



JOURNAL OF TOURISM, SUSTAINABILITY AND WELL-BEING

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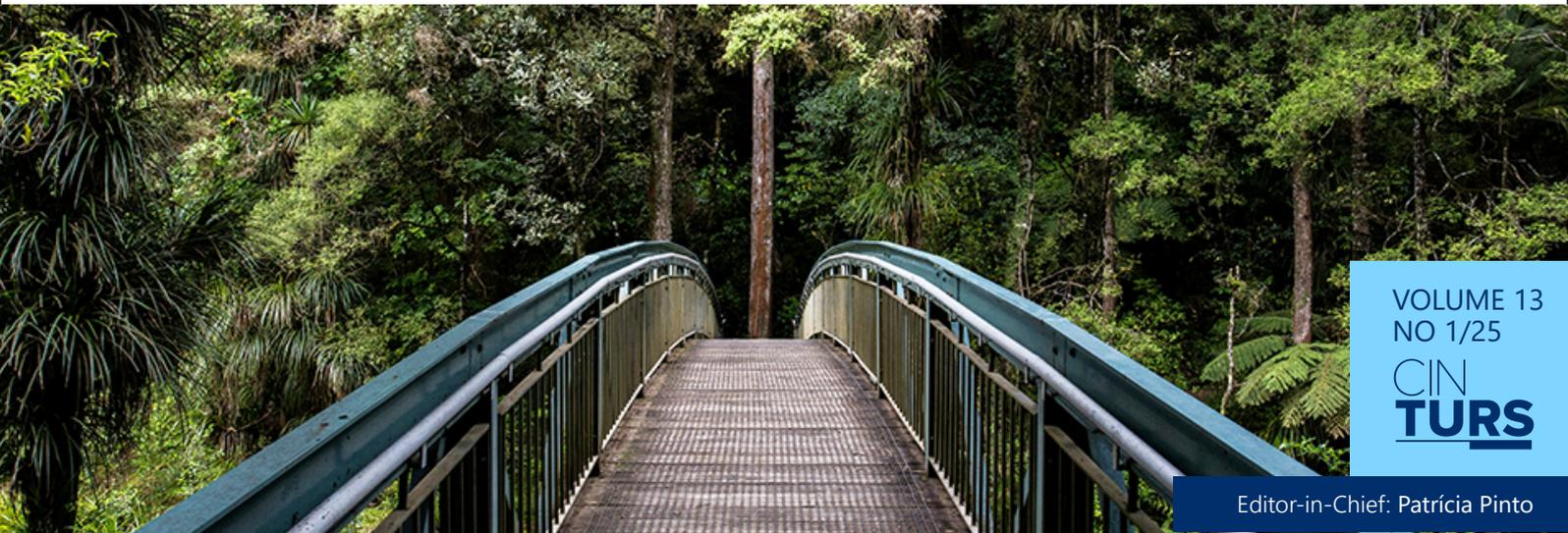
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AIMS & SCOPE

The **Journal of Tourism, Sustainability and Well-being (JTSW)** is an international open-access academic journal in the tourism field that publishes high-quality, refereed articles that advance science widely available so that tourism can serve the society, enhance a sustainable development of the destinations, and positively impact the well-being of stakeholders.

JTSW offers itself a multidisciplinary and all-inclusive bridge between theoretical and practical aspects of tourism and the emerging interdisciplinary aspects that can revolutionise the tourism and hospitality industries. While the JTSW maintains its traditional focus on original research, both conceptual and empirical, that clearly contributes to the theoretical development of the tourism field, it also has a far more inclusive and broadened scope to keep up with the new problems that challenge academics and practitioners working in private, public and non-profit organisations globally. JTSW encourages research based on a variety of methods, qualitative and/or quantitative, based on rigorous theoretical reasoning and supported by a strong methodology. Criteria for evaluation include significance in contributing new knowledge, conceptual quality, appropriate methodology, technical competence (of theoretical argument and/or data analysis), and clarity of exposition.

JTSW promotes research on a broad range of topics that explore major trends in the study of relationships between tourism, sustainable development of destinations and well-being of tourism-related stakeholders. Contributions can be from all disciplinary perspectives, with interdisciplinary approaches especially welcomed as far as they apply to the tourism research field. All policy, planning and management aspects of tourism are also encouraged.

The journal is published as a quarterly international review in open access, mainly composed of thematic special issues. The publishing schedule is the last working day of March, June, September and December. Any interested scholar can submit a proposal for the guest-edition of a special issue to the Editor-in-Chief. The proposal should follow the guidelines provided in the Guide for Guest Editors. Each article must follow the publication rules as in the Author Guidelines. The Guest-Editors and the Editor-in-Chief are responsible for the implementation of a double-blind review process. This method ensures that the author(s) and the reviewers remain anonymous to guarantee a fair and impartial review of the submitted manuscripts.

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The Editorial Board gathers world-renowned experts in different scientific areas, with a striving balance in geographic and gender diversity.

EDITORIAL

Tourism remains a dynamic sector requiring entrepreneurial ventures, workforce engagement and financial viability. The four studies included in this issue of JTSW provide valuable insights into these key aspects, offering both academic and practical implications for policymakers and industry stakeholders. Study 1 investigates lifestyle migrant entrepreneurs in Portugal, highlighting their resilience and long-term investment in rural tourism despite bureaucratic and linguistic challenges. Public support is crucial for ensuring sustainable tourism development through these ventures. Study 2 explores workforce dynamics in tourism through the lens of psychological contract breach and its impact on employee engagement in Spain. Findings suggest that violations of perceived agreements weaken psychological empowerment, reducing work engagement. Organizations must address these breaches to enhance employee well-being and operational effectiveness. Study 3 focuses on financial performance analysis of tourism firms in Turkey, emphasizing the significance of financial leverage in determining corporate success. The study underscores the necessity of sound debt management for sustained growth. Study 4 assesses the financial performance of tourism companies listed on the Borsa Istanbul Stock Exchange using the Range of Values method, which evaluates multiple financial indicators simultaneously. The study underscores the effectiveness of multi-criteria decision-making methods in financial analysis and contributes to a deeper understanding of key performance drivers in the tourism industry. Together, the four studies contribute to the holistic understanding of tourism's evolving landscape.

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“A Little Unspoilt Paradise”: Profile and Practices of Tourism-Related Lifestyle Migrant Entrepreneurs in Southern Portugal

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ABSTRACT

This paper investigates the potential of the fairly recent phenomenon of entrepreneurial lifestyle migration, in the context of rural Algarve (Portugal) from the perspective of lifestyle migrant entrepreneurs (LMEs) and their socio-economic contribution to the development of rural areas. The study focuses on the profile of LMEs who are active in tourism businesses, by analysing the results of an online survey with a sample of 60 business owners and semi-structured interviews with 16 representatives of local councils. Findings show that these LMEs are well-settled, intend to stay and invest in the future. Despite facing complex challenges, including push factors such as bureaucratic obstacles and language barriers, results reveal that lifestyle orientations remain a priority. We argue that if the potential for tourism-related LMEs to contribute with sustainable practices to support tourism development is to be realised, public efforts to support these communities need to be stable and long term.

KEYWORDS

Rural Entrepreneurship, Lifestyle Migrant Entrepreneurs, Rural Tourism, Low Density Areas, Algarve (Portugal).

ARTICLE HISTORY

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1. Introduction

Entrepreneurship in rural tourism areas has garnered significant research attention over the past decade (Stone & Stubbs, 2007; Pato & Teixeira, 2016; Masoomi, Rezaei-Moghaddam, & Teixeira, 2023). Rural tourism has been increasingly regarded as “an ecologically and socially sustainable form of tourism” (Pröbstl-Haider, Melzer, & Jiricka, 2014, p. 216) that generates economic and social benefits for the local communities (Pröbstl-Haider, Melzer, & Jiricka, 2014; Dias, Palacios-Florencio, & Hallak, 2023). The growth of rural tourism reflects two prevailing trends: the rise of a lifestyle-led and leisure-oriented society, and the substantial investments in tourism as a strategy for rural development and revitalisation (Walmsley, 2003). At the same time, the focus on lifestyle migrant entrepreneurs has intensified within academic literature, with studies often exploring ways of achieving a balance between lifestyle and entrepreneurial orientations (Getz & Carlsen, 2000; Stone & Stubbs, 2007; Thomas, Shaw, & Page, 2011). In rural settings, the perceived success of small businesses that lifestyle migrant entrepreneurs build and run is to be found in more proactive, entrepreneurial, and sustainable management practices (Bosworth & Farrell, 2011; Cunha, Kastenholz, & Carneiro, 2020). The context of this research is the rural area of the Algarve, in southern Portugal, which suffers from the same shortcomings as other rural and somewhat remote locations: increased depopulation, ageing population, and outward migration. Thus, migrant entrepreneurs to the rural Algarve may also be regarded as a countermeasure to tackle the ensuing problems. This research contributes valuable knowledge on addressing the need to reconsider and rebuild rural and sustainable tourism practices. This is aligned with the imperative to develop policies which require the consolidation of expertise held by diverse stakeholders from both public and private sectors (OECD, 2006). While existing research extensively examines the economic and social impacts of rural tourism businesses (cf. Madanaguli, Kaur, Bresciani, & Dhir, 2021), empirical research into the characteristics, objectives, expectations, and sustainability concerns of these lifestyle migrant entrepreneurs in rural areas is scarce, particularly in the context of Portugal. In fact, little is known about these entrepreneurs and their actual reasons for starting a business in geographical and social contexts which cannot be considered to be the easiest, most comfortable setting (Siemens, 2014). This study aims to fill this research gap, providing insights into the unique features of entrepreneurial lifestyle migration to the rural Algarve and its implications for the tourism sector.

As such, this study brings together three research domains: (1) the migrants themselves (from abroad or from national geographical locations other than the Algarve), (2) entrepreneurship (in the low-density rural areas of the Algarve, Portugal), and (3) the rural tourism sector. Although small businesses in rural, often sparsely populated areas generally face various constraints and challenges, many of the migrants studied here claim they have “come to build a business” and that the rural Algarve is their “home” for the foreseeable future. Thus, these migrants play a crucial role in the revitalisation of depopulated areas. They seem to follow more proactive, entrepreneurial, and sustainable management practices, targeting niche tourism practices and special interests, which are considerably distant, both geographically and as a business model, from mass tourism. Indeed, as the Algarve rural areas undergo economic and social changes, it is relevant to study migrant lifestyle entrepreneurs related to tourism, from the perspective of self-employment and self-directed economic activities (Stone & Stubbs, 2007), given their potential to contribute to the sustainable development of tourism and rural areas.

To address the issues and challenges listed above, this paper is guided by the following research questions. First, since demographic and motivational insights are crucial for understanding the individuals behind these businesses: *What are the demographic profiles of lifestyle migrant entrepreneurs in rural tourism areas of the Algarve?* (RQ1) and *which factors motivate these entrepreneurs to establish tourism businesses in rural settings?* (RQ2). Next, to explore the characteristics of the businesses operated by these entrepreneurs, we ask, *What types of tourism-related businesses are being established by lifestyle migrant entrepreneurs in rural Algarve?* (RQ3). Additionally, the challenges faced, including identifying the (lack of) sources of information and support, were also explored by asking *what specific challenges lifestyle migrant entrepreneurs encounter in rural tourism areas?* (RQ4) The role of lifestyle migrant entrepreneurs in rural development and revitalization is also central to the study. Therefore, the final research question is *what role can these businesses play in the broader rural development of the region?* (RQ5) This question is approached

through the optics of the local governance representatives in order to uncover how the impacts of such businesses on local communities and the economy are perceived.

Contrary to most studies in this research domain (cf. Madanaguli et al., 2021; Masoomi et al., 2023), this empirical study follows two approaches: a quantitative methodological approach via a questionnaire survey applied to tourism-related business owners and a complementary qualitative approach via interviews to the representatives of local governance. The questionnaire survey intends to draw the profile and explore the motivations of lifestyle migrant entrepreneurs in the rural area of the Algarve. To accomplish this, we aim to understand (1) the lifestyle migrant entrepreneurs' demographic profile, (2) what motivates these entrepreneurs to open a tourism business in a rural area, (3) the kind of business enterprises established, and (4) if they plan to stay. Furthermore, we intend to (5) list the sustainability practices lifestyle migrant entrepreneurs intend to invest in. We draw on the interviews to understand what the municipalities actively implement to foster this type of entrepreneurship. Additionally, the paper aims to highlight the significance of this form of entrepreneurial activity in terms of present and future local and regional development, thus enabling better policy decisions from local and regional decision-makers.

This paper has been structured as follows: following the introduction, section 2 presents the theoretical framework supporting the study; section 3 covers the overview of the study, a description of the data, and the identification of the methodology; the empirical results and their discussion are contained in section 4, which is followed by two sections with discussion and conclusions, limitations and future research.

2. Theoretical Background and Geographical Context

2.1 The Role of Tourism Businesses in Peripheral Rural Areas

Rural tourism has been recognized as a very relevant means and often regarded as “a remedy” to develop local economies, support regional identity (e.g. Pröbstl-Haider et al., 2014), and possibly slow down depopulation due to massive outmigration of mostly young people (Anderson, 2000).

Understanding what ‘rural’ signifies is relevant to understanding the specific economic and social challenges businesses face in this context. One consensual definition sees rural areas as located at some distance from urban areas, with a low population density and a high economic dependence on natural resources and/or agriculture (OECD, 2006; Siemens, 2014). As many studies have recognized over the past two to three decades, rural areas are often affected by scarce employment opportunities, inadequate infrastructure, and limited economic diversity (Dana, Gurau, & Lasch, 2014; Castro & Ferreira, 2019; Cunha et al., 2020). Consequently, this leads to a decline in the infrastructure of rural municipalities along with an ageing population, an exodus of young people, low density of business activities, and a reduction in basic services, which in turn can lead to a vicious circle of further depopulation in these areas (OECD, 2006), and a general feeling that such regions have been abandoned by the central government (Almeida, 2017). This phenomenon has been noted to occur in places around the world such as the United States (Johnson & Lichter, 2019), Australia (Walmsley, 2003), and several countries in Europe (Bosworth & Farrell, 2011), including Portugal (Almeida, 2017; Cunha et al., 2020).

