

THE ROLE OF TOURISM IN THE ECONOMY OF ALBANIA AND TURKEY

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ABSTRACT: *Tourism is known as one of the most critical sectors of the economy. Tourism is among the most dynamic and influential industries in terms of economic impact. The economic effects of tourism have strengthened this sector day by day. Investments made and allocations from the budget emphasize the importance of tourism in economic activities. Tourism is a primary sector for the two countries studied, Albania and Turkey. The number of foreign citizens who entered the Albanian territory only for October 2023 is 691,680. This number has increased by 89.4% compared to October 2022. During the ten months of 2023, the number of foreign citizens who entered the Albanian territory was 8,986,280 persons. This number has increased by 32.3% compared to the same period in 2022. Physical-climatic features, monumental archaeological-historical heritage, rich cultural traditions (crafts, songs, dances, delicious dishes, etc.), and the beautiful Mediterranean beaches are the reasons why tens of millions of tourists visit Turkey every year, ranking it in sixth place in the most popular destinations. This paper aims to take new essential measures for the growth of the country's economy from the tourism sector. The study period is 2010-2020 and 2022 (post covid). The data are obtained from The World Bank and INSTAT (Institute of Statistics of Albania). The ten years studied showed that 2019 was the year with the most significant economic growth from tourism for Albania, while for Turkey, it was 2018. The year 2022 (post-COVID) resulted in both countries with relatively high economic growth, whereas for Albania, the change was 1.45 billion USD more income compared to 2019. Comparing the two countries analyzed, the period 2018-2019 resulted in a decrease in tourism income for Turkey, while the opposite happened for Albania during the same period; unlike Turkey, we had a significant increase in tourism income. The year 2020 has been the worst year for the tourism economy of both countries, and this is due to the COVID-19 Pandemic, which had a negative effect not only on tourism, but on all branches of the economy. At the end of this paper, our country, even with the measures taken until now, needs new strategies related to tourism, which will help not only in further economic growth from tourism but will also affect the further development of Albania.*

KEYWORDS: *Tourism, Economy, Innovation, Hospitality, Collaborative Consumption*

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1. INTRODUCTION

Tourism is a dynamic force that creates a tapestry of experiences that cuts beyond national boundaries. Apart from its innate capacity to foster connections between cultures and individuals, tourism is crucial in determining a country's economic environment, leaving a lasting impression on its Gross Domestic Product (GDP). This booming sector is a force for local development, job creation, and economic progress, as well as discovering new places. Setting out to find the strong effects of tourism on GDP reveals a story in which economic prosperity and wanderlust dance together to benefit countries and promote global interconnectedness. (Britannica). Albania, being a developing country, has undergone radical changes in the tourism sector, starting from the system of a closed economy to being based on contemporary modern economies. Absences in the tourism sector, such as accommodation, infrastructure, technology, or external factors such as political stability, are reflected

in tourists' choices to spend their vacations every year. Due to taking the appropriate steps towards the development of the factors mentioned above, we have presented the results that have brought these changes in our paper. Turkey, a country with a more consolidated economy than Albania, has focused on adapting modern technologies, infrastructure, and political stability. (Balkan Insight).

The purpose of this study is to evaluate the effect of tourism on the economy of Albania and Turkey in the period 2010-2020; to assess the situation of economic changes from tourism in the period 2022 post-pandemic (Covid-19); to describe the characteristics of The Rise of Collaborative Consumption; to explain the changes caused by tourism in the economy as well as the frequency and innovative methods applied in our country; drawing up recommendations and conclusions that can affect the improvement of the quality of tourism in general, as well as defining the fundamental guiding principles for an excellent approach to tourism, by the experience of foreign countries.

This study aims to take new essential measures for the further growth of the country's economy from tourism. It also adds a temporal dimension, which helps reveal the evolution of innovation research and practice in the tourism sector.

