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# **DEVELOPMENT OF HOSPITALITY INDUSTRY IN TURKEY**

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## **ABSTRACT**

The objective of the descriptive paper is to analyze the success story of Hospitality Industry in Turkey. The survey is backed up by two exploratory researches one being on "The Profile of the Tourism Investors in Turkey" and the other one on "The Middle Sized Hotels and Their Impact to Tourism Development"

The paper summarizes the background of tourism development in Turkey as to global tourism development trends while key factors are discussed as to their positive constraining and variable effects.

The profile of the tourism investors in Turkey; the structure of middle size hotels and human resource development policies impact on the success story are summarized.

Professional cooperation approach of different units; use of high technology; interaction with international finance bodies; emphasis of the differential advantages of Turkey; incentive policies and the quality of the services are sited as the key factors of the success story.

In the conclusion part unforeseen outcomes and how the industry together with the Ministry of Tourism dealt with these unintended outcomes are discussed while emphasis is put on what could be done to overcome the bottlenecks.

## **INTRODUCTION**

### **BACKGROUND OF TOURISM DEVELOPMENT IN TURKEY**

Before we concentrate our attention to Turkey, a relatively young tourist--receiving country located on the Eastern Mediterranean Europe, we should consider the global tourism performance in the past and in the future.

#### **1. Global Tourism Development:**

As international travel became accessible to the general public by the year 1950, tourist activity rose at an average rate of 7.2% per annum from 25 Mn to 476 mn arrivals in 1992. International tourism receipts grew faster than world trade in 1980s, and currently constitutes a higher proportion of

the value world exports than all sectors in value, other than petrochemical and automotive industries. Though global economic recession has slowed down the rate of tourist expansion, international tourist arrivals are forecasted to rise to 534 mn in 1995 and to 661 mn on 2000 (12). Macroeconomic and political developments, have a significant impact on the safety of travel which in return affect travel and tourism activities.

Transportation technology which has been the dominant determining factor of tourism industry will be replaced by various factors such as:

- \* socio-demographic changes ("ageing" population of the industrialized nations)
- \* electronic information and communications system:
- \* a more knowledgeable and demanding consumer
- \* deregulating market peace
- \* polarization of travel and tourism operators between global businesses and "niche" players:
- \* capital infrastructure and manpower constraints
- \* Resident and tourist pressure for responsible tourism development; toward the year 2000. Directional flow prospects will have the fastest growth in out bound tourism to Central and South America sub-regions and all parts of Asia, Africa the Middle East. Even though Europe will remain the leading destination region, it will loose market share to the other five regions--

principally to East Asia and the Pacific (3).

We may summarize the challenges of tourism to the year 2000 as:

- \* slower growth compared to past
- \* new destinations
- \* dominance of socio-economic factors
- \* changes in market segmentation as to long and short haul travel, beach resorts and city breaks, stronger growth of cultural, historical and eco-tourism
- \* travel industry structure will become more global. Global consideration in the hotel airline business will reach its climax point
- \* Technology will be at the disposal of the customers as a provider of information
- \* The hospitality product of the future will be customer driven
- \* Sector will force governments to pay more attention to tourism
- \* Social impacts and resident pressure will be responsible for tourism development (12)

Within this global tourism development framework where does Turkey's Tourism Development Stand?

## 2. Turkey's Tourism Development:

The development of Turkish Tourism coincides with implementation of the first five year development plan in 1963.

## a) Economic Impact

The foreign currency generating effects and positive impacts on employment placed tourism sector at the priority list in Turkey.

- \* few hospitality units existed in 1960's and 1970's
- \* The first five year development plan aimed at developing mass tourism along the west and south coast
- \* by 1980's the growing capacity of hospitality units lead to a noticeable increase in the volume of tourism
- \* market driven economy and generous incentives scheme attracted domestic and foreign investors to the sector
- \* 1.5 million tourists per year and \$280 million in tourism revenues and world market share of 0.3% in 1980s increased to 6.5 million tourists and 4 billion in tourism revenues and a market share of 1.2%. This increase is 9% greater than the world average
- \* These figures correspond to 25% of export revenues and 3.3% GNP
- \* The Ministry of Tourism target for the year 2000 as regard to foreign arrivals is 15 million visitors and \$10 billion tourist earnings
- \* 21.5% Turkey's active population is working in service sector and the total number that works in Tourism is 196.765 and the break down is:
- \* tourist guides ..... 3%

- \* accommodation, catering, entertainment ..... 87%
- \* travel agencies.....9%
- \* Ministry of Tourism..... 1%
- \* Tourism facilities and establishments are licensed by either the municipalities or the Ministry of Tourism. The Ministry's license is the guarantee of higher level of quality, conforming to international standards.
- \* Ministry's records of 1993 show 1.788 accommodation enterprises with an investment license and with an operation license corresponding to 276,037 beds.
- \* Total number of licensed travel agencies are 1359 of which 1.110 are head offices and 249 are branches.
- \* Yachting enterprise
- \* number of beds with an investment license ..... 4.253
- \* number of beds with an operation license ..... 8.766
- \* tourism product is mainly composed of sun-sea-sand complemented by historical and cultural assets.
- \* The accommodation capacity is concentrated in Istanbul and along the Turkish Riviera.
- \* Seasonality of Turkish tourism rests on the development pattern of hospitality units.
- \* By 1991, policy of diversification, started to have positive impact on the

seasonal distribution of tourism activities (10).

