also can join others cities for tourism.
- Diversify regions: Almost 70% of tourist from EU or CIS countries. Tourism from Asia or America can be stimulate.
- Building new airports: New Istanbul airport has positive effect for Turkish tourism industry because many airline cannot make operation to Istanbul because of lack of slots.
- Tourism should improve other regions of Turkey: Istanbul, Antalya and Muğla tourism rate is around 80%. Other regions like Bursa, Trabzon, Mardin, Gaziantep, Şanlıurfa, etc. can be promoted.

### *Threats:*

- Any time can war in Middle East: Nature of the region any time any war or conflict can arise.
- Terrorist attacks: Because of the nature of region terrorist attacks can hit the country in 2015 2 big attacks made and many people deaths and injured.
- New destinations in Mediterranean coast: New destinations in Mediterranean region like Croatia or Montenegro can be attractive for tourist.
- EU politics for tourism: EU promote tourism in the countries of EU and it can impact negative Turkish tourism industry.

### **3.2.4 The Economic and Financial Crisis on Turkey**

The tourism industry is one of the most sensitive, susceptible and vulnerable industries to crisis. It is strongly affected by crisis events resulting in negative tourist perceptions. The global financial crisis affected the tourism industry by declining sales, reducing tourist consumption and limiting tourism expenditure and also changed travel habits, such as the decrease of long-haul travel in favor of short-distance travel, including intraregional and domestic travel. The crisis also resulted in change and cancellation in the travel plans of touristic consumers, by significantly reducing their travel budgets. Accompanied by a high oil price and rising inflation rates, fear of recession further cut down total and travel budgets. This constricted international demand of tourism services.

The crisis resulted not only in fewer customers in hotels, restaurants, conference and convention centers, etc., but also in a significant decline in the average expenditure per guest. Besides, the propagation of the financial crisis in many countries elevated the effect of crisis in the world tourism market.

In recent years, despite of the global crisis, the growth rate of the domestic and international tourism expenditure is well above the growth rate of the economy

in Turkey. In this study, the effect of the global crisis on Turkish tourism demand has been investigated. The study has focused on factors such as "inflation", "currency" and "interest rates", which may affect Turkish tourism during the global financial crisis. In this way, the effects of the crisis on tourism demand are explained more clearly. The results show occurrence of a significant slowdown in the Turkish foreign active tourism during the global crisis. This deceleration was independent of the inflation and exchange rate effect. Furthermore, it was merely caused by the global crisis. Though, the domestic and overseas travels were increased in Turkey despite of the crisis during the period 2008-2013. Decreasing interest rates played a major role in this increase. Thus, the effect of interest rate on tourist spending can be accepted as a strong influential factor.

The study has two important aspects. First, the contractionary effects of the global crisis on the tourism demand are to be determined by taking into account the possible effects of economic variables such as currency, inflation, interest rates, etc. Secondly, this study has a visionary approach, which is an evaluation of the global economic crisis as an opportunity. Besides, it also indicated the effect of the specified variables on tourism demand.

The increase in the number of foreign visitors coming to Turkey was 13.7% per year before the global crisis (2003-2008), which was only 4.83% per year after the crisis (2008- 2013). This fact is a strong evidence to manifest the effect of the crisis on international tourism demand in Turkey. But it is also important to understand how and what mechanisms are involved in this scenario. If increase in the rate of foreign exchange remains below.

The inflation rate in a country, it discourages exports and foreign active tourism. While average inflation was 10.58% in the period 2003-2008 in Turkey, the annual exchange rate of the dollar decreased by (-) 2.83% per year. Thus, we need to focus on the pre-crisis period.

There are no published data for the average room rates in Turkey, in terms of dollar. But we think that hotels would not increase dollar-denominated room rates from year to year-accommodation concept constant-depending on inflation in the country. First of all, international competition prevents it.

The room price is same for foreign tourists despite of inflation in the country. However, inflation leads to increase in the tourist spending outside the hotel in dollar terms. In other words, if tourists spend outside the hotel in a great proportion, and inflation is higher than the exchange rate increase, then making holiday in Turkey would be very expensive. Despite of this trend, the international arrivals were increased annually by 13.7% during 2003-2008 in Turkey. Tourism revenues in dollar terms were also increased to 12.9% per year in the same period, which was in concordance with the number of arrivals. On the other hand, average increase in the currency exchange rate was 2.83.

During the global crisis, annual increase in foreign visitors dramatically decreased to 4.83%, despite of increase in currency exchange rate (8.01%). In addition, international tourism income decreased to 4.91%. These findings indicate that there is a significant decrease in international income and foreign visitors during the global crisis.