2. METHODOLOGY

The study was conducted from 2010-2020, and 2022 (post-COVID-19), and these data were obtained from The World Bank and INSTAT (Institute of Statistics of Albania). A total of 10 years has been studied for Albania compared to Turkey regarding the economic growth of tourism in these two countries. We analyzed the data statistically and drew relevant conclusions.

3. DISCUSSIONS

The number of employed in tourism sector is grown up year after year in Albania. Tourism also has a significant contribution to employment, with a weight of around 20% of total employment. According to some INSTAT projections (2018), in 2025 employees in this sector will reach 220 thousand or about 20.4% of total employment, with an average increase of 2% per year. In fact, tourism accounted for about 250 thousand jobs in 2022, from 244 thousand jobs in 2019 before the pandemic (Source: WTTC).

The Albanian government has announced tourism as one of the priority areas for economic development and one of the priority branches of university studies because, in recent years, the interest of businesses in operating in the field of tourism has increased, which has led to a significant increase in investments in this field. On the other hand, the Albanian government has taken a series of measures to create facilities that promote and support tourism, such as the exemption from profit tax for all 4-5-star hotels, VAT reduction to 6% for all services provided in 5-star hotels; reduction of VAT to 6% for the entire accommodation sector; exemption from infrastructure impact tax for 4-5-star hotels, holders of an internationally recognized trademark (Open Data Albania, 2023). Despite the significant development of this sector, much still needs to be done to assess tourism's contribution to the economy.

4. FINDINGS

From the study of the data used, we deduce the effect that tourism has on the economy. We have tried to implement new strategies based on the research and comparisons we made for Albania and Turkey regarding the economic changes from tourism for the years 2010-2020 and also for the year 2022 (post-COVID situation) (Table 1). From the ten years taken in the study 2010-2020, it turned out that for Albania, the year 2019 is the year with the most significant economic growth from tourism, while for Turkey, it is the year 2018 with the most remarkable economic boost from tourism (Figure 1). But also, in the comparison made between the years 2018-2019 for both countries, we see that from 2018 to 2019 in Turkey, there was a decrease in income from tourism (graph 1), while for Albania, the opposite happened for the years 2018-2019, unlike Turkey, we had a significant increase in income from tourism (Figure 2). The years 2010-2011 showed a substantial increase in the economy of Albania from tourism, but the situation changed to a decrease in the following year, 2011-2012, while for

Turkey, for the above two years, there was a decrease in economic development from tourism. So, in the year 2011-2012, we see that 2011-2012 had an economic decline for both countries. (Figure 2).

For 2022 (Post Covid), according to the World Bank and IFC (International Finance Corporation) data, there was even higher economic growth for both countries. Thus, for Albania in 2022, 1.45 billion USD was realized, which is more income than in 2019 (Figure 4). As for the most significant economic decrease from tourism for Albania and Turkey, the year 2020 (Covid-19) results (Figure 1). A noticeable difference in economic growth from tourism was observed in both countries for the years 2010-2012, just like the entire world economy.

The years 2014-2018 show a different picture of the impact of tourism on the economy of both countries. Albania experienced a decrease in the economy from tourism for the years 2014-2017 and an increase for the following year, 2018, while Turkey, for the entire period 2014-2018, only saw a rise in the economy from tourism (Figure 3).

Table 1: Income from tourism in years for the period 2010-2020 for Albania and Turkey
(in billion USD)

YEAR	ALBANIA	TURKEY
2010	1.452	5.817
2011	1.677	5.372
2012	1.374	4.585
2013	1.567	5.017
2014	1.689	5.331
2015	1.311	5.635
2016	1.338	5.698
2017	1.473	5.865
2018	1.75	6.068
2019	1.852	5.354
2020	0.805	1.639