b) Government Intervention and her responsibility has been in:

- \* planning for tourism
- \* developing the infrastructure
- \* granting incentives for tourism investments in accordance with tourism encouragement law
- \* providing infrastructure and public services
- \* providing advantageous low-interest credits to the tourism sector under incentive regulations, with interest rates below annual inflation rate
- \* supervising the operation of tourist facilities to serve as models for the superstructure
- \* elaboration and approval of plans
- \* issues on preservation of nature and history
- \* promoting the country throughout various markets
- \* vocational training

The State intervention went beyond the above stated areas directly involving the tourism sector, to include all aspects of the transportation to and from the country and communication net as well.

The State is gradually withdrawing encouragement policies from hospitality regions where development has taken place

beyond the carrying capacity. State encourages the diversification of the hospitality products and promotes new regions. The State encourages the establishment of public and professional organizations as well as associations of tourist guides and investors associations (4). The objective of this paper is to concentrate on the development of hospitality industry in Turkey. Before limiting the discussion to hospitality industry I wanted to give a broad background of the development of Tourism Industry which covers transportation business, restaurant and services, shops, recreational activity business, tour guides, travel agents, training establishments and hospitality business.

## **METHODOLOGY OF THE STUDY**

This paper is based on literature survey on secondary data and supported by two exploratory research one being on "The Profile of the Tourism Investors in Turkey" and the other one on "The Middle Sized Hotels and Their Impact to Tourism Development". The limitation of the two exploratory studies rests on their being based on relatively small sample size. As a non-probabilistic exploratory study they give some idea of the Turkish investors in the field of hospitality industry and the "Impact of Middle Sized Hoteliers on Tourism Development".

## **KEY FACTORS IN DEVELOPMENT OF HOSPITALITY INDUSTRY IN TURKEY**

The key factors which in combination led to the development of hospitality industry in Turkey are:

## A. POSITIVE KEY FACTORS

1. Tourism Planning
2. Setting of main tourism policies as:
  - a) development of an efficient and competitive structure in industry
  - b) creation of the best possible social environment for both foreign tourist and the local people in conformity with universal values
  - c) Preservation and enhancement of the country's natural resources and cultural heritage
3. Establishment of State-owned bank "Tourism Bank" which financed hospitality units development through low interest loans.
4. Tourism legislation
  - a) Tourism encouragement law
  - b) Regulations Law for the encouragement of Foreign Capital
5. Investment incentives
  - a) land allocations
  - b) financial grants up to 40 percent of the total investment
  - c) subsidized loans
  - d) tax exemptions
  - e) import facilitation
  - f) reduced rates on utilities

- g) employment of foreign nationals up to %20 of the total work force
6. Development of travel agencies
7. "ATAK"; an integrated infrastructural project to eliminate and control environmental pollution at the West and South coastline of Turkey.
8. A "User Pays" principle for all infrastructural investment
9. Geographical and temporal spread of tourism activities
10. Vocational training programs and serious studies for skill certification
11. Hospitable residents with friendly attitudes toward tourists
12. Efficiently operated small and medium sized hotels
13. Professionally run international chain hotels

## B. CONSTRAINING KEY FACTORS

1. Slackening demand for "SUN AND SAND"
2. High dependency on tour operators
3. Seasonality of the tourism activity
4. Emergence of new countries offering "Sun and Sand"
5. Insufficient highways
6. Slow trains
7. Traffic anarchy

8. Development of second homes and hotels over the carrying capacity of the touristic regions
9. Insufficient private incentives
10. Limited private and public cooperation
11. Limited cooperation and coordination of tourism establishments
12. Limited insurance, stock exchange, real estate funds, securities market of hospitality units
13. Inadequate high quality formal and informal education and training programmes
14. Less than full provision of funding for all infrastructure and tourist facilities required (especially since 1991)
15. Risk of conflict between hospitality complex developers and local residents
16. Consumer-fears concerning the safety of tourist travel at certain regions of the country (PKK\* terrorist attacks)
17. 3-5% rate increase of value added tax on the service of hotels, restaurants, night clubs, casinos
18. Limited professionalism in hospitality unit development and operation

\*PKK: Kurdish Guerilla Groups

#### C. VARIABLE KEY FACTORS

1. political and socio-economic instability

2. underfunding of marketing and promotion activities
3. amateur regional cooperation

The above factors had their positive and negative impacts on the development of the hospitality units in Turkey. Now we must look into the global circumstances and challenges that had an impact on the development of the hospitality industry

#### D. GLOBAL AND LOCAL CIRCUMSTANCES THAT LED TO THE DEVELOPMENT OF HOSPITALITY INDUSTRY:

Global and local planners have been very particular and considerate on:

1. Community awareness of the hospitality industry development
2. The balanced interaction of hospitality industry, environment and the community
3. Sound studies in preparing hospitality development plans
4. Managing environmental and socio-economic impacts
5. Implementing development and marketing with the coordination of public/private sector
6. Management of the hospitality sector by the community and establishing information systems that are compatible with the available infra and super structure of the region
7. On the other hand major challenges to the hospitality industry growth in 1994

will set the boundaries of the development with:

- a. More competitive climate with slower growth rates
- b. Hospitality infrastructure that is troubled by congestion or deterioration which constraints tourism growth
- c. Changes in consumer preferences and expectations. More knowledgeable and demanding consumer profile
- d. Fragmentation and segmentation of the industry leads to the lack of cooperation among the various sectors of the industry
- e. Lack of funds for promotion and marketing
- f. Long haul travel to Central/Eastern Europe and Eastern Mediterranean countries
- g. Long haul travel to Southern Europe
- h. Inter regional travel to/in the sub Mediterranean region
- i. Long haul travel to Western Europe and intra regional travel to Southern and Central European countries
- j. Slowest rates of growth will be with Northern Europe
- k. Europe as a whole will be starting to enjoy the experience of travel
- l. Technology driven market place
- m. Growing dominance of multinationals and globalization
- n. Political/regulatory barriers
- o. Infrastructural and facility bound limits
- p. Human resources/education/training
- r. Quest for value and quality (WTO\* Tourism Marketing Trends Europe 1993)

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\*WTO: World Travel Organization

The success story of the hospitality industry development of Turkey took place within the boundaries of the above challenges and trends. Now I would like to focus your attention to the role of the investors and middle sized hoteliers in the process of the hospitality industry development.

### **THE SUCCESS STORY OF TURKISH HOSPITALITY INDUSTRY DEVELOPMENT**

The success of the hospitality industry in Turkey rests on the government intervention with encouragement policies and planning, as stated in the previous paragraphs, complemented with the courageous attitude of tourism investors and the middle sized hoteliers. In this section we will be discussing the results of the two exploratory surveys on tourism investors and middle sized hoteliers in the process of the hospitality industry development in Turkey.

#### **A. THE PROFILE OF THE TOURISM INVESTORS IN TURKEY AND THEIR IMPACT TO THE SUCCESS STORY**



1. The objective of the survey is: to find out sociodemographic profile as well as identify their perception as to tourism investments and investors in Turkey. Even though as a whole there are about 1500 investors in the hospitality industry in Turkey our sample only covered 160 who belonged to the Turkish Tourism Investors Association.

## 2. Methodology

The research instrument; the structured questionnaire of dichotomous and multiple choice questions made up the first part of the questionnaire. The second part of the questionnaire consisted of 21 statements where the respondents were asked to evaluate each statement out of an scale of three as "Agree, neutral, disagree". The self-administered questionnaire was mailed to named tourism investors association members. Out of 160 mailed questionnaires 55 were responded by mail (34%). 4% (55/1500) of the whole sample may be considered as an acceptable sample size. One limitation may be that the members of the Association are mostly the investors of big sized (four and five star) hospitality complexes in the first part. The results were analyzed by mean averages and by cross tabulation of the questions to find out the socio-demographics of the investors and the correlation of: Education, foreign language experience of living at foreign countries, to the type of the hospitality unit, profitability of investment etc.

## 3. The Findings:

### a) The Socio-demographics of the investors

- \* 48.2% of the investors are also managers of their hospitality unit
  - \* 50% are in the age group of 46-55
  - \* Out of 55 investors 89.3% are married and only 5.4% are female
  - \* 53.6% are university graduates and 53% have knowledge of a foreign language
  - \* 89.9% has experienced living abroad
  - \* 53.6% of these investors mostly lived in Istanbul, and 39.3% has lived in Ankara
  - \* 91.1% have gone through some kind of vocational training
  - \* Most (57.1%) have been a tourism investor in the last five to seven years
- b) Investment rational:
- \* Encouragement policies have been the main reason for their investment.
  - \* Investors mostly have consulted (16%) the specialized consultants of the hospitality industry.
  - \* A high percent of the investors family members (37.59%) are not involved in tourism investment traditionally. But (%33.9) of the family members have some connection with the hospitality industry.
  - \* Some investors (30.4%) have one investment where as the majority (62.5%) have more than one investment in the hospitality units and complexes, which lead us to think that there is a tendency toward the development of chain hospitality complexes.

- \* While individual investors make up only 28.6% incorporated company investors consist the 69.6% of in the hospitality industry. While %76.8 of the investors have investment in other areas than hospitality the ones who have solely invested in hospitality units have segmented their investment areas as to the different types (%82.1) of hospitality industry.
- \* The dominant investment area is hotels (%50), followed by small hotels and secondary service units (12.5%) investments in the leisure and recreation units (10.7%) rank third.

There are not many investors who are inclined to invest in the secondary services at developing areas which has a high multiplier effect on tourist spendings.