One of the interesting issues about the Turkish hotel industry, during this period, is that how it dealt with these difficult conditions. As the cost rise depending on inflation is an important issue for hotels despite the decreasing exchange rate. Profits might also have decreased during this period. However, despite decreasing overall profits, profits of the hotels might still be positive. There is another explanation that is association of the all-inclusive system popular in Turkey since 2000.

Argue that this system increases occupancy and room rates in the hotels, thereby, increase profitability. The all-inclusive system does not bring a solution to



the problem of rising cost of the hotels. But it reduces outside spending of the tourists. Thus, it prevents reduction in demand of foreign tourists due to inflation.

### **3.3. The Impact of Economic and Financial crisis on tourism; the case of Azerbaijan**

#### **3.3.1. Tourism in Azerbaijan and SWOT analysis of Azerbaijan tourism**

Azerbaijan - a miraculous country with its rich natural resources, and ancient culture, history and people; whose lifestyle presents a unique and harmonious combination of the traditions and ceremonies of many different cultures and civilizations. Azerbaijan is situated in the area that is very competitive in terms of tourism. That is why in Azerbaijan new tourism places should have better services with better prices, they should meet international demands so that not to be behind from neighborhood countries in applying innovations. New medical tourism centers should be built in the region countries. The countries also should improve existing infrastructure to meet international standards in transportation, telecommunication, health and other spheres. In addition, for the development of tourism the following services should be created and improved:

a) Services for the accommodation of tourists (hotels, motels, hostels, sanatoriums, shopping places etc.);

b) Services to provide accommodation: Tourists can also stay in the rented houses and apartments, other dwelling places as well as in the camping tents;

c) Services to provide food (restaurants, cafes, bars, pubs etc.).

Physical and economic geography of different regions should be learned and relevant tourism places should be established. Non-governmental as well as trade

organizations can be clients to prepare relevant documentations. However, first of all with the permission of state institutions the following documents should be prepared.

- a) Scientific results on the level of natural-recreation features of the areas;
- b) Expert opinion on the natural-recreation reserves of the areas;
- c) Opinion of the state ecological and sanitary-epidemiological expertise on the condition of the areas as well as health-care zones;
- d) The list of the industrial, agricultural and other entities located in the natural-recreation areas;
- e) Information about the topographic plan of the area.

Historic places should be renovated and open to tourists. Renovation of the historical places would prevent them from being destroyed. Through renovation it will be possible to pass those places to future generations as well as to make tourists' journeys interesting.

Azerbaijan is one of the most ancient sites of human civilization. People have been present here at every stage of their historical development. There were developed settlements in Azerbaijan even at the earliest stages of civilization.

Time has preserved a range of ancient archeological and architectural monuments for our generation. Ancient headstones, manuscripts and examples of carpets, preserved to the present day from ancient ages, can provide much insight to those who can and want to read them. If you wish to understand Azerbaijan and know of its fascinating history and culture, you need to look at this country and its people through the eyes of an old friend.

The policy of "Open Doors" carried out by the Azerbaijan government, as well as the social and economic reformation and democratization of society carried out in the Republic, have allowed many more citizens of independent Azerbaijan to expand the scope of their worldview, and to receive wonderful opportunities to

visit foreign countries. Visits of foreign travelers to Azerbaijan are also increasing day by day.

Azerbaijan has great potential for the development of the tourism industry - with such fascinating sights as ancient cities, palaces, fortresses, mausoleums, and mosques. Azerbaijan has always been famous for its sources of eternal fire - the "atashgehs". There is a place called Yanardag (blazing mountain) in Absheron and thermal springs in some parts of Nakhchievan, Kelbejar, Masali, Lenkoran, and Babadag provinces.

In Surakhani, there is a site of eternal flame. From ancient times, fire worshippers from remote places, and even Indian priests, came to Absheron in search of fire, and found it here. They built large temples here in Surakhani and in Ateshgah.

There are more than 6 thousand historical architectural monuments on the territory of Azerbaijan. The natural climatic conditions of Azerbaijan are also unique. As is well known, 9 climate zones exist in Azerbaijan, out of the 11 in the world.