An important boost in such rural areas is the in-migration of national and international future entrepreneurs who pursue practices based on their hobbies or special interests to “realise their desired way of life” (Eimermann & Kordel, 2018, p. 242) while showing genuine concern about place and community, integrating local people and resources. Such attributes are also valued by niche segments of rural tourists. Consequently, the effect of this form of entrepreneurship is not limited to economic figures, because the total economic impact in terms of job and income making may be modest. Nevertheless, there are impactful contributions to local economic and social dynamics, which could contribute to keeping rural communities alive, for example by maintaining traditional farms and connected activities like food and hand-craft production (Cunha et al., 2020). However, the successful realization of this potential is frequently constrained by local contexts (Cunha et al., 2020) and also by the fact that in many instances business owners or entrepreneurs do not have the necessary experience in starting and running a small business, both in terms of income, profit and employee numbers (Siemens, 2014). Furthermore, rural businesses

in general “are located in contexts that are potentially more challenging and hostile than those in urban settings” (Siemens, 2014, p. 124), and usually face various types of constraints and challenges, (e.g., lack of qualified and even unqualified staff) (Siemens, 2014; Cunha et al., 2020).

2.2 Lifestyle Migrant Entrepreneurs

In recent decades, lifestyle migration has garnered attention, exploring the motivations driving people to relocate to different countries. Key factors include climate, perceived quality of life, and age, with a notable trend among those in the later stages of life (Benson & O’Reilly, 2009) but also, increasingly, those still of working age (Torkington & Ribeiro, 2019). The Algarve region, with over 23% of its population having foreign origin and residence status in Portugal (INE, 2023), has witnessed a growth in migrants opting to live and establish tourism-related businesses in rural areas, termed as lifestyle migrant entrepreneurs in the literature (Getz & Carlsen, 2000; Thomas et al., 2011).

Machado and Azevedo (2009, p. 27) have highlighted that EU migrants in Portugal, who are relatively under-studied, represent the ‘socially successful’ migrants. Generally, ‘successful’ or positive outcomes in migration receive less attention than unsuccessful or problematic outcomes. The concept of ‘success’ in migration can be understood from two main perspectives. On the one hand, in a more ‘objective’ social sense, it relates to the societal contributions of migrants—such as economic contributions through paying taxes, supporting local economies through consumption, or engaging in ‘foreign investment’ by purchasing upmarket properties or starting businesses. The literature notes that ‘lifestyle migrants’ are considered ‘desirable’ for these reasons (Torkington, 2014). Therefore, in the Algarve, the increasing numbers of these migrants settling in the region might be regarded as a ‘successful outcome’ both by and for the local community (Torkington & Ribeiro, 2019). While existing studies in the Algarve primarily focus on urban, coastal lifestyle migrants, (Torkington, 2012; Torkington & Ribeiro, 2019), our study aims to present a distinct perspective. Specifically, our focus is on migrant entrepreneurs who, despite not being too old and sometimes even of working age, have settled in the rural and remote areas of the Algarve.

These lifestyle migrant entrepreneurs (LMEs) often engage in rural tourism businesses, actively seeking a different lifestyle aligned with their personal values and passions (Cunha et al., 2020). Managing small enterprises, they strive to balance financial goals with non-financial indicators (Dias & Silva, 2021), emphasizing their “commitment to change their lifestyle” (Ateljevic, 2020, p. 471). Despite limited management experience or professional tourism skills (Getz & Peterson, 2005; Morrison, 2006; Peters, Frehse, & Buhalis, 2009; Cunha et al., 2020), their strong lifestyle motivations enable them to comprehend tourists’ needs, drawing from their own experiences as tourists in the same geographical locations where they establish businesses.

Typically, lifestyle migrant entrepreneurs are not native to the area, and often lack fluency in the local language. However, they may exhibit a penchant for risk-taking, creative thinking and initiative, leveraging observed opportunities to create value (Fadda, 2020). These proactive small business owners often follow sustainable management practices, contributing to the local economy and fostering the sustainable development of tourism-related businesses. Their ventures, including short-term accommodation rentals, guided tours, restaurants, cafés and bars, target niche tourism practices and special interests, setting them apart geographically and aspirationally from mass tourism. Existing literature attests to their substantial contributions, introducing new ideas, knowledge and skills to rural areas while connecting local products and services to new markets (Weidinger & Kordel, 2016; Eimermann & Kordel, 2018).

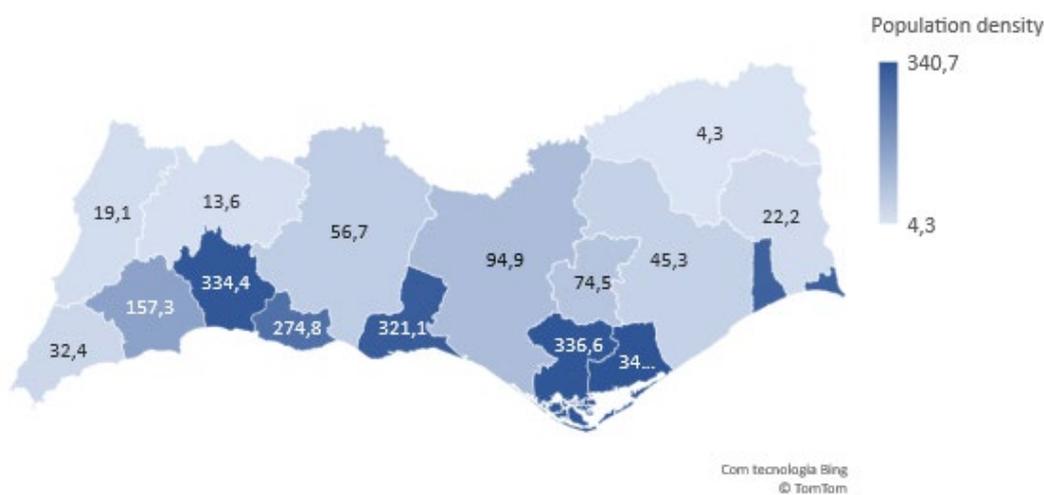
3. Overview of the Study and Geographical Setting

The Algarve is a region with around 470,000 inhabitants, of which 109,000 are foreign nationals with official residence status (INE, 2023). It covers an area of around 4,996.8 km² (around 5.4% of the total land area of Portugal) and is divided into three distinct natural sub-regions: the coast (*litoral*), the *barrocal* (lowlands area between the coast and the hills, where most of the Algarve’s agricultural activity is located) and the hills (*serra*), as shown in Figure 1.

Figure 1. Natural Sub-regions of the Algarve

Source: Câmara Municipal de Lagos (2023)

The rural area of the Algarve comprises the *barrocal* and *serra* sub-regions, with a low population density (Figure 2). According to a local official report (CCDR Algarve, 2015), several factors contribute to the decline of rural areas in the region. These factors encompass the significant disruption of the socio-economic fabric caused by outward migration since the 1960s, resulting in the loss of human resources and an increasingly aging population. Additionally, there is a notable divergence in socio-economic development indicators between the inland and coastal zones of the Algarve. The report underscores the difficulties in attracting and retaining a younger population and highlights the ineffectiveness of strategies and investments in reversing stagnation trends. Consequently, the issues outlined in the report align, overall, with the report from OECD (2006) and parallel challenges faced by many southern European regions. These include limited access to and the closure of public health, education, and administrative services; insufficient public transportation affecting connectivity to remote areas; outdated and inadequate basic sanitation; and a scarcity of job opportunities.

Figure 2. Population Density (No./ km²) by Place of Residence

Source: Own Elaboration (data from INE, 2023)

This study is part of a larger project to investigate tourism-related lifestyle migration in the rural Algarve, namely the need for sustainable development (including sustainable tourism) of depopulated rural areas, the involvement of and opportunities for migrants in entrepreneurial activities in rural areas, and understanding the growing trend for rural tourism in the area. Drawing from data collected from

a questionnaire survey, this paper is focused on obtaining profiling data, including socio-demographic data, reasons for choosing the rural Algarve as a destination, length of time living in the Algarve, type of business, foreseeable investment in possible sustainable practices, and perceived constraints to business development. In order to complement the perceived barriers and problems in creating a business, we also draw on data obtained from interviews conducted with local municipal governance to identify local public policies and measures from municipalities that might provide economic, legislative, and operational backup to support businesses operating in the tourism service sector owned and run by lifestyle migrant entrepreneurs and to encourage them to settle in the area. These interviews allow us to better understand the type of focus given to the community of LMEs and provide a more nuanced picture and interpretation of the interlinks and networking practices amongst the different communities inhabiting the rural Algarve. Finally, we draw on information collected from the municipality websites about the type of bureaux and desks provided for local entrepreneurs.

The survey data were collected through questionnaires made available in four languages (English, French, German, and Portuguese). The questionnaire was designed based on some studies applied to self-employed expatriates (Stone & Stubbs, 2007), entrepreneurial migrants (Pérez-Ramírez et al., 2014), lifestyle entrepreneurs (Fada, 2020), and lifestyle migrants (Torkington & Ribeiro, 2019). The questionnaire was approved by the Ethics Committee of the University of Algarve and it included a section on the privacy policy of this institution and authorisation for the collection and analysis of data for the purpose of the study. In addition to the privacy policy section, the questionnaire is further divided into three sections: business information, living in the Algarve, and personal information. It comprises a total of 31 questions, with the majority being multiple-choice close-ended queries. Within one of the open-ended questions, respondents were requested to provide brief statements regarding their impressions of rural Algarve and they could also provide further comments to some of the close-ended questions.

We conducted a total of 16 semi-structured interviews with local governance representatives (LGRs): one for each of the 16 Algarve municipalities (6 face-to-face; 9 online, and 1 telephone interview) between July 2022 and January 2023. and participants gave us their informed consent before starting the interviews and the interviews lasted between thirty and ninety minutes. Seven of the interviewees held the position of President or Vice-President of the respective municipal council, seven were councillors responsible for tourism and/or local businesses and entrepreneurship, and two were serving as Presidents of a rural freguesia.

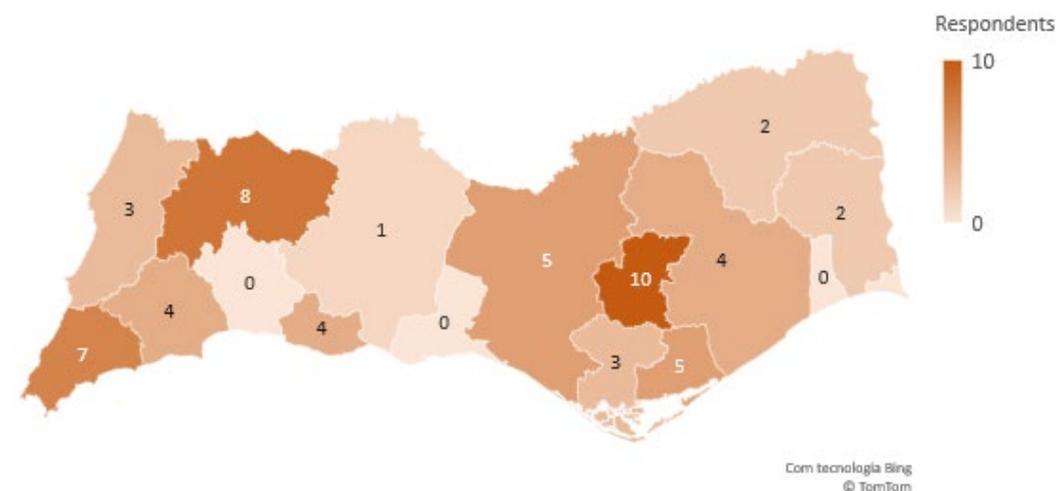
The interviews followed a topic guide with questions relating to the evolution and impacts of tourism in general, and rural tourism more specifically, in the municipality area, as well as the profiles and recognition of the impacts of migrant entrepreneurs. One focus point of these interviews was to understand how aware local governance representatives were of the potential of this type of entrepreneurship to contribute to the sustainable development of both tourism and local communities and the types of impacts it is causing from the social, economic, and environmental perspectives. Furthermore, the interviews also aimed to obtain information about the business and social networking activities of the migrants and their links to local communities, places and economies as well as any environmentally sustainable practices they engage in, thus securing a more rounded and richer description of social context (Denzin & Lincoln, 2003).

A total of 1,705 potential lifestyle migrant entrepreneurs with tourism businesses were identified in the rural area of the Algarve, the majority of which (1,370) via the National Local Accommodation Register, as this database provides information on the nationality of its owners. The remainder were identified via social networks (Facebook and Instagram), municipalities' websites, and Google Maps. This cross-identification was applied since, similar to other studies of rural businesses (Siemens, 2014; Dias et al., 2023), there are no databases with business information that can specifically identify this particular type of entrepreneur. Although a total of 1,705 businesses were identified, 369 had non-existent or legal representative email addresses. As it has been pointed out by various scholars investigating lifestyle migration, the primary methodological challenge in researching this population lies in accessing them (Gustafson, 2008, Hannonen, 2018).

Data collection took place from 27 May to 18 July 2022 among the 1336 business owners identified with available contacts. Given the low response rate, emails were sent on two separate occasions requesting

responses to the questionnaire available via LimeSurvey software. Data were analysed using descriptive statistics. Although the sample of 60 respondents is non-probabilistic, and therefore insufficient for any form of generalization, the questionnaires collected covered most of the 16 municipalities' distribution of the foreign population in the Algarve by the municipality of residence (see Figures 2 and 3).

Figure 3. Number of Respondents by Municipality of Residence



Source: Own Elaboration

4. Empirical Findings

This section presents and discusses the findings related to the 60 respondents' (1) profiles, (2) migration motivations to the rural Algarve, (3) reasons for starting a business, (4) main obstacles for business growth, and (5) foreseeable investments. Data relating to the lifestyle migrant entrepreneurs' characteristics and their business activities are detailed in Tables 1 and 2, respectively. Additionally, data from the interviews with the local governance representatives will also be drawn upon to shed some light on how these entities view the role of LMEs in the broader development of rural areas in the region and how they support the lifestyle migrant entrepreneurs' activities and challenges.