- \* The popular way of financing the development has been: 33.9% have used their own capital; 30.4% have used their own capital + the financial incentives; 16.4% have used their own capital + the financial incentives + partner. In most cases partners have been the public banks. Basing our rational on our observation as well as our interviews with the decision makers of the sector we may conclude that investors with limited capital and partners who have rested their investment merely on financial incentives do not find the investment in the hospitality industry as being a profitable one.

c) The findings of the cross tabs are as follows:

ca) Education Level:

- \* As the education level increases investors shift from individual investments toward the investments of corporations to the hospitality industry development.
- \* Also investors with higher degrees of education (78.2%) have investments in other fields than the hospitality industry or else they have diversified their investments in the field of hospitality.
- \* Investors with middle level (high school) educational background have the tendency to limit their investment with hospitality units only where as the ones with higher education have diversified their investments as to restaurant and leisure and recreation center developments.
- \* Investors with university degree mostly own their establishment where as only 50% the middle level educated investors own the hotels.

100% find the investment to be very profitable in the hospitality industry where as only %16 of the highly educated ones find the investment in the hospitality industry to be profitable. The same ratio almost holds true as encouraging their family members to invest in the hospitality industry.

cb) Knowledge of foreign language

- \* Investors with foreign languages have been in the hospitality sector in the last 4 to 5 years. Where as the investors without any foreign language have been in the sector for a longer period of time.
- \* A higher percent 65% of the investors with foreign language own their

establishments where as a lower percent (50%) of the investors without to foreign language also own the establishments.

- \* Both the investors with or without foreign language prefer to invest in the hospitality industry with incorporated firms.

The ones without a foreign language have investments in areas other than the hospitality industry and the ones who have a foreign language have diversified their investment in the hospitality industry to be profitable. The same ratio almost holds true as to the investors encouraging their family members to invest in the hospitality industry.

- \* Both groups find hospitality investments profitable and they all encourage their family members to invest in hospitality industry.

#### cc) Attitude on consultancy

(25%) of the investors that have tourism investors in the family got involved in tourism investment without consulting anybody where as (10%) consulted their family members and consultants of other investors, (16%) directly referred to professional consultants, investors that do not have any member of their family in tourism (%66) invested in tourism by consulting the professionals. Only (5%) of this population that undertook investment without consulting anyone.

#### cd) Impact of living abroad experience on tourism investment

Investors with international living experience have the tendency of investing in more than one tourism unit where as the

investors without this experience are inclined to limit their investment with one or two establishments. Members belonging to two groups own their establishment and both advise their family members to invest in tourism.

#### cf) Impact of Education on Tourism Investors

Investors with various vocational training have consulted various resources (83%) where as only (17%) did not consult any source before undertaking a tourism investment

- \* (54%) of the population with (37%) vocational education have no tourism investor in the family (64%) of the investors own and manage their establishments.
- \* Both the vocationally educated and the non educated investors advise their family members to be involved in tourism

#### cg) Main reasons for tourism investment

(36%) of the incorporated companies and (%27) individual investors invested in tourism because of the financial incentives policies 60% of the investors from other areas were also encouraged to invest in tourism due to the attractive incentive plans. Only %29 decided to invest in tourism due to other reasons even though they had investments in other areas.

- \* %53 of the investors find tourism investments very profitable and they have also benefited from the incentive policies. 38% of the investors that had other reasons to invest also finds tourism investment to be very profitable (6).

As a result: The majority of the sample (%53) size who have benefited from the financial incentive policies find the tourism investments to be profitable.

The investors with tourism management background as well as the ones from other disciplines believe in working with advisors and also suggest the other members of the family to be involved with tourism. In most cases tourism management is not a family profession of the investors, however they still are the only member in the family to be in the business. The main principles that investors believe in are; honesty, high business ethics and to be conscious of sustainable development with the necessary care for the environment. It is also suggested by the investors that;

1. After the development of the project it should be turned over to a professional manager
2. More emphasis should to be put on marketing of the services
3. Maintenance of the establishments should carefully be planned and promptly be carried out
4. Check and balance systems need to be developed

The investors are concerned about the cash flow, time management, quality control. It may be concluded that unless there are sound incentive policies and government subsidies in the process of investment most investors remain hesitant to invest in this business. Even if they invest they would rather hand over the management to professionals. Their professional business approach and dynamism had a positive

impact on the development of the hospitality industry.

Though the sample size is relatively small to reach fully objective and scientific results, it gives some explanation on the Turkish tourism/hospitality investors and some significant results on investment trend and factors.

However, a more in dept analysis on medium and small size hotel investors should be one of the future studies of the Turkish tourism sector and academicians, to reach more precise results on investment trends and factors.

## B. MIDDLE SIZED HOTELS AND THEIR IMPACT TO THE SUCCESS STORY

The highlights of the exploratory survey undertaken on middle sized hoteliers show their significant impact on the development of the hospitality industry.