Azerbaijan is endowed with picturesque natural landscapes, monuments of culture and modern tourist resorts. The Khudat-Yalama seacoast, bordered by forests, and the seashores of Absheron and Lankaran are fine places for recreation and relaxation. In these places, there are fine sandy beaches with steady water temperatures of 22-26°C for five or more months, which provide for a long swimming season. The most attractive areas for Alpinism and winter sports are Shamakhi and Gusar. Many types of animals and birds are objects of licensed hunting, and in the reserves they are very easy to watch and photograph. In particular, the Gizilagach reserve, where in the winter months more than one million individuals from two hundred species of birds of passage gather, is ideal for this purpose.

In Azerbaijan are a number of health resorts and spas, creating an opportunity for treatment of many illnesses yielding to natural therapies. Most of the resorts with mineral spas also function as tourist centers. Nakhchievan is especially rich in mineral sources; the only known deposit of medicinal petroleum in the world - Naftalan - is completely unique.

Baku and the Absheron peninsula; Nakhchivan, Guba-Khachmaz, Sheki-Zagatala, and Lankaran-Astara regions; and the historical areas of Shirvan and Ganjabasar are the most attractive for travelers in Azerbaijan. The lovely nature of these places, numerous ancient ruins, wonderful ethnographic variety and the astonishing skills of local craftsmen will leave an unforgettable impression of Azerbaijan upon its guests.

There is a huge capacity for the development of tourism in the regions. The nature and landscape in the regions make them very suitable for tourism. However there are still problems related to infrastructure in the regions like electricity, natural gas, communication etc. Nevertheless protection and presentation of historical monuments are not at desired level in the regions. There are no sign posts directing to the historical monuments in the villages. Hotels, restaurants are not at desired level to offer high quality service to tourists. In most regions hotels have not been repaired since the Soviet period. Today not all the regions of the republic are open to tourism. Works are not carried out to draw tourists to the regions which are rich with beautiful sightseeing's and historical places.

Regions have not been included to the programs on the development of tourism. The main problem in the regions that hinders the development of tourism is related to the infrastructure problems. Water, gas, electricity, sewerage, telecommunication systems are not at a desired level. However, the economic and cultural situation of the region should meet modern demands in order to be included to the program on the development of tourism. First of all there should be

local resources to contribute to the development of tourism. No matter natural resources are very suitable for the development of tourism, if the region is not economically developed and there is no desirable infrastructure to provide tourist with high quality service tourism cannot develop there.

**SWOT analysis of Azerbaijan tourism:**

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**3.3.2. The Economic and Financial crisis on Azerbaijan tourism**

According to statistics Azerbaijan gets \$100 million profits from tourism. Azerbaijan has a great capacity to develop tourism. Nevertheless government should guarantee forming competitive tourism business through implementing relevant infrastructure projects in the direction of turning this capacity into opportunities as well as developing it.

The Azerbaijani government and Central Bank have efficiently adopted measures within their anti-crisis program in order to reduce to the minimum the influence of the world financial crisis on the country's economy in order to prevent

it from spreading in all directions and to create reliable foundations for restoring higher economic growth rates in the future. These measures made it possible to enter the crisis period with a well-balanced state budget, low level of external and internal debt, and large supply of foreign exchange assets. All of this testifies to the government's sufficiently correct anti-crisis policy. But the key to success in the government's anti-crisis activity will in all likelihood be an adequate assessment of and reaction to the risks of the world crisis and timely, systemic, consistent, and effective implementation of the anti-crisis program, on the one hand, and skillful coordination of the actions of the government and private structures—banks, enterprises, etc.—and society, on the other.

The revenue part of Azerbaijan's budget for 2008 was executed by 102%. In 2008, budget revenues rose by 79.2%, or by 4 billion 756 million AZN (5.571 billion dollars) and amounted to 10 billion 484 million AZN (12,280 million dollars). Budget spending increased by 75.5% or 4 billion 594 million AZN (5,381 million dollars) and amounted to 10 billion 680 million manats<sup>9</sup> (12,059 million dollars). According to specialists from the International Monetary Fund (IMF), Azerbaijan's state budget for 2009 will not suffer in the short term from the drop in prices in the world market.

Under the influence of the 2008 world financial crisis many countries have experienced a sharp drop in the national currency exchange rate, deterioration in the payment and foreign trade balance, a significant outflow of capital from the country, and other negative phenomena. In contrast to other countries of the region, Azerbaijan has not experienced a massive capital outflow. In 2008, the manat exchange rate in relation to the leading world currencies remained stable, the manat-to-dollar exchange rate strengthened by more than 5%, while the manat-to-euro rate rose by more than 9%. Compared with 2007, the country's balance of

payments surplus doubled and according to preliminary estimates amounted to 18 billion dollars.