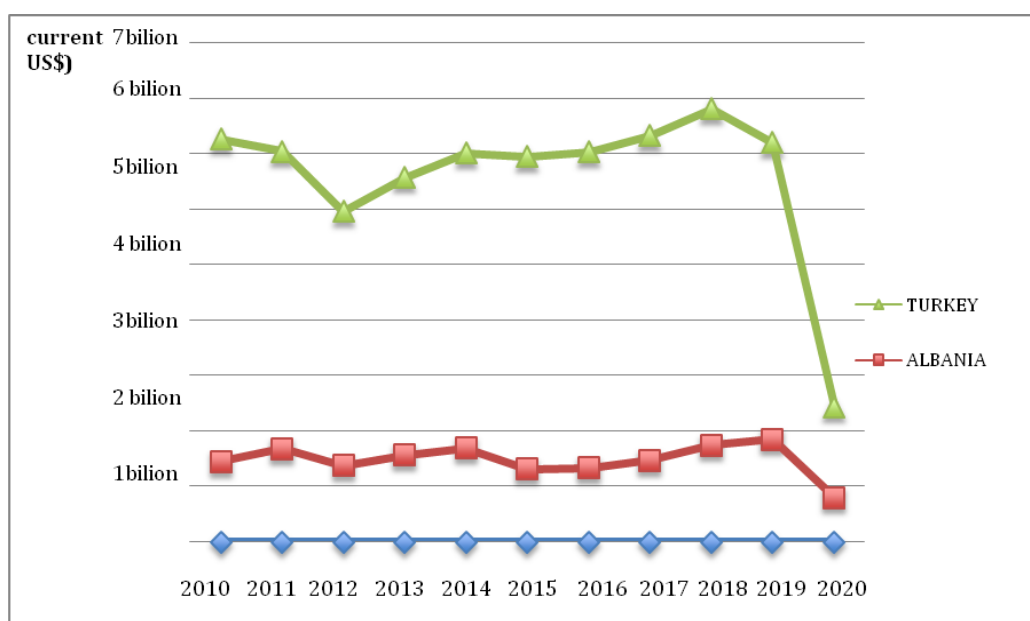


Figure 1: Comparison between the two countries Albania and Turkey, Years 2010-2020
Source: The World Bank

The graph shows that for both countries from 2010 to 2012, there is a decrease in income from tourism; we also have similarities for both countries in the growth of the economy from tourism from 2012-2014. From 2014 to 2017, we see a difference between the two countries. Thus, in Turkey, there is an increase in the economy from tourism from year to year, while in Albania, this increase did not happen. On the contrary, is shown an economic decrease from tourism compared to 2014, and has continued to decline until 2017. Again, is shown an economic growth from tourism from 2017-2018 for both countries. In 2018-2019, is a difference between the two countries. If, for Albania, we there is an increase in the economy, the opposite has happened for Turkey. We see a decrease in the economy, which has continued for 2020 (which also coincides with Covid 19). For both countries, has been a contraction.

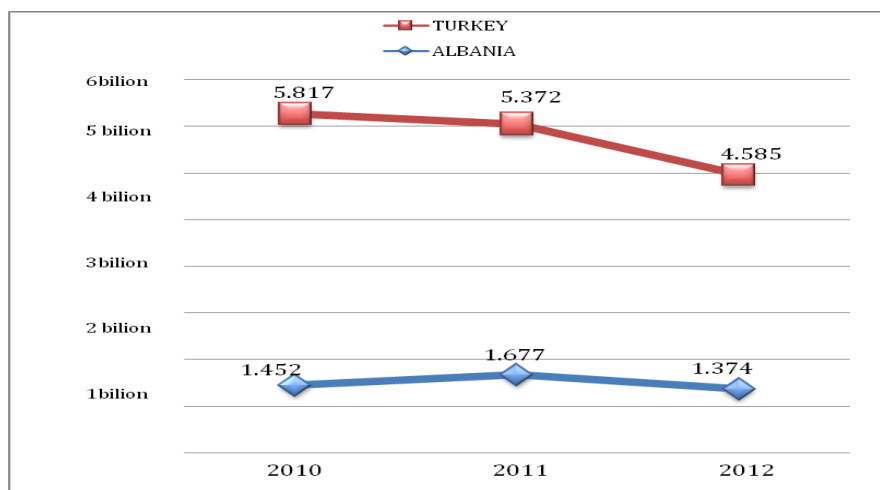


Figure 2: Comparison between the two countries Albania and Turkey, Years 2010-2012
Source: The World Bank