1. The objective of the survey has been to:
  - a) evaluate the role of the Ministry of Tourism and authorities in development of the hotel sector
  - b) analyze the level of concern of the hoteliers for the environment
  - c) evaluate the attitudes of the hoteliers to management styles
  - d) evaluate the attitudes of the hoteliers to training
  - e) evaluate the understanding of hoteliers to the tourism marketing phenomenon.
2. The methodology:

This an exploratory survey with quota sampling of selected hotels with rooms 100 and less in Istanbul and along the West and South coast of Turkey, where the majority of the hospitality units developed in the last ten years.

The questionnaire on "Perception of key management contribution factors to the future development of the Hotel Industry" prepared by Luiz Moutinho of Wales was adapted to Turkish case with two additional key management contributing factors as to management styles and marketing.

The self administered questionnaire was mailed to 210 named hotel managers [where as the total number of hotels in this category was 1206]. Responses as to the distributed member of questionnaires have been 111 (53%) which falls within the model of response rate of 20%-40%. The sample size is %9 3 of the whole population.

For most of the factors, respondents were asked to rate the statements along seven point attitude scale.

Respondents have been classified according to the size of the hotel, manager or owner status of respondent, gender of respondent, number of years in hotel business, type of ownership of hotel and as to profit and sales revenue criteria.

### 3. Findings of the survey:

39.4% hotelier believe that there has been a moderate (39.4%) tourism development in the last five years, and incentives had a major impact on this development process. The important factors of development are listed in a descending order as follows; marketing support (53.2%), public support

(53.2%), Risk sharing 44% and staff support (39.4%).

a) The hoteliers attitude towards and rating of various training features were.

<u>FEATURES</u>	<u>%</u>	<u>RANK</u>
Marketing training	62.4	very important
Staff training	45	very important
Catering training	44	important
Financial training	41.3	important

b) The hoteliers attitude toward marketing features:

<u>FEATURES</u>	<u>%</u>	<u>RANK</u>
Market improvement	56.9%	very important
Public relations	50.5%	very important
Advertisement	43.19%	very important
Service differential	51.4%	important
Segmentation	45%	important
New products	41.3%	important
Positioning	36.7%	important

Also dynamic marketing approach had a slightly higher rating (39.4% Imp.) that the static marketing approach (34.9% important). The attitude of the hoteliers toward environmental issues were all rated as being very sensitive with the following results as: preservation of environment (%78.9); over building (%67.0); preservation of global environment (%64.2); preservation of architectural styles (%61.5); over-crowding (%61.5).

Even though the results on environment sensitivity rates were very high. The present environmental measures in respect to environmental codes contradicts the evaluation.

Therefore we may state that hoteliers are aware of the importance of the sustainable environment for the success of their business however they have not been able to surpass the awareness stage and come to the

action phase of sustaining the environment. Hence this is one of the major threats on the Turkish tourism development.

We may conclude that hoteliers with hotel size of 51-100 room; 53% full time employees; with an moderate historical profits and a moderate expected profits in the future believe firmly that the development of tourism in Turkey rests on:

- Encouragement Policies
- Subsidies of the public authorities and government in marketing process of the tourism products and the services
- Priority of training in marketing
- Market improvement and development
- Management by objectives

When we shift our attention to the present policies of the Ministry of Tourism we realize that: "The government in Turkey is aiming at reducing the dependency of private sector on government subsidies.

In this respect the incentives are made more selective in terms of geographical regions, subsectors and investment types.

However on the other hand the government policy on giving priority to relatively less developed regions and to the finalization of the existing investments; modernization of the existing facilities and the diversification of the tourism product together with a support for marketing and training of personnel and as well as environmental protection complements the expectations and the need hierarchy of the middle sized hoteliers.

As a result middle sized hoteliers define the key management contribution factors to the future developments of the hotel industry as the continuation of the incentive policies via tax exemptions, staff subsidies provided by government agencies, marketing support provided by tourism boards. Hoteliers state that special attention should be given to preservation of natural landscapes, avoidance of over crowding at tourism establishment development areas. Where as the moral support of the family is not considered to be a significant contributor (5).

Besides the middle sized hotels second homes also create an accommodation potential in hospitality industry as they also provide an opportunity for the development of soft tourism through interaction of local people with tourists. If necessary financial incentive policies, insurance measures are developed and environment pollution together with high carrying capacity problems are solved with joint cooperative marketing efforts of travel agents, public authorities and local second home owners, there will be a high accommodation capacity along the West and South Coast line without high investment in the physical capacity of tourist destination points.

All these measures may only be undertaken by educated and trained professionals in the hospitality industry. Now the next question will be: Does Turkey have the qualified human resource in this sector and what measures have been taken for human resource development.

### C. HUMAN RESOURCE DEVELOPMENT AND ITS IMPACT ON THE SUCCESS STORY

"One of the most important issues facing the further development of the Turkish tourism industry is the quality of its supply of indigenous trained personnel. Despite a spectacular increase in the size of the Turkish tourism industry over the last decade there is danger that this growth will not be sustainable owing to the increasing shortage of skilled staff. In recognition of this Turkish government has initiated a strategy to strengthen the provision of tourism education and training through the development of a National Hospitality Management Curriculum and National Training awards" (1).