## **5. CONCLUSION AND IMPLICATIONS**

## **5.1. Conclusion**

The economic crisis has induced a change in consumer behavior with consequences over the tourism industry. Because of the crisis, some groups will decide not to take any holiday this year or change their preferences in terms of tourist destination.

Tourist accommodation capacity increased in 2009. This indicator reflects the increasing number of tourism organizations with accommodation or maintaining the existing number and increasing the number of investments. On the other hand the number of nights spent has decreased in 2009 and consequently decrease hospitality industry incomes.

At the European level, for example, the tourism industry is experiencing a trend towards last minute bookings, which leads to some uncertainty in the demand for tourism operators.

Upgrading, promotion and investment in accommodations are vital for Romania to become an international tourist destination of success.

This paper shows how the overnight stays and accommodations tourist are dependent and any variations of this variable have a consequence over the tourism industry. Indicators' variations show us financial power of the tourist, the evolution of tourism demands, so if the indicator is increasing in a good signal for national economy, while a decrease of indicators shows that the consumers' budget is low.

Objectives of the study were to find out and analyze the travel preferences of Turkish travelers on going abroad and possible interest to travel. Research was successful to find out some concrete answers as nature and culture. What it meant by nature are untouched rich forest, rich flora, no air pollution, clean environment, mountains, rivers, trees, animals and many other phenomena. From the cultural point of view, it means rich characteristics of particular group of people by their cuisine, social habits, music, art, language and religion.



Turkish travelers are mostly looking for nature and culture. On the one hand, culture is an important fact for Turkish people because they really appreciate it and see the importance. On the other hand, nature is essential because Turkish people could not protect the nature in Turkey and they are looking to see its beauty in another country. This means that any country in the world with such culture and nature could be a good destination for Turkish travelers.

As a personal opinion of a native person of Turkey, it is quite important to show how rich or powerful a person is in Turkey. If you have money and you are not spending it, you would be considered as stingy in the society. It is always a fact of showing where you went or what you bought or what car you have. Besides these, going abroad for a vacation is also showing status in society because of the economic factors. This means that if there is a possibility to go abroad for a Turkish traveler, s/he would not prefer to spend it inside of the country. Shortly, mostly Turkish tourists are spending their time in Turkey but at the same time looking for new destinations abroad. Income plays crucial role here, if the family or person earns more than average level of income, it is quite likely to spend more money on leisure tourism abroad.

To sum up the above, it should be noted that contemporary economic science regards tourism as a composite socioeconomic system, one of the components of which is a multi-sectoral production complex called the tourist industry.

Tourism is a large economic system with diverse relations among the individual elements within the framework of both the national economy of a certain country and of the relations between the national economy and the world economy as a whole. In addition, the objectives of tourism should meet the requirements of public morals and good order.

An analysis of the current state of the development of tourism in the world and in our country, as well as of the measures undertaken by the Ministry of Culture and Tourism of Azerbaijan, makes it possible to evaluate the competitive advantages and shortcomings of our country as a tourist vector among the main inbound tourist markets. Based on statistics, it can be confidently said that Azerbaijan's resource potential makes it possible (at a corresponding level of development of the tourist infrastructure) to turn the tourist industry into one of the most efficient branches of the country's economy.

This study reveals that the economic crisis has impacted differently on tourism industries, as well as on poor and vulnerable groups employed in the sector. Although global tourism was remarkably resilient and recovered faster than other sectors, several countries were hit hard by the decrease in tourism demand resulting from the crisis. There is mounting evidence to suggest that the crisis severely impacted on the livelihood of poor and vulnerable groups employed in the tourism sector and contributed to question the capacities of vulnerable groups to sustain their standard of living. In this regard, the findings of the study point to the fact that, even in countries that may have been regarded as quite crisis resilient, the day-to-day costs of the crisis were high for many households.

Many of the poor and vulnerable had to cope with unemployment, a decrease in income, increasing costs for nutritious food and disproportionately high costs of care provided for dependent household members. In addition, the global economic crisis further aggravated pre-existing economic problems.

Apparently, poor and vulnerable groups are more severely affected by the economic crisis than national economies and private business corporations.

The livelihoods of such groups have been damaged significantly. In light of the findings concerning the impact of the economic crisis on the tourism employment of poor and vulnerable groups, pertinent policy recommendations can

be deduced in order to try to mitigate the impact of future crisis situations. The suggested recommendations can be categorized as follows:

- 1) The need for more effective crisis monitoring.
- 2) The importance of establishing measures which impact indirectly on the tourism labor markets by improving the overall crisis resilience mechanisms of the tourism sector, as well as accelerating the recovery from decreases in tourism demand.
- 3) The significance of establishing measures to directly mitigate the impact of such crises on poor and vulnerable groups within the sector.