The figure above shows a noticeable difference in economic growth from tourism between the two countries for 2010-2012. Thus, for Albania, we can say that there was an increase in the economy from tourism in 2010-2011 and a decrease in 2011-2012, while for Turkey, there was an economic reduction from tourism for the years 2010-2011 and 2011-2012. So, for both countries, 2011 and 2012 had an economic decrease.

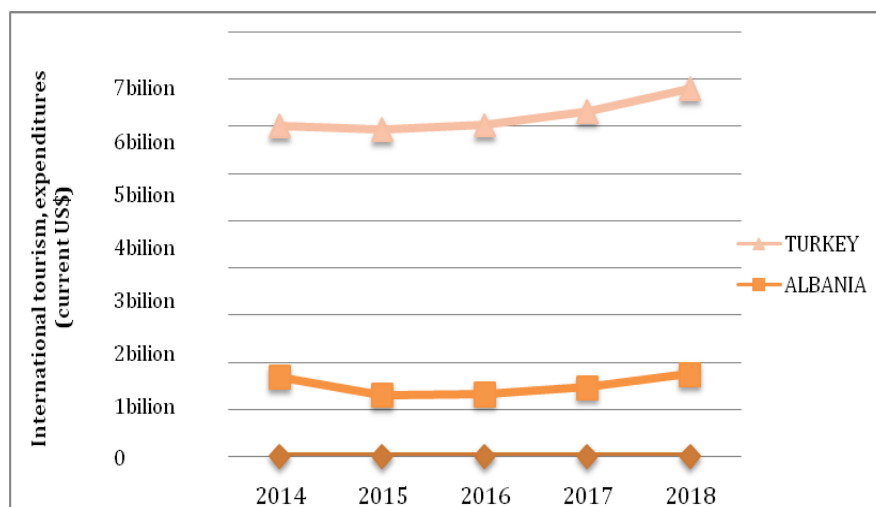


Figure 3: Comparison between the two countries Albania and Turkey, Years 2014-2018
Source: The World Bank

According to this figure, there was a very perceivable difference regarding the economic growth from tourism for both countries for 2014-2018. Thus, for Albania, there was a decrease in the economy from tourism from 2014-2017, and growth was observed again only in 2018, while for Turkey, the situation is favorable for this entire period.

Next two figures show the change in income in the economy (in %), for Albania and Turkey, according to data taken by World Bank.

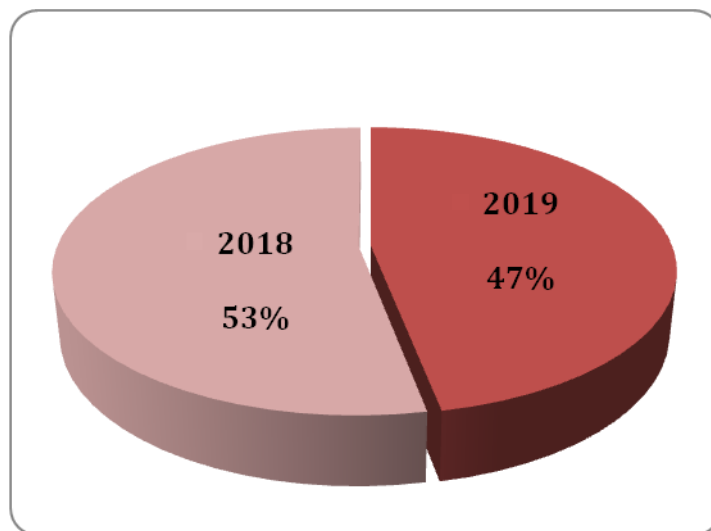


Figure 4: Comparison between Years 2018 and 2019, for the change in income in the economy from tourism in Turkey
Source: The World Bank

The same comparison for these two years was made for Albania, but the result in % is the opposite. Albania is getting more and more promoted in the world for tourism. Every year, it attracts more tourists from Europe and more widely, without forgetting that Albanians who have emigrated also choose Albania to spend their holidays.