### 1. Government intervention

- a) Fifth (1985-89) and Sixth (1990-94) Five Year Development Plans, devised by the State Planning Organization, included plans as improvement and expansion of and training of people who are directly or indirectly in the tourism industry.
- b) Turkish government has negotiated substantial loans from the World Bank to carry out research on the human resource need hierarchy of Turkey and development of curriculum

### 2. Turkish Education System

The vertical and horizontal transfer flexibility enables students to shift their studies to their field of interest. Besides the formal education system quite a number of modular training and certificate programs have developed as to the need hierarchy of the sector by the close collaboration of foundations and Association in hospitality industry with public authorities as well as private and

government universities and the Turkish Council for Higher Education (YOK).

### 3. The rational in curriculum development:

Developing modular, continuing as well as formal education and training programs the steps have been:

- a) Cooperative surveys on the demanded profile of the personal as defined by the hospitality managers, investors and educators
- b) Development of curriculum as to the defined demand hierarchy
- c) Translating the need hierarchy and the defined profile of the personal to basic and vocational courses in the hospitality curriculum
- d) Implementation of the curriculum at various vocational by Lycee's and advanced vocational schools undergraduate programs in different regions of Turkey
- e) Feedback on adaptation to local traditions, culture and people's perception of the education phenomenon was the end product of the trial applications

### 4. Selected findings as to different surveys on the Human

Resource development are:

- a) key findings from the hoteliers of Turkey's principal tourism regions;
- \* acute shortage of adequately trained management staff

- \* promotion prospects of staff were based largely on their foreign language abilities with the exception of large international hotel companies, in house training was virtually non-existent
  - \* training was frequently regarded as a low priority with few specialist personnel/training managers in existence. Educational staff tended to lack credibility in the eyes of the industry low pay and morale tended to mean that these with good skills and experience left education to work in the industry leaving behind a relatively poor residue
  - \* Hospitality education was felt to be to limited in terms of its current content and process
  - \* Many industrialists expressed a desire for greater emphasis on Management Practice and less on craft-based skills (1)
- b) Findings of the final manpower survey of tourism industry (1993)
- \* In 1993 the workforce in tourism is more highly educated than 1989. There is an increase in the ratio of Lycee or University graduates to total number of personnel
  - \* Since 1989, there has been a fall, in the number of the workforce who have completed vocational training in tourism. In 1993, 11% of accommodation and 5% of the restaurant workforce completed some kind of vocational training
  - \* Currently the greatest difficulty rests in recruitment for the Front Office, Hall and Lobby departments, while in restaurants the greatest difficulty is to find experienced personnel in "Food Production"
- \* Accommodation establishments will need to recruit an extra of 94,000 personnel over the next five years (7).
- c) Findings of the survey on defined need hierarchy of the hospitality personnel by hoteliers, managers and supervisors are:
- \* Knowledge of one foreign language complemented with at least one working second foreign language
  - \* Development of proper behavioral attitude in service, to guests, to colleague workers as well as to their subordinates and superiors. Full grasp of Social-Relations
  - \* Acceptable knowledge level of general culture and social sciences
  - \* High capacity in vocational and managerial skills
  - \* Good knowledge of general accounting
  - \* Acceptable knowledge of psychology (13)
- Our next question will be: Does the present Education and Training Institutions meet the defined needs with their present staff and curriculum.
5. The impact of present education and training system on development of hospitality sector
- a) Quantatively Turkey has enough schools at all levels



- b) Quality of the education is questionable due to:
- ba) inappropriate student selection and replacement policy of the (YOK-Turkish Council for Higher Education) centralized higher education board
  - bb) Limited number of qualified instructors in vocation and skill development
  - bc) Limited knowledge of the requirements of the hospitality industry on the part of the candidate students
  - bd) Lack of corporate educational culture
  - be) Limited use of advanced educational tools and communication nets at all levels of educational institutions
  - bf) Limited cooperation and flexibility of vertical educations systems
- c) Balanced and growth of formal and informal education programs
- d) High quality of continuing education programs that are sponsored by the coordination of Turkish Tourism Development and Education Foundation (TUGEV)\* Universities, Turkish Airlines (THY)\*, Turkish Travel Agencies Association (TURSAB), Touristic Hoteliers Association (TUROB), The Turkish Tourism Investors Association (TYD) and Ministry of Tourism
- e) Turkish governments recognition of the necessity of development of a national system of occupational training standards and awards for which the basic studies have been initiated in conjunction with Industrial Training and

Development Project (1986) is still continuing but unfortunately it has not been highly favored and supported neither by the investors/hoteliers nor by the unions and respective associations. So far the study has completed the:

Occupational standards where each standard consist of (1):

- \* an occupational group matrix
- \* a job skill specification
- \* a task specification
- \* a training specification
- \* an occupational test

The initial focus of the study was on craft and operative level training for hotel/catering as opposed to the tourism side of the industry. Four sub committees for each department area were: Front Office Housekeeping, Food and Beverage Service and Food Production prepared the full documents and the instructors manuals have been in effect with Turems.