4.1 Who are the Lifestyle Migrant Entrepreneurs in the Rural Algarve?

Just over half of the lifestyle migrant entrepreneurs surveyed are male, with an average age of 49 when they started their business in the region. They are English (20%), German (17%), Dutch (13%) and Portuguese (13%) and have a high level of academic qualifications. This academic profile is common to that found in other regions of Portugal (Castro & Ferreira, 2019; Cunha et al., 2020) and in studies conducted elsewhere in Europe (Stone & Stubbs, 2007). Almost two thirds have lived in the Algarve for more than 6 years and are not fluent in Portuguese, despite many (62%) having lived in the region for 10 years or more. Before coming to the Algarve, the vast majority were not business owners. Interestingly, though, the majority already intended to start their own business prior to relocating, a much higher number than that found elsewhere (Stone & Stubbs, 2007).

Table 1. Lifestyle Migrant Entrepreneurs' Profile

Profile variables	Categories	Frequency (%) / No.	Profile variables	Categories	Frequency (%) / No.
<i>Gender</i>	Male	52%	<i>Professional situation before coming to the Algarve</i>	Employee	56%
	Female	48%		Independent worker	22%
<i>Age at time of opening business</i>	Min	16		Entrepreneur	16%
	Max	72		Student	4%
	Mean	49,03		Other	2%
	Mode	55	<i>Living in the Algarve</i>	less than a year	8%
<i>Nationality</i>	English	20%		1 - 5 years	30%
	German	17%		6 - 10 years	26%
	Portuguese	13%		11- 15 years	4%
	Dutch	13%		more than 15 years	32%
	Belgian	12%	<i>Knowledge of the Portuguese language</i>	None	3%
	Dual	10%		A little	40%
	French	5%		Can get by	21%
Other	10%	Fairly good	14%		
<i>Education</i>	Master's or PhD	32%	Fluent	22%	
	Bachelor's or first degree	45%	<i>Intention to open a business when moving to the Algarve</i>	Yes	58%
	Professional / Vocational qualifications	15%		No	25%
	Secondary school	5%		Maybe	17%
	Other	3%			

Source: Own Elaboration

On average, the majority of businesses surveyed were started around nine years ago and are in the accommodation sector (57%), mainly short-term rental accommodation (44%), but also restaurants (8%) and tourist entertainment companies. Like many other small and medium tourism enterprises, the businesses are family-owned (Dias et al., 2023), often operating all year round (60%), practically without employing any staff from outside the household, and their clients are mostly foreigners (65%).

Recent studies point to the need for these entrepreneurs to develop social, economic, and environmental attachments to the place and its community (Dias et al., 2023) and networks can be an important motivator of value creation (Mottiar, 2016). Nonetheless, our respondents do not seem to be particularly interested in being involved in partnerships, even if informal, but when they are, these are established with other companies in complementary businesses. The overall majority of respondents consider their business to be performing well (49%) or very well (32%).

Table 2. Business Profile

Profile variables	Categories	Frequency (%) / No.	Profile variables	Categories	Frequency (%) / No.
<i>Business sector</i>	<i>Alojamento local</i> (AL-short -term rentals, B&B, small guesthouse...)	44%	<i>No. employees outside the household (average)</i>	Men - Full-time	0,91
	Accommodation (hotel or similar)	13%		Men - Part-time	0,7
	Restaurants & catering	8%		Women - Full-time	1,27
	Guided tours (walking, cycling...)	7%		Women - Part-time	1,03
	Sports or water sports	5%	<i>Customers</i>	Mostly Portuguese	3%
	Agritourism	5%		A mixture of Portuguese and foreigners	32%
	Rental services (bicycles...)	5%		Mostly not Portuguese	65%
	Campsite / Motorhome park	5%		German	31%
	Retreats (yoga, etc)	3%		Dutch	22%
	Wine tourism	3%		English	19%
	Arts & crafts	2%		French	14%
Other	1%	American	14%		
<i>Operation</i>	Open all year round	60%	<i>Involvement in any networks /partnerships (with local businesses, tourist agencies, university, associations, etc.) in the Algarve</i>	Yes	34%
	Open seasonally	40%		No	66%
<i>Age of business</i>	Min	0	<i>Business performance</i>	Very good	32%
	Max	38		Quite good	49%
	Mean	8,88		Satisfactory	15%
	Mode	7		Quite poor	5%
				Very poor	0%

Source: Own Elaboration

4.2 Why they Chose to Move and Open a Business

When asked to describe the rural Algarve in an open-ended question, respondents offered various very positive phrases, such as “a little unspoilt paradise”. As such, their motivations for migrating are based essentially on symbolic factors such as the landscape and environment, the climate, the lifestyle, and their love of the Portuguese and the place (Table 2), therefore, presenting similar motivations to previous studies on motivations to leave the urban context and settle in rural areas (Dal Bello, Marques, Sacramento, & Galvão, 2022) and, up to a point, analogous to retiree lifestyle migrants, which are also in line with the usual perceived ‘lifestyle affordances’ associated with lifestyle migration in general (Torkington & Ribeiro, 2019). Contrary to the generalised view that lifestyle migrants tend to be older, retired individuals, the lifestyle migrant entrepreneurs under analysis came to the Algarve at a still active stage in their lives.

Table 3. Reasons for Choosing to Live in a Rural Area in the Algarve

Reasons	Frequency	Reasons	Frequency
Natural environment/landscape	63,3%	Leisure activities	15,0%
Climate	61,7%	Came here due to decision of family/ spouse/ partner	11,7%
Lifestyle	41,7%	Family/partner / friends already here	6,7%
I like the Portuguese way of life in the countryside	38,3%	Financial reasons	6,7%
I wanted to live in an unspoiled place	36,7%	I dislike my country of origin	3,3%
I like the Portuguese people	35,0%	Lack of opportunities in my country of origin	0,0%
I had been here on holiday before	21,7%	Other	0,0%
Work / business opportunities	18,3%		

Source: Own Elaboration.

Note: Respondents could select multiple options.

The motivations of lifestyle migrant entrepreneurs for developing their businesses in the rural geographical context of the Algarve (Table 4) are spurred by symbolic factors, as mentioned above, although they do not rule out material factors (such as the possibility of making an income or acquiring affordable housing), which is in line with the definition of lifestyle entrepreneurs according to Thomas et al. (2011). Many are driven by the desire to be self-employed, in a natural environment, which enables a particular commitment to an idealized lifestyle (e.g., living more simply than in their previous urban and consumerist lifestyle) or are driven by the desire to do something different, such as facing challenges, or living and working more sustainably, outside of urban areas (Ateljevic, 2020). A rather less important motivation is the desire for income, either as their main source of income or as a secondary source of income. Motivations linked to material ambitions ('higher earning potential') or social commitments to the community ('give something back to the community') are clearly not a priority.

Table 4. Motivations to Start a Business

Motivations	Frequency	Motivations	Frequency
To work for myself	40,0%	To move to a specific location	18,3%
To live in a certain environment (natural and/or social)	36,7%	To give something back to the community	18,3%
To enjoy a good lifestyle	36,7%	To take up a business opportunity	16,7%
To do something completely different in my life	35,0%	To avoid being unemployed	15,0%
To earn a living	28,3%	To try out an innovative idea	15,0%
To supplement my income	28,3%	To develop previous experience in the tourism sector	15,0%
To provide me with a challenge	26,7%	To achieve a higher earning potential	11,7%
To live and work in a sustainable way	26,7%	To have something to do	8,3%
To support my leisure interests	20,0%	To downscale/downsize	8,3%
To meet new people	20,0%	To gain prestige by running a business	1,7%
To escape an urban environment	20,0%	Other	8,3%

Source: Own Elaboration.

Note: Respondents could select multiple options.

However, there are obstacles to their endeavours that inhibit starting, and later on developing, their business, as illustrated in Table 5. These obstacles include bureaucratic and legal issues and challenges related to the language barrier. In the further comments section of the questionnaire, several of the re-

spondents mention bureaucracy, lack of knowledge, and “no one to provide correct information” on how to do business locally as the main obstacles and appeal to local governance to support them:

“There should be an organization dedicated exclusively to helping foreign investors to set up businesses, to understand the regulations and tax system as well as providing courses to learn how to use the different portals.”

These hurdles may limit involvement in informal networks and reflect a lesser need for integration with the local community (cf. Table 2). This is in line with studies conducted in Spain for a similar cohort but, interestingly, differs from studies conducted with tourism-related lifestyle migrant entrepreneurs in France (Stone & Stubbs, 2007). Stone and Stubbs (2007) attribute these country differences to the less educated and less international experience of the lifestyle migrant entrepreneurs in Spain compared to those in France. Almost a third refer to ‘lack of knowledge and skills’ which is a common barrier highlighted in other studies (Madanaguli et al., 2021). Very few respondents point to financing difficulties as a factor holding back the business and roughly one quarter of the respondents claim not to have encountered any obstacles at all.

Table 5. The Main Obstacles to Starting a Business in the Algarve

Obstacles	Frequency
The process is lengthy and bureaucratic	40,0%
Lack of knowledge and skills on how to do business in Portugal	31,7%
Language barriers	30,0%
Legal obstacles (i.e. business regulations, insurance requirements)	26,7%
Difficulties in accessing finance	10,0%
None	23,3%
Other	11,7%

Source: Own Elaboration.

Note: Respondents could select multiple options.

4.3 Local Impacts

The Algarve Regional Programme 2021-2027 (2021), under the objective of investment in jobs and growth for the ultra-peripheral regions, proposed investments and financial support for inland areas of the Algarve within the dimensions of ‘smart regions’ and ‘green regions’. As a result, the questionnaire included a question on future investments, providing a list of options related to the two aforementioned objectives. Despite the identified obstacles, the lifestyle migrant entrepreneurs express their intention to remain in the Algarve and continue to invest, preferably in sustainable processes such as renewable energies and water management. As illustrated in Table 6, only a fifth of them aim to create more jobs and engage in material reuse. The figure is not particularly high, but many of the respondents are already engaged in various forms of recycling of materials. These findings underscore a strong commitment to environmentally sustainable practices within business operations. This aligns with Bosworth and Farrell’s (2011) suggestion that, overall, these owners exhibit a highly proactive, entrepreneurial, and sustainable management focus.

Table 6. Future Investments in or through Business

Future Investments	Frequency
Renewable energies (e.g. solar or wind)	40,0%
Digital marketing	25,0%
Sustainable water management (e.g. equipment to minimize water consumption, maximize waste or greywater re-use)	23,3%
Creating more jobs	21,7%
The re-use of materials (e.g. plastics, glass, paper) within the company	21,7%
Environmental and species protection actions / increasing biodiversity	16,7%
Increasing the use of the same infrastructure or equipment (e.g. buildings, vehicles) for different purposes	16,7%
Creating new products	13,3%
Joint projects with other companies	10,0%
Actions that facilitate the use of bicycles among employees and/or clients	8,3%
Investing in the Algarve coastal area	3,3%
Research and development (R&D) networks	1,7%
No intention to invest	18,3%

Source: Own Elaboration.

Note: Respondents could select multiple options.

4.4 Local Governance and Lifestyle Migrant Entrepreneurship

The success of entrepreneurship in rural areas is often considered to be dependent on the effectiveness of policies and many studies focus on policy measures (Masoomi et al., 2023). A further factor in attracting and maintaining migrants entrepreneurial activity is the level of practical institutional support offered (Skandalis, 2014), particularly by local governance offices, which are often the first port of call for newcomers needing informational and legal support. In the case of the Algarve, most councils' official websites do indeed specify some sort of official bureau or desk aimed at guiding and supporting local entrepreneurs in building a new business, e.g. business incubators. They also have bureaus dedicated to supporting migrants, such as SOS Line for Immigrants, Bureau to Support Emigrants, or even classes of Portuguese as a Foreign Language, although these appear to be aimed at and mainly used by economic migrants from non-EU origins.

The findings from our study reveal that the local governance representatives interviewed seem to have very little knowledge about the particularities of lifestyle migrant entrepreneurship, nor do they have systematised information on who the lifestyle migrant entrepreneurs are or their types of businesses. Many councillors were quite frank about their lack of information, with statements like: *"I have no record of foreign entrepreneurs in the inland areas"* (CM_C) or *"I don't have any hard data."* (CM_F) The overriding impression gained from our data is that the perception of LMEs is rather vague – there is an awareness that they might be 'different' from other migrants or entrepreneurs, but the LGRs are mostly unable to pinpoint what these differences might be as the following extract from an interview with one of the municipal representatives illustrates: *"Many of them may not be entrepreneurs in the sense of... but they come to live here and rehabilitate the villages."* (CM_E). Indeed, the interviews highlighted the fact that the local municipal council representatives do not seem focused on identifying or acknowledging the needs of this particular type of migrant entrepreneur. For instance, they do not seem to be aware that the major challenge faced by the LMEs involves negotiating the seemingly complex bureaucratic and legal processes; therefore it is unsurprising that they do not have specific strategies and practical measures on how to support them, such as specialized staff and/or staff who speak English.

Conversely, some of the councillors suggested, implicitly or explicitly, that some of the 'foreigners' were unwilling to abide by local regulations and laws, either through a false sense of entitlement or in pursuit of 'alternative' values and ideals, leading in some cases to businesses *"operating on the margins of regularisation"*. (CM_K)

As one interviewee put it:

“That is the difficulty that we sometimes have, which is [...] for them to realize that there are in fact some rules here, that, despite being a natural place, there are rules here, that we cannot escape from and therefore have to be respected”. (CM_L)

There also seems to be a general perception that LMEs are able to seek out other means of support since they are financially positioned to do so, thus shifting the responsibility away from the public sector:

“Usually foreigners from Northern Europe, British, Germans and so on, ask for the support of a lawyer - professionally they are people with a different financial capacity”.

On the other hand, they are aware of the potential importance in terms of socio-economic opportunities and affordances that the lifestyle migrant entrepreneurs bring to the municipality, as the following extracts exemplify:

“It’s obvious that it’s important for us that this kind of people are part of our territory; I mean, it helps us to grow and therefore economically it also helps us to grow, doesn’t it?” (CM_M).

“They themselves also need, in some way, to contribute to the community, don’t they? Here’s a broader view, let’s say of their social responsibility, and even in terms of sustainability itself” (CM_I).