The following recommendations are based on the analyses at hand and entail short-term recommendations to overcome the 2008–2009 crisis and, at the same time, establish a number of more fundamental and progressive long-term action directives.

The crisis had little impact on labor and food supply chains for the tourism sector with supermarkets showing stable revenues throughout the crisis, as well as hotels reporting either stable or increasing purchases of food from their suppliers. On the other hand, small crafts, food and souvenir microenterprises have shown marked declines in revenues of around 25% between 2008 and 2010.

Critically analyzing the research based on the results and information gathered, the author find that the Greek tourism sector was affected through the financial crisis, but it relatively quickly recovered, comparing to other sectors, likely due to the needed changes imposed, becoming a far more welcoming and inviting country for tourists. Reasons for attracting tourists even in the country's worse period was the cheap prices as well as the country's natural resources the sun and the sea.

Tourism was and will be one of the biggest conduits of exchanging ideas and cultural traditions. People have always enjoyed to travel for either to feel their need to explore and learn more about a country or just take a break from their normal

routine. Either way Greece has always been one of the go to places for both reasons.

This continuity and connection between tourism and the Greek culture has made Greece to me globally respected and admired for its beautiful natural resources and true hospitality. That reputation, as the literature has shown, came in handy when Greece faced one of the most difficult situations of the past years. The country was deep into the financial crisis because of uncontrollable government spending and inability to sustain its enormous debt. Tourism was the only sector that managed to recover quickly and efficiently managing to contribute to the GDP and get the country back on track.

Analyzing the questionnaires this study confirmed the previous literature pointing that by lowering the prices, a country can become more competitive towards inbound tourism, while maintaining the same or at least a similar level of hospitality services and safety cements a country's position as an attractive destination.

While the hotels analysis showed that they still had satisfying levels of visitors, at the early stages of the crisis most of them were locals while later on, when the foreigners got triggered by the low prices hotels managed to get booked again for longer periods of time.

In general, this study has shown that a country with the right maturity and determination from its Human Resources is able to recover faster if the country makes its products appealing to foreign investors

## **5.2. Appendixes**

Appendix 1:

Questionnaires:

### **1. Gender**

- ✓ Male
- ✓ Female

### **2. Age**

- ✓ 18 - 29
- ✓ 30 - 39
- ✓ 40 - 49
- ✓ 50 - 59
- ✓ 60 +

### **3. Country of origin**

- ✓ Greece
- ✓ Turkey

- ✓ Azerbaijan
- ✓ Other (please specify)

**4. How many times have you visited Greece?**

- ✓ 0
- ✓ 1 - 2
- ✓ 3 +

**5. If you have visited Greece recently, which was the main reason?**

- ✓ Cheap prices
- ✓ Hospitality
- ✓ Culture / History
- ✓ Beach / Sun
- ✓ Business
- ✓ Other (please specify):

**6. Was your decision of going or not to Greece, affected by the economic crisis that Greece has been going through?**

- ✓ Yes
- ✓ No
- ✓ Not sure

**7. Would you travel to Greece in the near future?**

- ✓ Yes
- ✓ No
- ✓ Not sure

**8. What would you consider as a main reason to visit Turkey in the future?**

- ✓ Cheap prices
- ✓ Hospitality
- ✓ Culture / History

- ✓ Beach / Sun
- ✓ Business
- ✓ Other (please specify):

**\* 9. Do you consider Azerbaijan to be a cheap destination?**

- ✓ Yes
- ✓ No
- ✓ Not sure

**\* 10. Could Greece be competitive to other Mediterranean countries, as a tourist destination?**

- ✓ Yes
- ✓ No
- ✓ Not sure

**11. Are you satisfied with the quality of Hospitality services you received in Azerbaijan?**

- ✓ Yes
- ✓ No
- ✓ Not sure

**\*12. Would you consider Turkey to be a safe country for a tourist to visit?**

- ✓ Yes
- ✓ No
- ✓ Not sure

**13. Did the Greek financial crisis affected your travel?)**

- ✓ Yes
- ✓ No
- ✓ Not sure

**14. Do you believe the economic crisis has affected the tourism sector?**

- ✓ Yes

- ✓ No
- ✓ Not sure

**15. Was the number of arrivals in 2009 - 2012 at Turkey hotel decreased / declined?**

- ✓ Yes
- ✓ No
- ✓ Not Sure

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