- f) require certification for portion a given of staff at each level grade in each department of every type of establishment. However the decree has not been officially announced by the parliament.

As a result the efforts of the government by initiating funds from the World Bank and know how from ILO\* and local educational institutions as Well as trade associations and foundations in the field of hospitality by late 1985 onwards had a significant positive impact on the improvement of the hospitality industry. But still the quality of

the service is not compatible with the new accommodation units and complexes that developed in the last 10 to 15 years. The physical capacity and the good environmental features together with the local people's unprofessional but affectionate hospitality are by far superior to the professional service provided at the hospitality units.

**\*ILO - International Labor Organization**

Therefore we suggest that incentive policies and to be shifted from physical super structure development to Human Resource development and to the maintenance of the new and technological advanced hospitality units, which are the differentiated advantageous products of Turkey within the Mediterranean pot.

Government intervention via encouragement policies and incentives together with dynamic and courageous investors complemented with middle sized hoteliers brought about a sudden development in hospitality industry as acute skilled personnel and managerial staff shortage was pressing hard and pushing down the quality of the service. Again the government intervention with tripartia agreements with ILO/World Bank/Ministry of Tourism and the likes brought about the possibility of sound planning of Human Resource development measure, which in return trained personnel who would produce high quality service.

**WHAT CAN BE LEARNED FROM THE SUCCESS STORY?**

**A. KEY PRINCIPLES**

1. Establishment of encouragement policies and incentives
2. Government intervention in promoting the industry by effective plans prepared by the cooperation of all involved bodies
3. Holistic approach in developing new touristic destinations
4. Sustainable hospitality development plan with well balanced infrastructure, superstructure and human resource development programs and with the sensitivity towards environmental issues
5. Market segmentation and differentiation
6. Development of local tour operators that may compete and have the power to bargain with known established international tour operators
7. Development of secondary supportive industry for tourism services
8. Development and exercise of the internationally accepted health services and insurance policies may be considered to be the key principles in a successful development

Items 6,7 and 8 have not been fully utilized in Turkish case but their drastic need was realized and necessary steps have been taken to cope with those key principles.

**B. SUCCESS CRITERIA IN HOSPITALITY INDUSTRY DEVELOPMENT:**

Development will have to rest on the following issues:

1. Professional cooperation of:

- a) local public and private institutions as well as organizations foundations and sector associations
  - b) Regional cooperation in development plans, investment in infra, super structure complemented by human resource development
  - c) Regional cooperation in marketing with attention on service differentiation and market segmentation
  - d) Regional cooperation in sales promotion and advertisement
  - e) International and inter-regional cooperation in research, marketing, human resource development in establishing big tour operation companies
2. Use of advanced technology in:
    - a) Service production
    - b) Human resource
    - c) Development of communication nets
    - d) Marketing and advertising
    - e) maintaining of the cultural heritage
    - f) maintaining of the hospitality units, parks, recreation areas and the environment as a whole
  3. To finance projects through international finance cooperations or associations by involving the parties in the cooperative investment and the management of the developing hospitality units

4. To be extremely careful in emphasizing the differential advantage of your hospitality services
5. Incentive policies backed up by regulations and decrees
6. Quality of the service and the environment complemented by high quality cultural/recreational activities

## CONCLUSION

### A. UNFORESEEN OUTCOMES

The successful development of hospitality industry in Turkey had some unforeseen outcomes as:

1. Emergence of new countries offering "sun and sand"
2. Slackening demand for "sun and sand"
3. High dependency on European big tour operators
4. Inadequate professionalism in the process of developing the hospitality product
5. Seasonal concentration of demand
6. Imbalance of supply and demand
7. Slow adaptation of hospitality units to technological advancement and shifts in demand
8. Lack of adequate financing for all ongoing projects

9. Negative public opinion and publicity in the mass media of the tourist generating countries
10. Insufficiency of transportation and information systems
11. Slow trains negative impact on transportation
12. In sufficient private incentives
13. Negative impact of terrorist attacks in Eastern and South Eastern part of Turkey
14. 3-5% rate increase of value-added tax on the services of hotels restaurant and casino's and recreation facilities
15. Ambiguity of codes and regulations in all levels of hospitality professions
16. Limited fund allocation for launching Turkey as an tourist destination in Europe North America North East. Even though there is an increase of %90 in the spending on tourism Turkey still ranks 8th among the high spenders in tourism. Spain has the lead with 136 Mn US\$ where Turkey spend only US\$61 million
17. Limited amount of professionalization and cooperation among different tourism entities and establishments
18. Sudden development of super structure in hospitality industry led to overlooking the environmental issues and natural needs
19. In the distribution of the incentives together with incentive policies private/public sectors had no chance or

time to prioritize their development projects

20. Turkish government encouraged decentralization in planning and development of tourism areas, regions and centers where more planning authority was transferred to local bodies

This had some negative impacts on sustainable development as environmental issues were ignored.