However, once again the awareness is expressed in vague and ambiguous terms, strongly suggesting that local governance has not really reflected upon this potential nor on the ways in which it could be fostered and enhanced. At the same time, we found that there was no real mention of any of the potential challenges and issues that might arise from this type of migrant entrepreneurship, not least of which might be the direct effects on land and property prices and the consequences of this in terms of further driving the exodus of the local population, especially the young.

5. Discussion

This study contributes to a better understanding of the migration and settlement patterns of migrant entrepreneurs dedicated to managing small-scale tourism-related enterprises in rural Algarve. Their businesses serve dual purposes: fulfilling the dream of pursuing a lifestyle in a natural unspoiled environment in the ideal climate and fostering small-scale business growth within the sustainability paradigm.

Results show various similarities among the entrepreneurs, most of whom are well educated and come from various national and professional backgrounds, generally feel well settled, and express intentions to stay. The motivations driving their relocation and business establishment reflect a transformational view of tourism, prioritizing overall quality of life over economic factors like income or career advancement (Eimermann, Tomozeiu, & Carson, 2020). Their motivations align with the conceptualization of lifestyle migrant entrepreneurs in the literature (Eimermann & Kordel, 2018; Dias et al., 2023). Even though the business service or product provided might be different, the specific set of challenges faced by their entrepreneurial activities are similar (e.g., long and complex bureaucratic processes and language barriers), and do not seem to deter the respondents from staying, or from planning future investments, predominantly in environmentally conscious initiatives (e.g., renewable energies, sustainable water management, and material re-use). Nonetheless, they point out the lack of support from official entities. These, on the other hand, do not seem particularly tuned in to their needs and challenges, even though they recognize their potential to create future important infrastructure (Siemens, 2019).

In contrast to the majority of studies on lifestyle migrants, the community described here is relatively young. Hence, in terms of practical implications, the lifestyle migrant entrepreneurs emerge as both a beneficial social and economic resource, inhabiting sparsely populated areas and contributing to local economic development. They have the potential not only to draw visitors and (perhaps) create jobs, but

also to establish synergies with local businesses, aligning with the assertions of Cunha et al. (2020). Businesses and communities are interconnected and do not function in isolated and independent domains (Siemens, 2019). However, the survey participants do not express a significant inclination to engage in partnerships, even informally, and this concurs with prior studies that show a lack of interest in integrating into the local community (Torkington & Ribeiro, 2019). When they do pursue such collaborations, they tend to form alliances with other companies in complementary industries.

On the other hand, in terms of local governance we found a lack of engagement with the potential of this type of entrepreneurial migration for the socio-economic development of rural areas; something which is already being recognised in other European countries. Policymakers and local decision-makers should recognize the significance of this entrepreneurial activity in rural Algarve, considering the potential benefits to civic organizations and the broader population from the knowledge and perspectives of these entrepreneurial migrants (Weidinger & Kordel, 2016). At the same time, however, there should be some reflection on what challenges and even threats may arise from encouraging, or failing to control, the inflows of relatively affluent migrants in areas which are not prepared for this.

6. Conclusion

The study investigated the phenomenon of entrepreneurial lifestyle migration in rural areas of the Algarve, Portugal, providing insights into the motivations, challenges, and contributions of lifestyle migrant entrepreneurs to the rural areas. The research encompasses three key domains: migration, entrepreneurship, and rural areas. Unlike the predominant qualitative approach present in two-thirds of previous studies on this topic (Madanaguli et al., 2021), our study employs a quantitative methodology through a questionnaire survey, offering an initial or entry-point for the understanding of lifestyle migrant entrepreneurs' profiles, although the uniqueness of each context and the limited survey responses do not allow for broad generalizations, as it was pointed out in the methodological section. The study also draws on interview information from local municipalities, which, in turn, reinforce the need to bring together both groups of stakeholders, in order to develop the rural areas in the long term.

As pointed out earlier, this research project is exploratory in nature. Nevertheless, we believe it makes a valuable, even if minor, contribution to raising awareness among local representatives about the importance of recognizing the impact of lifestyle migrant entrepreneurs in the rural Algarve. Also, as it is exploratory, the findings are highly specific to the context, which is a limitation in terms of its representativeness. As mentioned in the methodological section, there were difficulties in identifying migrant entrepreneurs due to the lack of systematised and up-to-date information in the available databases. Despite relying on a small non-representative sample, and the evident limitation in drawing generalisable conclusions, we believe that valid and relevant outcomes can be drawn for the future of rural areas in the Algarve. The findings indicate that emerging migration patterns are creating fresh prospects for the development of rural areas. If the potential for tourism-related lifestyle migrant entrepreneurs to contribute with sustainable practices to support tourism development should be realised, public efforts to support these communities need to be stable, long term and a mutual and reciprocal relationship between business and community must be fostered. Additionally, acceptance of place-based policies (OECD, 2006) which recognize and build opportunities and tackle disadvantages must be enacted.

Future research in this field could explore the long-term economic and societal impacts of entrepreneurial lifestyle migration, as well as delve deeper into the specific challenges faced by this unique community.

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Unveiling the Moderating Role of Psychological Contract Breach in the Relationship Between Psychological Empowerment and Work Engagement

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ABSTRACT

This study investigated the moderating role of psychological contract breach on the relationship between psychological empowerment and work engagement among employees in the tourism and hospitality industries in Galicia, northwest Spain. Employing a quantitative approach, the research gathered data from 378 employees, with quantitative data analysed using regression analyses in SPSS. Additionally, the questionnaire included several open questions, providing supplementary qualitative insights, which were analysed thematically. The findings indicate a significant moderating effect of psychological contract breach on the psychological empowerment-work engagement relationship, particularly pronounced among employees experiencing high levels of contract breach. Five main themes emerged, explaining why employees perceive psychological contract breach. The study highlights the critical role of psychological contract breach in influencing the dynamics between psychological empowerment and work engagement. This is the first study to explore these connections, providing new insights into the psychological mechanisms involved. The results can inform strategies to improve employee well-being and organisational effectiveness in the tourism and hospitality sectors. Several practical implications for organisations and policymakers are presented.

KEYWORDS

Psychological Contract Breach, Psychological Empowerment, Work Engagement, Hospitality, Tourism.

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1. Introduction

Over the past two decades, work engagement has gained significant attention in the fields of management and positive psychology and has become a widely discussed topic. A highly engaged workforce is considered a competitive advantage for organisations, as it has been linked to positive effects on organisational effectiveness such as improved performance, higher sales, enhanced employee retention, better employee well-being, or customer satisfaction (Bakker & Bal, 2010; Halbesleben, 2010; Saks, 2019) we predicted that teachers' weekly job resources are positively related to their week-levels of work engagement, and that week-level work engagement is predictive of week-level performance. In addition, we hypothesized that momentary work engagement has a positive, lagged effect on next week's job resources. Teachers were asked to fill in a weekly questionnaire every Friday during 5 consecutive weeks. Results of multi-level analyses largely confirmed our hypotheses, by showing that week-levels of autonomy, exchange with the supervisor, and opportunities for development (but not social support. Finding significance and a sense of purpose at work is a priority for employees. Fulfilling employees' needs, harmonising values, and striving towards a common purpose are essential factors in fostering job satisfaction and overall well-being (Formica & Sfodera, 2022).

According to Schaufeli, Salanova, González-Romá, and Bakker (2002), work engagement can be described as a positive and fulfilling state of mind related to work that entails vigour, dedication, and absorption. Vigour is associated with increased energy levels, mental resilience, and a willingness to invest time and effort in one's work. Dedication refers to finding meaning and purpose in one's work, feeling proud of one's achievements, and experiencing a sense of enthusiasm. Finally, absorption involves becoming fully immersed and focused in one's work, resulting in the feeling that time passes quickly.

Previous studies have identified several factors that contribute to work engagement, including job characteristics (e.g., skill variety, autonomy, or task significance), job resources (e.g., feedback, supervisor support, and coaching), personal resources (e.g., resilience, self-efficacy, self-esteem, and optimism), and various leadership styles (e.g., empowering, authentic, or transformational leadership) (Xanthopoulos, Bakker, Demerouti, & Schaufeli, 2009; Christian, Garza, & Slaughter, 2011; Saks & Gruman, 2018; Breevaart & Bakker, 2018; Saks, 2019; Wen, Huang, & Teo, 2023; Monje-Amor & Calvo, 2023). For example, Bakker and Bal (2010) found that certain job resources, including autonomy, exchange with the supervisor, and developmental opportunities, were positively related to work engagement among Dutch teachers, suggesting that engaged teachers perform well. Furthermore, Saks and Gruman (2018) showed that socialisation resources, such as supervisor support, recognition, and feedback, can foster work engagement through personal resources and person-organisation fit perceptions.

Psychological contract breach occurs when promises or expectations regarding job and organisational characteristics that are considered significant resources are not met, which could lead to decreased job satisfaction and performance and higher employee turnover intentions (Robinson & Rousseau, 1994; Manolopoulos, Peitzika, Mamakou, & Myloni, 2022). Prior research has viewed psychological contract breach as an antecedent of work engagement (Rayton & Yalabik, 2014; Karani, Deshpande, Mall, & Jayswal, 2021) work engagement and mental well-being; however, the impact of psychological contract breach on the relationship between psychological empowerment and work engagement has been overlooked.

The tourism and hospitality industries are considered fundamental pillars of the Spanish economy, being among the most influential sectors in terms of employment generation and economic growth. These sectors accounted for 12.2 percent of Spain's gross domestic product in 2022, below the pre-pandemic levels of 12.6 percent in 2019 (Exceltur, 2023; National Statistics Institute [INE], 2022b). In the wake of the pandemic, the hospitality and tourism industries had to take drastic measures as they were unable to provide their services, resulting in closures, downsizing, and employment contract suspensions. Additionally, compared to other service industries, these are known for their high degree of precariousness, which is attributed to factors such as extended working hours, low remuneration, and the need to deliver demanding customer service (Kusluvan, Kusluvan, Ilhan, & Buyruk, 2010). These features influence the engagement levels of their employees and their psychological contracts.

In fact, employee turnover and stress are well-known realities in the hospitality industry, and the COVID-19 pandemic has only worsened this issue (Yu, Park, & Hyun, 2021). For example, Dogru, McGinley,

Sharma, Isik, and Hanks (2023) showed that when turnover rates increase across the entire economy, the hospitality industry experiences an even higher increase in turnover. They further discovered that during periods of reduced voluntary job exits in the economy, the hospitality industry experiences an even more significant decline in departures. This suggests that employee retention in the hospitality industry is better in such macroeconomic conditions.

The COVID-19 pandemic has brought attention to the issue of employment in the tourism and hospitality sectors. Both academics and policymakers are concerned about the challenges faced by management when it comes to employee recruitment and selection, motivation, and the retention of a high-quality workforce that can meet the demands of selective and demanding tourists. Therefore, it is necessary to examine the interplay between psychological contract breach, psychological empowerment, and work engagement.

This study aimed to examine the moderating role of psychological contract breach between psychological empowerment and work engagement. Although the link between psychological empowerment and work engagement has already been investigated, few studies have explored this relationship within the tourism and hospitality sectors (Moura, Orgambídez-Ramos, & de Jesus, 2015; Alagarsamy, Mehroliya, & Aranha, 2020; Wen et al., 2023). To the best of our knowledge, such an important relationship has not been tested in the hospitality literature so far, which is surprising. On the one hand, hospitality managers aim to increase the number of engaged employees by using empowerment. For example, they attempt to delegate authority to front-line employees for rapid service recovery. On the other hand, employees may perceive a breach of their psychological contract due to a mismatch between employee empowerment and adequate support, an increased workload without corresponding recognition or compensation, and unclear or inconsistent communication about their roles and responsibilities. Given this dilemma, this study examines the moderating role of psychological contract breach in the relationship between psychological empowerment and work engagement.

Therefore, this study makes important contributions to the organisational behaviour and human resource management fields by exploring the complex relationships between psychological empowerment, work engagement, and psychological contract breach, particularly within the tourism and hospitality industries. By addressing a key research gap, it is the first study to examine the moderating role of psychological contract breach between psychological empowerment and work engagement, revealing crucial psychological mechanisms at play. The findings underscore the dynamics that can drive employees to remain in roles that may not fully satisfy them, highlighting how contract breaches can intensify the empowerment-engagement link and elucidating why some employees continue despite challenging job market conditions. Additionally, the study provides practical insights for managers and policymakers, emphasising that addressing structural issues such as employment conditions, career progression, and communication practices can enhance employee retention and work engagement. By suggesting strategies like transparent communication, flexible work options, and strategic HR practices, this research not only enriches academic understanding but also offers actionable guidance to improve workforce stability and engagement in these high-demand sectors.

This paper is structured as follows: the next section contains the literature review and hypothesis development. Following that, the methodology section presents the data collection, sample participants, measures, and data analyses. Next, the results are presented. Finally, it concludes by discussing the theoretical contributions, their implications for practice, and suggesting limitations and directions for future research.

2. Literature Review and Hypotheses Development

This study draws on two theoretical frameworks: the job demands-resources theory (Demerouti, Bakker, Nachreiner, & Schaufeli, 2001; Bakker & Demerouti, 2017, 2024) and the social exchange theory (Blau, 1964; Cook, Cheshire, Rice, & Nakagawa, 2013). These frameworks provide a better understanding of employee behaviour and their work engagement.

The job demands-resources theory posits that every job comprises both demands and resources. Job demands, such as workload, role conflict, and job insecurity, require prolonged physical or mental exer-

tion and may lead to physiological and psychological burdens (Bakker & Demerouti, 2017; El-Sherbeeney, Alsetoohy, Sheikhsouk, Liu, & Kamar, 2024). Conversely, job resources, such as coworker collaboration, autonomy, and access to tools and information, can either facilitate work goals, alleviate job demands and their associated costs, or promote personal growth and development. Job demands may lead to burnout, while job resources may stimulate motivation and result in work engagement (Schaufeli, 2017; Islam & Alam, 2024).

The social exchange theory (SET), formulated by Blau (1964), is a conceptual framework that views social relations as a process of negotiated exchanges involving reciprocity. According to this theory, when parties establish relationships, such as employers and employees, certain reciprocal obligations are generated, and individuals may respond accordingly. The norm of reciprocity, which posits that individuals may assist those who have supported them (Gouldner, 1960), serves as the foundation for this exchange process. SET contends that individuals evaluate the benefits and costs of the exchange process and engage in activities when the trade-off is favourable. Costs refer to negative aspects of the exchange process, such as money, time, or effort, while benefits involve positive aspects, such as enjoyment or social support.