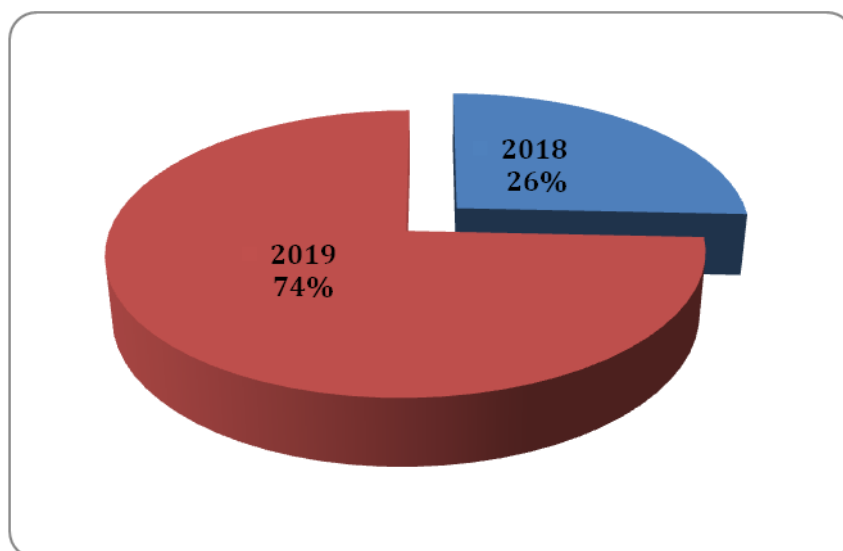


Figure 5: Comparison between Years 2018 and 2019, for the change in income in the economy from tourism in Albania
Source: The World Bank

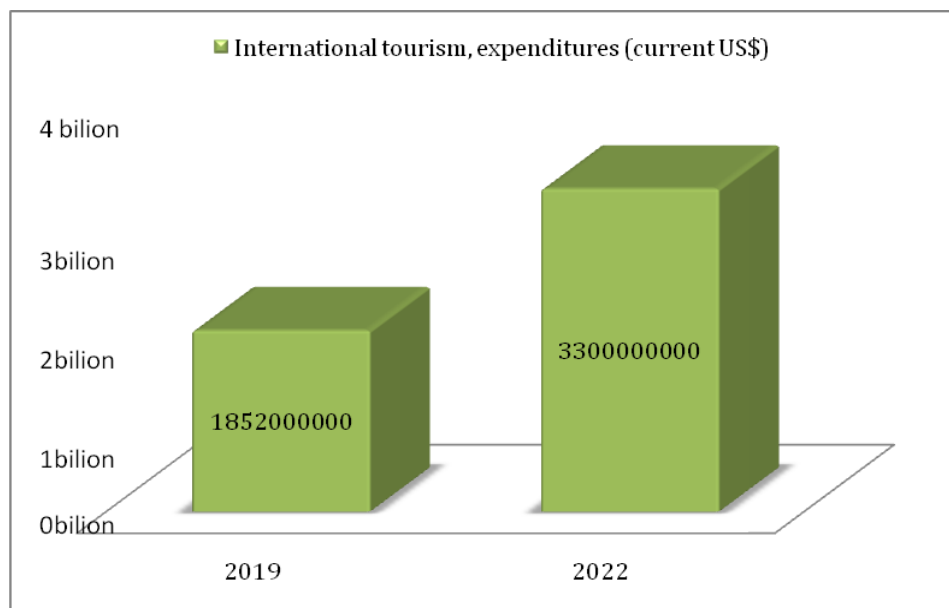


Figure 6: Comparison between the Year 2019 and 2022 Albania International tourism, expenditures (current US\$)

Source: The World Bank

According to this graph, there is a very recognizable change in economic growth from tourism between 2019 and 2022. Albania has also had a significant increase of 1.45 billion USD, with more tourism income than 2019. We made this comparison by removing the COVID-19 years, which had a very substantial impact on the economy of the whole world. (The World Bank).