#### B. HOW WERE THE UNINTENDED OUTCOMES DEALT WITH?

1. Growth rate of hospitality units and complexes slowed down in parallel to the tourism global growth space. Also the change in socio-economic and demographic factors have been taken into consideration as to the fact of the aging of populations in many countries that may be an influential market segment for Turkey. Physical layout of the hospitality units and health facilities as well as insurance policy coverages have been geared to meet the needs of the senior citizen tourists.
2. In segmenting the market Turkey has undertaken serious measures to shift from being only "sun, sea, sand" destination to a destination of cultural, historical and eco-tourism. Encouragement policies and incentives are solely limited for the development, preservation renovation of historical sites, eco-tourism and revitalization of local cultures.
3. The structure of the Ministry of Tourism has moved from a body engaged in direct planning for the tourism sector, to

an institution implementing integrated planning at national, regional and local levels; encouraging participatory decision-making process, which increases cooperation among all the interested parties of tourism activity, and creates awareness and knowledge about the environmental social, cultural and psychological impacts of tourism activity. (4)

The Ministry has also proposed a draft regulation for the restructuring of its own organization, with a firm awareness of the fact that a semi-governmental national tourist authority is needed to maximize professionalism in tourism marketing.

4. To be able to compete at the international market all the new developed hospitality complexes adapted the advanced technology and the old ones looked into the possibility of finding the compatible technology for their establishment that will enable them to be on line with the global nets of communication and information.
5. Hoteliers realized the fact that hospitality industry is consumer driven product and they started to shift their marketing strategy from static to dynamic marketing.
6. As can be perceived from the two exploratory researches all unintended outcomes were expected to be overcome by the intervention of the government in providing incentives at areas of problem.
7. Development of regional plans, within the framework of the Tourism Master Plan which has been seriously worked on since 1993, overcome some of the environmental deteriorating developments of the hospitality industry.
8. The hospitality developers and the government adapted a more holistic approach toward the community where new alliances with local people which involved greater consultation and even power sharing took place. New techniques for managing growth and its impacts in new service product developments which fit the local culture, customs and traditions, became the hospitality development policy. Through this policy resident pressure and negative social impacts of the local community was minimized by the hospitality developers.
9. Total Service quality has become one of the hot discussion issues but one can not say that, much has been done on improving the service and education quality in the hospitality industry.
10. Serious efforts in launching the idea of tourism to be a "total product" was emphasized. Since all guests (local or international) are presented with a total combined experience that consists of:
  - the hotel or other accommodation sites  
restaurants
  - leisure parks
  - transport to the natural environment
  - shopping facilities
  - historic sites
  - cultural centers

- travel agents

This total experience may either satisfies the guest or not. A healthy cooperation of all the above units will certainly bring about a satisfactory "total product".

11. Since both the tourist and the holiday maker seeks nice natural communities and healthy environment. The objective has been to stimulate development in tourism which will make positive contribution to nature and environment.

12. The Ministry of Tourism and other promotional organizations became aware of the importance of prioritization in choosing their markets. The chosen priority themes are:

- a) cultural heritage
- b) senior citizens vacationland
- c) alternative tourism
- d) "sea, sand, sun" tourism along the West and South coast line

The mentioned measures, to a great extend, were quite successful in dealing with the unintended outcomes of the hospitality development in Turkey.

### C. WHAT WE WOULD DO DIFFERENTLY IN RETROSPECT?

- \* Fully professional approach would have been essential for a successful hospitality industry
- \* Barriers to tourism forecasts are: political, infrastructure limitations, limited human resources scarcity of the appropriate facilities once more have

underlined the drastic need for good planning of product development, marketing, comprehensive and up to date information about tourist markets

- \* Special attention and care could be given to the need for more accurate reliable comparable and timely tourism statistics
- \* New and diversified product and services could have been developed from the beginning
- \* Participation of local people in planning and operation of the hospitality units
- \* Creation of hospitality industry value
- \* Emphasize the improvement of tourist host awareness
- \* Use of computer technology for tourism statistics and explanation of information technology in distribution and marketing (3)
- \* Large promotion budget should have been set aside in parallel with the investment to the infra and super structure

As a result we may say that the hospitality development in the case of Turkey could have been more sustainable if the following policies have been very clearly defined and professionally put into action as to their priority:

If the Turkish hospitality investors and managers are very particular and cautious of:

- \* recruiting staff that is customer conscious

- \* finance the investment by attracting new sources and plan for better returns through the use of advanced technology and radical reengineering of the present establishment
- \* The new built hotels to be compatible with cultural, social and economic environment within which they operate
- \* Keeping in mind the high competition:
  - \* for customers
  - \* for employees
  - \* for capital
  - \* for development

and learn from the past 15 years experience, adapt them to the present and be able to plan for the future. This attitude will assist Turkish Hoteliers to overcome the challenges of the year 2000 and succeed as

long as extraordinary global issues such as war, recession, drought, climate are taken into consideration as the serious crisis and shortcomings of the future.

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