2.1 Psychological Empowerment and Work Engagement

Prior research has explored this relationship, although studies are scarce within the hospitality and tourism sectors. Monje-Amor, Xanthopoulou, Calvo, and Abeal Vázquez (2021) discovered that psychological empowerment partially mediated the positive association between structural empowerment and work engagement, and work engagement was positively associated with task performance and negatively associated with intention to quit among service sector employees in Spain and the United Kingdom. Juyumaya (2022) showed that work engagement partially mediated the positive relationship between psychological empowerment and task performance among Latin American textile industry employees, and this mediating effect was moderated by age. Furthermore, Wang and Liu (2015) demonstrated that psychological empowerment played a partial mediating role in the positive relationship between the professional nursing practice environment and work engagement among Chinese clinical nurses. Additionally, Macinga, Sulea, Sârbescu, Fischmann, and Dumitru (2014) emphasised the additional value of psychological empowerment, along with extraversion and conscientiousness, in explaining work engagement. Similarly, Bhatnagar (2012) discovered that psychological empowerment was positively related to work engagement, which was positively associated with innovation and negatively associated with turnover intention among managers across pharmaceutical, heavy engineering, information technology, electronics, and aeronautics engineering industries in India.

Moura et al. (2015) found a positive relationship between psychological empowerment, work engagement, and job satisfaction in a hospitality setting. They discovered that high levels of psychological empowerment among hotel staff could motivate employees, leading to increased engagement and job satisfaction. In a similar vein, Alagarsamy et al. (2020) showed that employee engagement played a mediating role in the relationship between employee psychological empowerment and employee job satisfaction among Maldivian resort employees. A study by Wen et al. (2023) revealed a partial mediation effect of psychological empowerment on the relationship between empowering leadership and work engagement among Chinese hotel frontline employees. In a related study, Al Halbusi, Al-Sulaiti, AlAbri, and Al-Sulaiti (2023) found that empowering leadership positively influenced psychological empowerment and affective commitment, both of which were significantly associated with work engagement among frontline employees in five-star hotels in northern Iraq. Additionally, Meira and Hancer (2021) discovered that psychological empowerment played a mediating role in the relationship between perceived organisational support, work engagement, and service-orientated organisational citizenship behaviour among frontline hotel employees.

Drawing on the job demands-resources theory (Bakker & Demerouti, 2017) and SET theories (Blau, 1964; Cook et al., 2013), psychological empowerment can be considered a significant job resource. Employees who perceive their work as meaningful, possess the necessary skills and knowledge to accomplish their job (competence), have autonomy and freedom to make choices related to their work (self-determination), and believe that their work has an impact on their department are more likely to exhibit

work engagement, leading to higher levels of energy, dedication, and absorption in their work. In line with the reciprocal nature of SET theory, employees may feel compelled to reciprocate with high levels of work engagement when they are psychologically empowered. When organisations foster competence and autonomy, for instance, employees may respond with increased work engagement. Therefore, these theories emphasise that social interactions and expectations play an important role in shaping work engagement. Consequently, the first hypothesis is posited:

H1: Psychological empowerment is positively related to work engagement.

2.2 The Moderating Role of Psychological Contract Breach

According to Rousseau (1995), the psychological contract refers to the beliefs held by individuals about the terms of their exchange agreement with their organisation, which are shaped by the organisation. As a result, when employees perceive that their employer is fulfilling its obligations, they are more likely to become engaged at work. Relational contracts foster long-term relationships, mutual benefits, autonomy, loyalty, and stability, while transactional contracts are of a shorter-term nature and concentrate on economic exchange with limited employee involvement (Rousseau, 2004). The defining characteristics of the psychological contract outline its dynamics: it is concerned with the expectations and obligations of the parties, is implied and unwritten, and is mutual and bidirectional.

A breach of the psychological contract takes place when an individual perceives that one or more promises made within the employment relationship have not been fulfilled based on their cognitive evaluation of those promises (Robinson & Rousseau, 1994; Robinson & Morrison, 2000). Work engagement is not only influenced by resources such as psychological empowerment. In addition to resources, individuals may assess the extent to which the employer fulfils its obligations and promises towards employees, considering their own expectations.

Psychological contract breach may influence work engagement levels and the intention to quit. A breach in the psychological contract can lead to various negative outcomes, including increased employee turnover, decreased in-role and extra-role performance, and reduced organisational identification (Turnley & Feldman, 1999). Additionally, it may result in higher absenteeism (Deery, Iverson, & Walsh, 2006), diminished organisational trust (Rousseau, 1990; Abdalla, Said, Ali, Ali, & Chen, 2021), intentions among employees to leave the organisation (Aggarwal & Bhargava, 2009; Santhanam, Dyaram, & Ziegler, 2017), and lower commitment levels (Rousseau & Greller, 1994). This underscores the detrimental effects of breaches in the psychological contract on both individual and organisational levels.

Individuals who perceive that their organisation is meeting their expectations and fulfilling the obligations promised in their psychological contract are more likely to feel empowered and display higher levels of work engagement. Conversely, when individuals perceive that their organisation is not fulfilling their psychological contract obligations, they may feel treated unfairly, resulting in decreased psychological empowerment and work engagement. Therefore, the second hypothesis is proposed:

H2: Psychological contract breach moderates the relationship between psychological empowerment and work engagement, such that the relationship is stronger for individuals with a lower psychological contract breach.

3. Methodology

3.1 Data Collection and Sample

Qualtrics administered a questionnaire to 824 employees working in the tourism and hospitality industries in Galicia, Spain. Out of these, 378 questionnaires were completed and returned, resulting in a response rate of 45%. This region was selected due to its potential for demand growth and similarity to other European Atlantic areas, such as northern Portugal, Ireland, and western France. Potential participants were recruited from various market research panels hosted by Qualtrics. They received an email

invitation requesting their participation in the study, which involved completing an online questionnaire. Upon consenting to participate, they were provided with access to the online questionnaire and informed about the study's purpose and procedures. The study ensured voluntary participation and maintained confidentiality, with participants required to be 18 years of age or older and working in the hospitality and tourism sectors to be eligible.

Data collection took place between November 2022 and January 2023, utilising Qualtrics as the survey tool. To obtain a representative sample of the population, random sampling techniques were used, considering various demographic variables such as gender, age, and industry type, based on data from the Spanish Statistical Office. The sample included employees in frontline, administrative, and managerial roles across a range of tourism-related organisations, including hotels, tour guides, travel agencies, restaurants, and other services registered in the Register of Tourism Enterprises and Activities (REAT) in Galicia.

The sample size, calculated with the Qualtrics sample size calculator, was based on an estimated population of 10,000, with a 95% confidence level and a 5% margin of error, yielding an ideal sample of 370 individuals. The estimated population size was derived from the 2022 occupancy surveys for hotels, campsites, holiday dwellings, rural tourism accommodations, and restaurants registered in REAT, conducted by the Spanish National Statistics Institute.

The questionnaire included demographic questions (e.g., age, gender, type of contract, work hours, position, organisational tenure), three scales that measure the study variables (psychological empowerment, work engagement, and psychological contract breach), and three open questions (e.g., "When you first joined the organisation, what were your expectations from your employer?"; "Describe a situation where you felt that your employer did not keep their promises or failed to meet your expectations"; "How did you feel when you realised that there was a breach in your psychological contract with the organisation?"). Table 1 reports the participants' demographic characteristics. The study sample comprised 47 percent female participants, with an average age of 41 (SD = 13.27) and a mean organisational tenure of 11 years (SD = 10.54). Of the participants, 71 percent worked full-time, while 17 percent were temporary employees.

Table 1. Demographic Characteristics of Study Participants ($N = 378$)

Variable	Frequency	Percent
Age		
Under 30	86	23%
30-45	154	41%
More than 45	138	36%
Gender		
Female	178	47%
Male	200	53%
Type of contract		
Temporary	65	17%
Permanent	313	83%
Work hours		
Part-time	111	29%
Full-time	267	71%
Position		
Non-managerial	206	54%
Managerial	172	46%
Organisational tenure		
Less than 5 years	107	28%
5-15 years	178	47%
15+ years	93	25%

Source: Own Elaboration

3.2 Measures

To assess psychological empowerment, the twelve-item scale developed by Spreitzer (1995) was employed, which has been adapted to Spanish by Albar, García-Ramírez, López Jiménez, and Garrido (2012). This scale measures four dimensions of empowerment – meaning, competence, self-determination, and impact – with three items each. Participants rated their level of agreement on a 7-point scale, with options ranging from (1) strongly disagree to (7) strongly agree. Sample items include “My job activities are personally meaningful to me” for meaning, “I have mastered the skills necessary for my job” for competence, “I have significant autonomy in determining how I do my job” for self-determination, and “My impact on what happens in my department is large” for impact.

Work engagement was assessed using the Spanish nine-item version of the Utrecht Work Engagement Scale (UWES; Schaufeli et al., 2002), which evaluates the dimensions of vigour, dedication, and absorption. Participants indicated their agreement level on a 7-point scale ranging from (1) strongly disagree to (7) strongly agree. A 1-7 scale was consistently used across all measures. Sample items include “At my work, I feel bursting with energy” for vigour, “I am enthusiastic about my job” for dedication, and “I am immersed in my work” for absorption.

Psychological contract breach was measured using the scale by Robinson and Morrison (2000), using five items that were rated on a 5-point scale from (1) strongly disagree to (5) strongly agree. This scale was translated into Spanish using the back-translation method from the English version. A sample item is “I have not received everything promised to me in exchange for my contributions”.

To isolate the potential confounding effect of age differences, as identified in previous studies (Rousseau, 1995; Bal, De Lange, Jansen, & Van Der Velde, 2008), age was incorporated as a control variable.

3.3 Procedure

First, quantitative data were analysed. A series of preliminary analyses were conducted prior to hypothesis testing, such as means, correlation matrix, normality, internal consistency, convergent, and discriminant validity. Then, common-method bias was tested. Next, hypothesis testing was performed via regression analyses using the PROCESS macro (Hayes, 2022), and variables were mean-centered prior to analysis.

Secondly, thematic analysis was conducted to examine the qualitative data obtained from the three open-ended questions (Boyatzis, 1998; Clarke & Braun, 2017). This involved reading and analysing the responses to identify recurring patterns and themes. These themes were then assigned codes to label and organise the data (Blair, 2015). To report the research findings while maintaining anonymity, each respondent was assigned a unique identification code (e.g., R1, R2, R3).

4. Results

Table 2 presents the descriptive statistics, which include means, standard deviations (*SD*), correlations among the study variables, and Cronbach’s alpha.

Table 2. Descriptive Statistics of the Variables

Variables	Mean	SD	1	2	3	4	5	6	7
1. Age	40.76	13.27							
2. Gender	1.47	0.50	-0.22**						
3. Work hours	5.76	1.67	0.02	-0.20**					
4. Role	1.46	0.50	-0.08	0.20**	-0.18**				
5. PE	3.61	0.78	-0.10*	-0.02	0.13*	-0.13*	(0.84)		
6. PCB	3.30	1.36	-0.23**	0.10*	-0.10	0.07	-0.19**	(0.94)	
7. WE	5.15	1.27	-0.06	-0.02	0.14**	-0.17**	0.71**	-0.31**	(0.93)

Source: Own Elaboration

Notes. *SD* = standard deviation. Gender: 1 = male, 2 = female. Work hours: 1 = 10 hours, 2 = 15 hours, ..., 7 = 40 hours. Role: 1 = manager or supervisor, 2 = not a manager or supervisor. PE = psychological empowerment. PCB = psychological contract breach. WE = work engagement. Cronbach’s alpha values on the diagonal. **: $p < 0.01$; * $p < 0.05$.

The correlations were statistically significant at the 0.01 level and were in the expected direction, demonstrating a positive association between psychological empowerment and work engagement and a negative association between psychological contract breach and both psychological empowerment and work engagement. The measures used show robust internal consistency, as indicated by Cronbach's alpha values on the diagonal, all of which exceed the 0.70 threshold (Nunnally, 1978). These results align with prior studies that demonstrated reliability values greater than 0.80 (Abdalla et al., 2021; Monje-Amor et al., 2021; Juyumaya, 2022; Wen et al., 2023). The average variance extracted for each factor surpassed the established minimum threshold of 0.50, as suggested by Fornell and Larcker (1981).

Normality was present in the data, as skewness values did not exceed 2. The single-factor test performed using Harman's method showed that the single factor accounted for only 41% of the variance, suggesting that the presence of common method bias may not be a notable concern in the data (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003).

Table 3. Regression Results

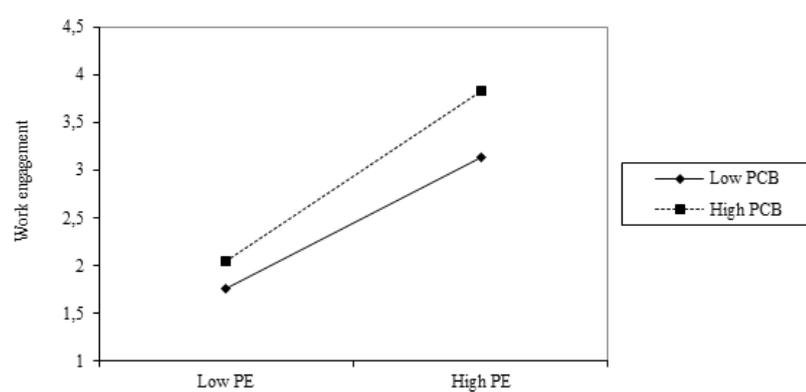
	Coefficient	t	Lower CI	Upper CI
Constant	-0.41**	-3.54	-0.64	-0.18
PE	0.69**	19.54	0.62	0.77
PCB	-0.16**	-4.47	-0.23	-0.09
Interaction	0.09**	2.98	0.03	0.16
Age	0.01**	3.12	0.01	0.02

Source: Own Elaboration

Notes. PE = psychological empowerment. PCB = psychological contract breach. **: $p < 0.001$. CI: confidence interval.