5. CONCLUSIONS

From the analysis of the tourism situation in Albania, it turned out that our country has made significant improvements in terms of perfect conditions for hospitality, accommodation, and the development of technology for tourism and infrastructure, which, for example, in the years 2010-2012 represented a marked lack reflected in the number of tourists who visited Albania in those years, compared to recent years, as the data for 2022 also showed. Related to the above-mentioned, Albania has advanced in several sectors related to tourism services, as Rachel Botsman and Roo Rogers mention, who coined the term "collaborative consumption" in their 2010 book *What is Mine Is Yours: The Rise of Collaborative Consumption*. This economic model has found and continues to find a wide application in tourism services in different countries, including transportation (e.g., Uber), accommodation (e.g., Airbnb), food (e.g., EatWith), entertainment (e.g., WillCall), and even finance (e.g., LendingClub) (Wirtz et al., 2019).

Hospitality and tourism represent a favorable ground for these types of innovations for our country as well, where we have managed to use some of the services mentioned above, such as Airbnb (for accommodation), Baboon (for food), or IuteCredit (as a financing program for individuals). Collaborative Consumption (creating online marketplaces to match supply and demand) has produced disintermediated industries worldwide, allowing people to make direct transactions by connecting them in unprecedented ways (Caldieraro et al., 2018). This new form of economic activity aims to create value by matching two or more groups of actors – usually buyers and providers of a product, service, or other resource- thus enabling appropriate interactions and transactions (Xu et al., 2021). These categories of services are also present in Turkey. However, Turkey's competitive prices, hospitality, accommodation, and favorable conditions offered to tourists have always kept it a competitive country in the tourism sector. While Collaborative Consumption has recently attracted considerable attention from academia and industry, the COVID-19 pandemic negatively affected Albania's global hospitality and tourism sector. The tourism industry is among the most affected (Ashikul et al., 2020). According to the UNWTO

(2021), international tourist movements fell by 83% in the first quarter of 2021 due to travel restrictions that remained worldwide throughout 2020-2021.

On the other hand, the pandemic offered new research opportunities, serving as a light of hope in an otherwise gloomy situation. (In English- Conversely, the pandemic offered new research opportunities as a beacon of hope in an otherwise bleak situation.) Conversely, a sustainable tourism system may offer few topics that generate knowledge since innovation comes from disasters (Bausch et al., 2021).

Song et al. (2023) focused on shared accommodation to investigate trust in collaborative consumption. An analysis of 172 newspaper articles published between 2011 and 2021 identified vital stakeholders, antecedents, and outcomes of faith. The findings revealed that building trust involves many stakeholders, including consumers, hosts, platforms, residents, and governments. In the future, researchers in Albania should adopt even more favorable theories and integrated methodologies to increase the economic growth from tourism even further. Song et al. (2023) focused on shared accommodation to investigate trust in collaborative consumption. An analysis of 172 newspaper articles published between 2011 and 2021 identified the main stakeholders, antecedents, and outcomes of faith. The findings revealed that building trust involves many stakeholders, including consumers, hosts, platforms, residents, and governments. In the future, researchers in Albania should adopt even more favorable theories and integrated methodologies to increase the economic growth from tourism and identify the topics of innovative research in the hospitality and tourism sector for our country. To explore common and diverse areas of interest across academia and the tourism industry; to examine trends in research on innovation topics during this period to suggest future research directions; to build a sustainable platform for continuous tourism controls; raising awareness and sensitizing clients on the importance of tourism in improving the local economy, as well as training the staff of the relevant institutions. The local and central government is responsible for sustainable tourism in all countries.

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