Table 3 presents the regression results. The findings support Hypothesis 1, which predicted a positive association between psychological empowerment and engagement ($B = 0.69$, $p < 0.01$). Specifically, a strong positive relationship exists between psychological empowerment and work engagement. Hypothesis 2 proposed the moderating role of psychological contract breach between psychological empowerment and work engagement ($B = 0.09$, $p < 0.01$). The PROCESS results show that the association between psychological empowerment and engagement varies depending on the level of psychological contract breach. The positive interaction term suggests that this relationship becomes more positive as psychological contract breach increases. This outcome will be further discussed in the following section. The R^2 value for the proposed model is 0.56. Figure 1 illustrates the two-way interaction of the moderating effect of psychological contract breach, showing that the association between psychological empowerment and engagement is positive but stronger for employees with high psychological contract breach (dotted line) compared to those with low psychological contract breach (solid line).

Figure 1. Interaction Effect of Psychological Contract Breach



Source: Own Elaboration

Notes. PE = psychological empowerment; PCB = psychological contract breach.

Table 4. Results from Open Questions

Themes	Example excerpts
1. Unfulfilled promises	"I felt demotivated and disillusioned when I realised that my employer had failed to fulfil his promises regarding a job promotion when they hired someone externally." (R87) "During and after the pandemic, the unmet expectations have become a palpable source of discontent, eroding morale and fostering a lingering sense of dissatisfaction." (R146)
2. Organisational changes	"The hotel was closed for six months as a result of the pandemic. Since then, we have had staff reductions, and I have changed supervisors three times." (R32) "The familiar landscape at our travel agency did undergo a series of transformations that, instead of fostering a sense of security, fuelled a growing sense of unhappiness." (R205)
3. Poor working conditions	"In the tourism sector, employees grapple with the collateral effects of unsettling shifts, low flexibility, and work-life balance." (R63) "The lack of work-life balance here is overwhelming. The agency expects us to be available around the clock, with long shifts and minimal time off. On top of that, management offers little to no support when we face challenging clients or difficult situations." (R312)
4. Communication issues	"I feel like my employer broke their promise to provide regular feedback and keep me informed about the things that happen around here, and now I'm left feeling uncertain and undervalued." (R189) "The absence of clear communication and support during these changes intensified employees' dissatisfaction." (R48)
5. Unfair treatment	"I feel like I've been treated unfairly because, despite putting in a lot of extra hours and effort to help the restaurant, I was passed over for promotion in favour of someone with less experience." (R136) "Despite investing considerable extra hours and effort to contribute to the restaurant's success, I feel unjustly treated. A promotion, for which I seemed the natural candidate due to my dedication, was instead awarded to someone with comparatively lesser experience." (R325)

Source: Own Elaboration

The qualitative results revealed five main themes that emerged from the data, as depicted in Table 4. Most of the respondents who experienced a breach of their psychological contract reported unfulfilled promises or unmet expectations, particularly concerning growth opportunities, pay rises, changes in position, and flexibility. Organisational changes, often tied to pandemic-related restructurings, changing roles and leadership, downsizing, and employment contract suspensions, also emerged as significant sources of psychological contract breaches. Reports of poor working conditions included challenges such as un-supportive managers or coworkers, excessive workload, low salaries, and unfavourable working hours.

Moreover, communication issues were highlighted, with participants describing a lack of feedback and information, leading to misunderstandings and unmet expectations. Unfair treatment was another recurring theme, particularly regarding promotions, pay raises, and performance appraisals.

Overall, individuals who experienced breaches in their psychological contract reported a range of negative emotions, such as disappointment, demotivation, betrayal, and frustration. Many even expressed a desire to leave the organisation.

5. Discussion

The aim of this study was to investigate the moderating effect of psychological contract breach on the positive association between psychological empowerment and engagement among employees in the tourism and hospitality sectors of Galicia. Although previous studies have examined the latter relationship (Monje-Amor et al., 2021; Juyumaya, 2022; Wen et al., 2023), none have explored the moderating effect of psychological contract breach. Consistent with previous research, the results demonstrate a positive link between psychological empowerment and work engagement, thus supporting Hypothesis 1. This means that individuals who feel empowered, view their work as meaningful and impactful, feel competent, and have autonomy are more inclined to be highly engaged.

The study found that the relationship between psychological empowerment and engagement is moderated by psychological contract breach, and this association is stronger when psychological contract breach is higher, partially supporting Hypothesis 2. However, the direction of the moderating effect differs from the initial hypothesis. This could be due to the significant transformations in the current hospitality

and tourism employment dynamics and contextual factors. Organisations may offer poor working conditions, such as temporary contracts or low salaries, leading to psychological contract violations. Despite this, employees want to keep their jobs in a situation of uncertainty and job instability. In Spain, temporary contracts account for 20% of employment (Eurostat, 2022), and there is a strong seasonality of demand in the tourism sector. In addition, as more than 99% of Spanish tourism and hospitality firms are small and medium-sized enterprises (INE, 2022a), organisations may struggle to modify their organisational processes to enhance work engagement while fulfilling employees' psychological contracts.

Previous research has mainly focused on the individual level of analysis and has not adequately considered contextual influences that could explain why the relationship between psychological empowerment and work engagement is amplified when psychological contract breach is higher (Tekleab, Laulié, De Vos, De Jong, & Coyle-Shapiro, 2020). This is consistent with Coyle-Shapiro and Kessler (2002), who contend that employees with a high sense of obligation towards their organisation tend to exert considerable effort towards their job responsibilities. These results are aligned with those of Dogru et al. (2023), who suggested that some specific features of the hospitality industry may buffer excessive turnover compared to other sectors during economic cycles where turnover is decreasing across the wider economy.

The study's qualitative responses showed the reasons why employers did not keep employees' promises or failed to meet their expectations. Despite their perceptions of psychological contract breaches, participants stayed in their organisation due to enhanced autonomy, a strong sense of community and collaboration, and a sense of ownership. Additionally, the limited availability of alternative career opportunities could also contribute to their decision to stay. These results suggest that the positive moderating effect could be attributed to structural problems in the hospitality and tourism sectors, such as long working hours, poor work-life balance, limited career advancement opportunities, and market demand uncertainty. These findings are in line with prior research on employee turnover and career change in the hospitality industry (McGinley, O'Neill, Damaske, & Mattila, 2014; Karani, Trivedi, & Thanki, 2021; Dogru et al., 2023).

5.1 Theoretical Contributions and Practical Implications

This study makes two significant contributions to the realms of organisational behaviour and human resource management. Firstly, it addresses a research gap in the literature by investigating the moderating role of psychological contract breach between psychological empowerment and work engagement. The findings reveal that the strength of this relationship varies depending on the extent of the psychological contract breach. Secondly, this study enhances our understanding of the complex relationships between these variables by identifying the psychological mechanisms that underlie these connections in the Galician tourism and hospitality industries. Furthermore, the findings shed light on the contextual factors that may influence this relationship and the reasons why employees may choose to remain with organisations despite their perceptions of psychological contract breaches.

Ensuring the contentment and involvement of employees can yield multiple benefits for an organisation, including minimising employee turnover, enhancing the organisational culture, boosting productivity, and strengthening connections with customers. Therefore, it is crucial for hospitality and tourism companies that aim to recruit top-notch talent and reduce undesired staff turnover to develop an effective talent retention strategy. To effectively address employee concerns, organisations should use feedback-gathering mechanisms such as surveys or focus groups. In addition, leveraging communication platforms, such as exit interviews, can help identify the reasons for employee departures and gain a deeper understanding of why their expectations or employer promises are unmet. This, in turn, can inform the development of initiatives to improve work engagement and retention.

The findings have implications for managers and policymakers in these industries, who may need to consider contextual factors in their efforts to improve work engagement and reduce perceptions of psychological contract breach. The success of an organisation can be significantly influenced by the employee experience, which encompasses not only the employees' perceptions of their work environment and job responsibilities but also the organisation's overall approach to its employees. The human resources

department plays a crucial role in fostering a positive employee experience by implementing policies, programmes, and initiatives. For example, managers could promote work engagement by encouraging collaboration and communication among team members and providing opportunities for skill development and career growth. Organisations could enhance career advancement through improved succession planning and internal promotions.

Several participants indicated that they perceived psychological contract breaches because of a lack of flexibility. Managers could support work-life balance by implementing flexible work arrangements, such as remote work for some head office positions, job sharing, or flexible schedules, to help employees manage their personal and professional responsibilities.

Policymakers have been making efforts to transform and modernise the tourism sector through digital transformation programmes and policies promoting sustainability, energy efficiency, and competitiveness (OECD, 2022). However, they have yet to address the structural issues in the labour market, such as the need for quality job creation and improving employee training and skills. The service sector still dominates the labour market, while the industrial sector remains underdeveloped. The lack of significant reforms to the Spanish productive system has led to persistent issues, including excessive temporary employment. Policymakers must prioritise proposals that focus on creating quality employment opportunities and wage improvements, as these are urgently needed to address these structural weaknesses in the labour market. For example, governments should encourage better working conditions and employee benefits and promote entrepreneurship, innovation, and small business development to favour job creation and economic growth.

5.2 Limitations and Directions for Future Research

This study collected data from a specific region of Spain, Galicia, which may constrain the generalizability of the findings to other work settings. Therefore, future research could utilise data from countries with distinct cultural and structural differences from Spain to validate these relationships. Comparing our results with findings from countries with lower levels of seasonality or better working conditions could provide valuable insights.

Since cross-sectional data cannot establish causality, future studies could use longitudinal data or mixed-method approaches to investigate changes in the relationship between psychological empowerment, psychological contract breach, and engagement over time.

Additionally, further research could examine the influence of psychological contract breach on other job-related outcomes, such as job satisfaction or organisational commitment, and explore the factors that contribute to the development of such breaches in the hospitality and tourism sectors. These studies could help organisations understand the root causes of psychological contract breaches and develop effective strategies to prevent them, ultimately enhancing employee well-being and organisational performance.

6. Conclusion

This study investigated how psychological contract breach moderates the relationship between psychological empowerment and work engagement among tourism and hospitality employees in Galicia, Spain, with the aim of identifying an underlying mechanism that explains the positive link between these factors. The findings illustrated that the association between psychological empowerment and work engagement was stronger for employees with high psychological contract breach. This outcome could be due to contextual factors rather than individual factors, suggesting that managers and policymakers have ample room for improvement to ameliorate the sector's structural problems, exacerbated by the pandemic and uncertainty.

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Financial Performance Analysis of Companies in the Stock Exchange Istanbul Tourism Index

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ABSTRACT

This study aimed to evaluate the financial performance of tourism companies listed on the Borsa Istanbul Stock Exchange (BIST) using a multi-criteria decision-making method called the Range of Values (ROV) technique. This approach was chosen because it allows multiple financial indicators to be considered simultaneously, thus providing a more holistic assessment than single-metric evaluations. The researchers selected eight financial ratios, spanning liquidity, leverage, profitability, and activity measures, as evaluation criteria. These ratios were applied to assess the financial performance of the nine tourism companies traded on BIST from 2015 to 2021. The results of the ROV analysis revealed that the financial leverage ratio is the most critical indicator in determining the overall financial performance of tourism firms. This suggests that a company's capital structure and debt management are crucial to its financial standing within the tourism industry. By ranking the nine companies based on their aggregated financial performance scores, this study provides insights into their relative financial health. This information can be valuable for investors, creditors, and industry analysts when making informed decisions regarding the tourism sector. The findings of this study demonstrate the utility of multi-criteria decision-making methods, such as the ROV technique, in comprehensively evaluating companies' financial performance. The authors conclude that financial ratios can be effectively employed to assess the performance of tourism companies, and that the ROV approach offers a robust framework for such assessments. This study contributes to the literature by providing a nuanced understanding of the financial drivers of performance in the tourism industry, which can inform strategic decision-making and resource allocation within the sector.

KEYWORDS

Financial Performance, Financial Ratios, ROV Method, Tourism Enterprises.

ARTICLE HISTORY

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1. Introduction

Tourism is one of the most critical sectors in world economies because of its income-generating effect, foreign exchange inflow, and employment-enhancing features. Tourism is also the fastest-growing sector in the 21st century world economy. Tourism affects economic growth and development in the long run. With the development of tourism in a country, foreign exchange shortage decreases, the competitiveness and efficiency of domestic firms with their foreign competitors increases, it has a positive effect on the foreign trade balance, creates employment, and increases national income (Brohman, 1996, p. 49-52; Bahar, 2006, p. 137-138; Akin et al., 2012). The World Tourism Organization predicts that the tourism sector will develop further and tourism revenues will increase interest in the tourism sector. Therefore, conducting a financial analysis before investing in tourism is essential. Tourism generates significant income and foreign exchange revenues for the country. As the fastest growing industry in the 21st century, the tourism sector helps alleviate foreign exchange shortages and enhances the competitiveness of domestic firms against foreign competitors (Bahar & Kozak, 2005; Akin et al., 2012). The World Tourism Organization (2022) predicts continued expansion of the tourism sector and rising revenues, making it a critical driver of economic growth. Second, the tourism industry has created substantial employment opportunities. Tourism is a labor-intensive sector that provides jobs across various skill levels, from hotel and restaurant workers to tour guides and travel agents (Brohman, 1996; UNWTO, 2021). This employment generation can be particularly beneficial for developing countries seeking to reduce poverty and unemployment. Third, tourism contributes to improving trade balance. By attracting international visitors who spend money on goods and services, tourism can offset trade deficits and improve a country's overall balance of payments (Akin et al., 2012). This is particularly important for developing economies, which may struggle with trade imbalances. Fourth, tourism is linked to other industries, including transportation, hospitality, food and beverages, and retail. As tourists engage in these complementary sectors, their spending generates additional economic activity and supports the growth of related businesses (Bahar, 2006; Çelik, 2021). This multiplier effect amplifies the impact of tourism on the national income and employment. Finally, tourism can drive regional development and help reduce the economic disparities within a country. By attracting visitors to less-developed areas, tourism can stimulate infrastructure investments, create jobs, and foster entrepreneurial opportunities in these regions (Brohman, 1996; Ecer & Günay, 2014). This can contribute to more balanced and inclusive growth across a country's geographic areas.

Financial management provides financial resources and invests in appropriate assets. Financial analysis can facilitate the assessment of a company's financial position. These evaluations are an essential source for share investors who are thinking of becoming a partner of the company, creditors who are thinking of lending money, and other information users. As a result of these evaluations, defined as "Financial Statement Analysis," it is possible to inform decision-making mechanisms and take measures against potential risks (Saraç, 2012; Tekin, 2017). Financial analysis is a critical success factor for companies to survive in developing economies. The use of audited financial statements in their analysis of financial statements is of great importance. Analysts can assess a company's profitability, liquidity, solvency, and efficiency by examining its income statement, balance sheet, and cash flow statement (Weygandt et al., 2018; Brigham & Houston, 2019). This insight is essential to determine a company's financial standing and ability to meet its obligations. A financial analysis enables the identification of trends and patterns in a company's financial performance over time. Analysts can detect improvements, declines, or significant changes in a company's financial condition by comparing financial ratios and other key metrics across multiple periods (Palepu & Healy, 2008; Subramanyam, 2014). This longitudinal perspective is crucial for evaluating a company's financial trajectory and identifying the potential areas of concern or opportunity. Analysts can determine a company's relative strengths and weaknesses by benchmarking its financial ratios and performance indicators against industry averages or competitors (Helfert, 2001; Brigham & Houston, 2019). This comparative analysis helps inform strategic decision-making and identify areas where the company may need to improve its operations or financial management. Potential investors, lenders, and other stakeholders rely on insights gained from financial statement analysis to evaluate a company's risk profile, growth potential, and overall investmentworthiness (Palepu & Healy, 2008; Subramanyam, 2014). This analysis is critical for assessing a company's long-term viability and ability to generate sus-

tainable returns. Understanding a company's historical financial performance and trends allows managers to develop more accurate budgets, make informed strategic decisions, and forecast future financial outcomes (Helfert, 2001; Helfert et al., 2018). This financial planning and decision-making process ensures continued growth and profitability.

The importance of tourism to investors, related sectors, and the national economy makes it necessary to evaluate the financial performance of tourism enterprises. Companies can effectively perform healthy decision-making, planning, and auditing functions (Ecer et al., 2011; Ecer & Günay, 2014; Aytekin, 2019; Çelik, 2021). Managers, shareholders, and investors must evaluate a company's performance. Company performance is assessed by analyzing, measuring, evaluating, and interpreting the answers to various questions related to company structure, financial structure, and capital structure. Performance measurements show how effectively resources are used. Financial performance analysis provides a comprehensive understanding of a company's profitability, liquidity, solvency, and efficiency (Brigham & Healy, 2008; Brigham & Houston, 2019). By examining financial ratios and other performance indicators, analysts can assess a company's ability to generate profits, meet short-term obligations, manage long-term debt, and utilize assets effectively. This insight is essential to evaluate a company's financial health and viability. A financial performance analysis enables the identification of trends and patterns in a company's financial metrics over time. Analysts can detect improvements, declines, or significant changes in a company's financial condition by comparing ratios and performance indicators across multiple periods (Subramanyam, 2014; Weygandt et al., 2018). This longitudinal perspective is crucial for evaluating the company's financial trajectory and identifying potential areas of concern or opportunity.

Owing to financial performance analysis, it may be possible for analysts to determine the relative strengths and weaknesses of a company by comparing the company's financial ratios and performance indicators with industry averages or competitors (Helfert, 2001; Brigham & Houston, 2019). This comparative analysis also helps inform strategic decision-making and identify areas where the company may need to improve its operations or financial management. Through performance analysis, potential investors, lenders, and other stakeholders benefit from the findings of financial performance analysis to evaluate the company's risk profile, growth potential, and overall investment value (Helfert, 2001; Palepu & Healy, 2008; Subramanyam, 2014; Weygandt et al., 2018). This analysis is critical for assessing a company's long-term viability and ability to generate sustainable returns.

Multi-criteria decision-making (MCDM) techniques used in financial analysis are frequently used in financial performance analysis by analyzing financial statements (Aytekin, 2019; Pala, 2021; Čabinová et al., 2021). However, no study has measured the financial performance of tourism businesses using the ROV method, which is a multi-criteria decision-making method. In this study, it is thought that evaluating the 2015-2021 financial performances of tourism companies operating in the Borsa Istanbul (BIST) Tourism Index, considering the criteria determined by the ROV method, will contribute significantly to filling this gap in the literature. Various criteria have been used in the literature to measure financial performance. Financial ratios were used to analyze financial statements. Other ratios have also been used in academic studies. In response to this difference, a detailed literature review was conducted to determine the financial ratios that are of great importance for the tourism sector.

2. Literature Review

2.1 Financial Performance Studies in Tourism

There are two essential objectives in studies conducted using multicriteria decision-making methods. The first is the selection of companies with successful financial performance, when there are many criteria. The second is to rank the companies with the most successful financial performance (Altın, 2021). Many studies have used multicriteria decision-making methods. From the literature review, studies on financial performance evaluation in tourism using multi-criteria decision-making methods are shown in Table 1.

Table 1. Financial Performance Studies in Tourism

Article	Method	Criteria
Erdogan, M., & Yamaltdinova, A. (2018).	TOPSIS	CR, QR, ROE, ROS, DAR, cash ratio, receivables turnover, equity turnover, net working capital turnover,
Lam, W.S., Lam, W.H., Jaaman, S.H. and Liew, K.F. (2021)	Fuzzy VIKOR	CR, DAR, DER, EPS, ROA, ROE,
Kah Fai Liew, Weng Siew Lam and Weng Hoe Lam	DEMATEL TOPSIS	EPS, DAR, ROE, CR, ROA, DER
Čabinová, V., Gallo, P., Pártlová, P., Dobrovič, J. & Stoch, M. (2021).	Confirmatory Factor Analysis Data Envelopment Analysis Financial network analysis with Entropy-DEMATEL,	ROE, CR ve DER
Aytekin, A. (2019). 2014-2018 yılları arası	MAUT, TOPSIS, PROMETHEE ve BORDA CRITIC: weight determination Borda Result merge	CR, QR, cash ratio, debt ratio, DER, ROS, ROE, interest coverage ratio, asset turnover, inventory turnover, and receivables Turnover.
Hwang, S. N. ve Chang, T. Y. (2003). The activity of 45 hotels from 994 to 1998	Data Envelopment Analysis	Qualitative data were used. It has been revealed that managerial performance depends on the level of internationalization of hotels.
Wu, W. Y., Hsiao, S. W., & Tsai, C. H. (2008).	Time series regression and Gray Relational Analysis (GRA).	To determine the performance of 56 international hotels over the 1992-2005 period, hotel occupancy rates, revenue per room, revenue per employee, and revenue per square meter were used.
Chen, M. H. (2011).	Panel regression tests	Revenue, profitability, and hotel stock data were used. The reaction of hotel performance to international performance was examined. The occupancy rate, revenue per room, ROA, ROE, EPS, hotel stock return risk
Altın, H. (2021).	MABAC	It is calculated according to four crucial performance criteria: market Capitalization/Book Value, Price/Profit, Market Cap, and Net Profit.
Süslü, C., Alpaslan, A. T. E. Ş., & GÖK, M. A. (2019).	AHP (Analytic Hierarchy Process)	Liquidity, Leverage, Profitability, and Activity ratios were selected as the main criteria, and 16 sub-performance criteria were chosen depending on the main criteria.
Talip, A., & Ayçin, E. (2020).	MACBETH: Criterion weighting EDAS: benchmarking.	The most important criteria were ROS, ROE and cash ratio, respectively. The financial data in the 2018 balance sheet of 11 BIST hotels and restaurant sector enterprises were analyzed.
Soy Temür, A. (2022). 2019-2020 yıllarına ilişkin mali tablo analizi	EDAS, TOPSIS AND WASPAS, Entropy (criterion weighting), Spearman Rank Relationship Test (measurement of consistency between ranking results)	CR, QR, nakit oran, aktif devir hızı, alacak devir hızı, stok devir hızı, DAR, ROE, ROA, ROS, EPS
Osman, P. A. L. A. (2021). 2016-2020 dönemleri boyunca	CILOS: Criterion Weighting MAIRCA: benchmarking	QR, cash ratio, debt ratio, equity multiplier ratio, ROS, ROE, equity turnover rate, and stock turnover rate: the ratios used in tourism.
Yılmaz, E. & Arslan, T. (2017). 2013-2016 yılları arası	TOPSIS	CR, cash ratio, share turnover ratio (stock turnover ratio), ownership turnover ratio, and ROS, ROE, profitability determination, and net sales ratio.
Kahveci, M. & Turna, İ. (2016). 2010-2015 yılları arası	TOPSIS	CR, QR, fixed asset turnover rate, stock turnover rate, asset turnover rate, debt-to-total asset ratio, ROS, ROE, ROA.
Özçelik, H., & Kandemir, B. (2015). BIST yedi turizm şirketi 2010-2014 yılları arasında finans performans	TOPSIS	NARROW, cash ratio, CR, inventory turnover, ROE, equity turnover, ROS, cost of goods sold/net sales.
Özer, N. (2021). 2012-2020 yılları arasında hisse senedi performansları incelenmiştir.	Sharpe, Treynor, Jensen Alfa, Sortino ve Omega	Monthly price data of companies used.
Günay, F., & Fatih, ECER (2020).	Entropy-MAIRCA	Cash flow ratio, ROA, cash return on fixed assets, cash turnover rate, net profitability, operating profitability, net profit/long-term liabilities ratio, ROE, EPS
Zhang, D., Xie, J., & Sikveland, M. (2021).	Dynamic panel models	The most commonly applied indicator measures financial performance, ROA, further parsed into profit margin and asset turnover.
Jang, S. C. S., Hu, C., Bai, B. (2006).	Correlation	ROA and Turnover and some non-financial hotel evaluation criteria
Kandır, S. Y., Karadeniz, E., Özmen, M., Önal, Y. B. (2008). 1991-2003 yılları arası	A correlation matrix has been created	ROA, ROE, the profitability of sales, ROS, ratio of tourism revenues to national income, occupancy rate

Karadeniz, E., Beyazgül, M., Dalak Kahiloğulları, S., Günay, F. (2017). 2014 yılı verileri	Vertical financial analysis	Vertical analysis is based on the financial statements of enterprises for a single period. In the financial statement, each item is evaluated in terms of percentage.
Koyuncugil, A. S., Özgülbaş, N. (2010).	Mann-Whitney U test	All proportions used
Karakaş, A., & Öztel, A. (2020). 2014-2018 yılları arası	ENTROPY: Weights determined TOPSIS: benchmark Python Computer Program	CR, cash ratio, QR, and equity turnover rate were most important, while net working capital turnover rate, ROS, and DAR ratios were the lowest. 12 ratios used: CR, QR, DAR, cash ratio, short-term foreign resource/liability ratio, long-term foreign resource/liability ratio, asset turnover rate, equity turnover rate, net working capital turnover rate, ROA, ROS, ROE
Karadeniz, E., & Kahiloğulları, S. (2013).	Frequency analysis.	It was determined that hotel enterprises most frequently used hotel activity rates and receivable turnover ratio, borrowing ratio, cash ratio, ROS, operating profitability, average room price, and income per saleable room ratios were the highest significant rates.
Ecer, F., & Günay, F. (2014). Not: 2008- 2012 yılında BIST 9 işletme	Gray Relational Analysis (GRA) Method	Seventeen financial ratios were used from liquidity, profitability, leverage, and operating indicators. It has been established that the most important is the leverage indicator.
Ergül, N. (2014). 2005-2012 yılları arasında	ELECTRE TOPSIS	CR, cash ratio, NARROW financial structure ratio, inventory turnover rate, asset turnover rate, net profitability, ROA
Karkacier, O., & YAzgan, A. E. (2017). 2015 yılı	Gray Relational Analysis (GIA)	CR, QR, DER, debt ratio, weight ratio of short-term liabilities, equity multiplier ratio, gross margin ratio, ROS, ROA, ROE. Note: The DAR rate (69.75%) was the most critical
Fu, H. P., Chu, K. K., Chao, P., Lee, H. H. ve Liao, Y. C. (2011),	Fuzzy AHP, VIKOR	3 of the profitability and financial structure ratios
Kitsios, F. C. ve Grigoroudis, E. (2020),	Sequential Regression analysis	Gross margin, ROS, asset transfer, equity transfer, debt transfer, ROE, ROA, and solvency ratio.
Weerathunga, P. R., Chen, X. ve Samarathunga, M. (2019), 2012'den 2018'e kadar	For criterion weights, Entropy Analysis: Panel Regression	ROA ROE
Bilici, N. (2019). 1996-2016 yılları arası merkez bankası	TOPSIS	Liquidity, financial structure, activity and profitability ratios
Paça, M., & Karabulut, M. T. (2019). 2013-2017 yılları arası	Kolmogrov-Smirnov ve Shapiro-Wilk, Spearman, Korelasyon, Kruskal Wallis H testi	Liquidity ratios Financial ratios Profitability ratios
Lee, J. W., & Manorongrueangrat, P. (2019). 2011 -2015 yılları arası	Multiple regression analysis with dummy variables, correlation analysis, and chi-square tests.	ROA, ROE, and profitability of sales ROS, Risk ratio, Tobins'Q', Market value
Çelik, P. (2021).	Fuzzy ELECTRE	Liquidity, financial leverage, profitability, operating ratios.

Abbreviations: ROE: Return on Equity, ROA: Return on Asset, ROS: Return on Sales, EPS: Earnings Per Share, CR: Current Ratio, CAR: Cash Ratio, DAR: Debt to Assets Ratio, DER: Debt Equity Ratio, QR: Quick Ratio.
Source: Own Elaboration

In addition to the financial performance literature listed in the table above, several recent studies have been conducted on this topic. Sainaghi et al. (2019) examined the relationship between firm characteristics, such as firm size, leverage, diversification, and the financial performance of tourism companies. For instance, Sainaghi et al. found that larger hotel firms and those with higher levels of diversification tend to have better financial performance. Altın et al. (2018) investigated how changes in economic conditions such as GDP growth, exchange rates, and inflation affect the financial performance of tourism companies. This study found that macroeconomic factors such as GDP growth and exchange rates significantly impact the financial performance of hotel companies in the United States. Hao et al. (2020) examined how adopting innovative technologies and practices such as e-commerce, revenue management systems, and sustainability initiatives can affect the financial performance of tourism companies. Hao et al. (2020) showed that implementing various technological innovations improved the financial performance of hotels in China. Other studies have examined the impact of corporate governance structures such as board structure, ownership structure, and executive salaries on the financial performance of tourism companies. For example, Baum and Mooney (2020) find that greater board independence and CEO duality are associated with improved financial performance in the hospitality industry. Some studies have examined how tourism companies react to crises, such as natural disasters, political instability, and epidemics, how they overcome them, and how this affects their financial performance. Gössling et al. (2021) analyzed the

financial impact of the COVID-19 pandemic on the tourism industry, highlighting the need for resilience and adaptation strategies. These examples illustrate the diversity and evolution of scientific research on the financial performance of the tourism sector. By understanding the factors affecting financial performance, tourism businesses can make informed decisions and develop strategies to increase their long-term viability and competitiveness.

2.2 Critical Financial Performance Analysis of Tourism Companies

The study by Günay and Fatih (2020) is critical, as it examines the financial performance of 11 companies included in the BIST Tourism Index. To evaluate the overall efficiency of these tourism companies, researchers calculated fundamental profitability ratios, such as operating profit margin, net profit margin, and return on assets (ROA). Their findings show that more prominent companies in the index exhibit higher profitability and efficiency than their smaller counterparts do. This can be attributed to economies of scale, resource access, and improved market positioning. Understanding these performance differences can help investors and industry stakeholders make informed decisions. The study by Altın et al. (2018) on the restaurant industry, an essential component of the tourism industry, provides valuable information on the role of financial leverage. Researchers have found that higher levels of debt financing are associated with lower levels of firm investments. Hao et al. (2020) study on the Chinese hotel industry parallels the Turkish tourism industry. Their findings suggest that adopting innovative technologies and sustainability initiatives can positively impact tourism-related firms' financial performance. The existing literature provides a solid basis for understanding the economic performance of the companies included in the BIST Tourism Index. Additionally, comparative analyses between the financial performance of Turkish tourism companies and their international counterparts can provide valuable benchmarking opportunities and insights for policymakers and industry leaders.

The financial performance of companies in the Borsa Istanbul Tourism Index has received significant academic attention. Studies have often focused on various financial ratios and factors that affect the performance of these companies. Akben-Selcuk (2016) examined the effect of financial ratios on the stock returns of tourism companies traded in Borsa Istanbul. The panel data analysis concluded that profitability ratios significantly impact stock returns and emphasized the critical role of effective management practices in increasing financial performance. Çelik (2012) analyzed the comparative performance of tourism companies in Turkey using financial ratio analysis. The findings show that liquidity and leverage ratios are fundamental in assessing the financial health of these companies, providing insights into their operational efficiency and risk management strategies. In a broader context, Özcan (2014) investigated the relationship between macroeconomic variables and the financial performance of tourism companies in Borsa, Istanbul. Tufan and Hamarat (2014) investigated the role of corporate governance in the financial performance of tourism companies traded in Borsa Istanbul. The study highlighted that companies with strong corporate governance practices tend to perform better financially, suggesting that transparency and accountability are essential for attracting investment and achieving sustainable growth. These studies provide a comprehensive overview of the factors affecting the financial performance of the tourism companies in the Borsa Istanbul Tourism Index. This underlines the importance of internal management practices and external economic conditions in shaping the financial results.

This study is expected to identify existing research on the financial performance analysis of companies included in the BIST Tourism Index. Standard methodologies for such analyses (e.g., ratio analysis and multicriteria decision-making techniques) should be revealed. There are increasing studies on financial performance analysis in the tourism sector (Ecer & Günay, 2014; Aytakin, 2019; Çelik, 2021). Studies emphasize the importance of financial analysis for tourism companies in making informed decisions and ensuring their long-term viability (Saraç, 2012; Tekin, 2017). Financial ratio analysis remains the standard method for performance evaluation (Ecer et al., 2011). While existing research provides valuable information, applying new methodologies, such as the Range of Values (ROV) MCDM technique proposed in this study, creates a potential gap in the literature focused on the BIST Tourism Index. This study provides a more comprehensive analysis by including a broader range of factors beyond traditional ratios. Different methods can be used to analyze the financial performance of tourism companies. One of these is the Pan-

el Data Analysis. Akben-Selcuk (2016) used panel data analysis to examine the impact of financial ratios on the stock returns of tourism companies traded in Borsa Istanbul. The power of this method is that it provides a comprehensive view of how different variables interact over time, thus providing data across multiple dimensions.

Another method used to determine the financial performance of tourism companies is financial ratio analysis. Çelik (2012) conducted a comparative performance analysis of tourism companies in Turkey using financial ratio analysis. This method is advantageous because of its simplicity and ability to provide rapid information about a company's financial conditions. Financial ratios such as liquidity, profitability, and leverage are easy to understand and are widely used in financial analysis. However, a limitation is that financial ratio analysis often lacks depth and context because it does not consider external factors or a broader economic environment. It also assumes that past data can predict future performance, although this may not always be accurate. Macroeconomic Analysis is another type of analysis. Özcan (2014) investigated the relationship between macroeconomic variables and the financial performance of tourism companies in Borsa Istanbul. This approach effectively highlights the impact of external economic factors such as GDP growth, exchange rates, and inflation on company performance. The strength of this method is that it can contextualize financial performance within a broader economic environment. However, a limitation is that macroeconomic analyses can be too broad and may not consider company-specific factors that significantly affect performance.

Each methodology used to analyze the financial performance of companies included in the Borsa Istanbul Tourism Index provides unique information and has particular strengths and limitations. Panel data analysis provides a comprehensive view but requires large data sets. The financial ratio analysis is simple but lacks depth. Macroeconomic analysis contextualizes performance, but can be very broad. Time series analysis identifies trends, but can be complex. Integrating the ROV method and addressing the limitations of the methods described here can significantly increase the robustness and applicability of future research. The ROV offers a more dynamic and flexible approach to evaluating investment opportunities and corporate decision-making processes under uncertainty, especially in the volatile tourism sector (Trigeorgis, 1996). ROV provides a more realistic assessment of financial performance by assessing managerial flexibility and the ability to adapt and revise strategies in response to changing conditions (Copeland & Antikarov, 2001). Financial performance analysis often focuses on historical financial data, which may not fully reflect the strategic value of potential investments (Mun, 2002; Schwartz & Trigeorgis, 2004). ROV includes the value of strategic options such as expanding, postponing, or abandoning projects, and provides a more comprehensive assessment of a company's financial health and prospects (Dixit & Pindyck, 1994). ROV provides a framework that includes various scenarios and managerial flexibility, enabling informed and potentially profitable decisions. ROV can complement existing methodologies by providing a more dynamic perspective. Additionally, the ROV can be integrated into panel data analysis to include real options in the panel's regression models, providing a richer analysis of factors affecting financial performance. Incorporating the ROV method into the financial performance analysis of companies in the Borsa Istanbul Tourism Index addresses the critical gaps identified in previous research. By combining the value of managerial flexibility and strategic options, the ROV provides a more comprehensive and realistic assessment of financial performance, particularly in the uncertain and dynamic context of the tourism sector.

3. Methodology

Borsa Istanbul (BIST) is the only stock exchange in Turkey where companies are publicly traded. The dataset of the study consists of the financial statements of tourism companies traded on BIST between 2015 and 2021. The financial ratios were calculated from financial statements published on the official websites of BIST and KAP (BIST, 2021; KAP, 2021). In this study, the Range of Value (ROV) method, a multi-criteria decision-making method, was used to examine the financial performance of companies included in the BIST Tourism Index. The ROV method evaluates a company's financial performance based on multiple criteria such as various financial ratios (liquidity, leverage, profitability, and activity). This multifaceted approach weighs the variables by calculating the relative importance of each criterion, providing a more

holistic assessment. Thus, the criteria' relative impact was also considered. Because the methodology is based on mathematical principles, it can be used to objectively and systematically evaluate company performance. In addition, the ROV method was preferred in this study because it helps to determine the position of companies in the industry by providing the opportunity to compare companies by ranking them according to their performance scores (Tutar & Erdem, 2020). The study established criteria based on literature review and expert opinions. The Standard Deviation (SD) method was used to determine the objective weights of the criteria.

3.1 ROV Method

The Range of Values (ROV) method is a multi-criteria decision-making method introduced by Yakowitz et al. (1993). The method only requires the decision maker to indicate the importance of the ranked criteria. Therefore, using the ROV method can be beneficial when decision makers face problems in determining the weights of the criteria. The main advantages of the ROV method are its simple calculation procedure, easy applicability, and short processing time compared with other multi-criteria decision-making methods. The method is applied in three steps (Madić et al., 2016, p. 247-248):

Step 1. A decision matrix is created.

Step 2. Normalization is performed to eliminate outliers when comparing criteria.

Step 3. The best and worst utility values are calculated for each alternative. In calculating the best benefit value, benefit criteria are considered, while in calculating the worst benefit value, cost criteria are considered.

4. Results

Within the scope of this study, the financial performance of ten companies in the BIST Tourism Index was analyzed. The companies in this index are listed in Table 2.

Table 2. BIST Tourism Sector Companies Used in the Study

BIST CODE	COMPANY NAME
MERIT	Merit Turizm Yatırım Ve İşletme A.Ş.
KSTUR	Kuştur Kuşadası Turizm Endüstri A.Ş.
PKENT	Petrokent Turizm A.Ş.
TEKTU	Tek-Art İnşaat Ticaret Turizm Sanayi Ve Yatırımlar A.Ş.
ULAS	Ulaşlar Turizm Yatırımları Ve Dayanıklı Tüketim Malları Ticaret Pazarlama A.Ş.
UTPYA	Utopya Turizm İnşaat İşletmecilik Ticaret A.Ş.
MAALT	Marmaris Altinyunus Turistik Tesisler A.Ş.
AYCES	Altın Yunus Çeşme Turistik Tesisler A.Ş.
AVTUR	Avrasya Petrol Ve Turistik Tesisler Yatırımlar A.Ş.
MARTI	Martı Otel İşletmeleri A.Ş.

Source: Own Elaboration

ULAS was not included in the study sample because of the lack of data suitable for the analysis to calculate financial ratios. This company was also excluded from Günay and Fatih's (2020) study. The table lists the Borsa Istanbul (BIST) codes and company names of the ten tourism sector companies analyzed in this study. The BIST codes are unique stock exchange codes that identify tourism companies listed on Borsa Istanbul. The company names provided are the full Turkish names of the ten tourism companies included in the analysis. These include well-known tourism companies such as Merit Turizm, Kuştur Kuşadası Turizm, Petrokent Turizm, Tek-Art İnşaat Ticaret Turizm, and others. The table indicates that ULAS

(Ulaşlar Turizm Yatırımları Ve Dayanıklı Tüketim Malları Ticaret Pazarlama A.Ş.) was not included in the study sample because of the lack of suitable data to calculate specific financial ratios. It should also be noted that ULAS was not included in the study by Günay and Fatih (2020). In summary, this table provides critical details about the ten tourism companies that were the focus of the financial performance analysis conducted within the scope of this particular study. The exclusion of ULAS was also clearly highlighted.

Although many ratios can be used in financial performance measurements, each random ratio may cause deviations from the desired purpose (Ecer & Günay, 2014). For this reason, many ratios (ratios) are used in the literature to determine financial performance. It was determined that the ratios used in the study were necessary because of literature research and interviews with academics who were experts in the subject. The eight ratios calculated in this study are listed in Table 3. The table lists the eight financial performance indicators or ratios calculated and used in the analysis within the scope of this study. For each ratio, the table provides the full name and abbreviation used for that particular ratio. These ratios cover different aspects of financial performance, including profitability:

Operating Profitability Ratio (OPR) and Net Profit Margin (Return on Sales - ROS)

Liquidity: Current Ratio (CR) and Quick Ratio (QR) Leverage: Debt to Assets Ratio – Financial Leverage (DAR)

Cash Management: Cash Ratio (CAR)

Overall Efficiency: Return on Equity (ROE) and Return on Assets (ROA)

Using this comprehensive set of eight financial ratios, the researchers could assess the financial performance of the ten tourism companies from multiple perspectives, as indicated by the literature and subject matter experts.

Using these specific ratios, as opposed to random selection, was deemed necessary to provide a thorough financial performance evaluation within the scope of this study. In summary, this table outlines the key economic indicators and their abbreviations that were the focus of the financial analysis conducted on the ten tourism companies included in this research project.

Table 3. Financial Performance Indicators

Ratios	Abbreviations
1. Operating Profitability ratio	OR
2. Net Profit Margin (Return on Sales)	ROS
3. Current Ratio	CR
4. Quick Ratio	QR
5. Debt to Assets Ratio- Financial Leverage	DAR
6. Cash Ratio	CAR
7. Return on Equity	ROE
8. Return on Asset	ROA

Source: Own Elaboration

The ratios found by utilizing the figures in the annual balance sheets and income statements for the years 2015-2021 published on PDP are shown in Table 4. These tables constitute the decision matrix.

Step 1 - Creating the Decision Matrix

In this study, we determined the alternatives to be evaluated by determining the decision matrix and the criteria to be used to evaluate the alternatives. We then created a matrix in which rows represent the alternatives and the columns represent criteria. For each cell in the matrix, we assign a value that represents the performance of the alternative against the relevant criterion. These values consist of raw data, scores, and ratings. In the next step, we normalize the values in the matrix to make them comparable. We used various normalization techniques such as min-max normalization or z-score normalization.

By utilizing the balance sheets and income statements of the BIST Tourism companies, ratios that are thought to impact financial performance were calculated. The results of the ratios mathematically calculated with a decision matrix are listed in Table 4.

Table 4. Annual Standard Decision Matrices for the 2015-2021 Period

2015	OR	ROS	CR	QR	DAR	CAR	ROE	ROA
MERIT	0,407	0,314	4,167	4,167	0,086	2,405	0,179	0,164
KSTUR	7,657	10,761	2,342	2,342	0,175	1,369	0,117	0,096
PKENT	0,077	0,023	0,564	0,412	0,546	0,029	0,040	0,018
TEKTU	0,059	0,110	4,362	4,359	0,354	2,552	0,012	0,008
UTPYA	-0,019	-0,628	0,656	0,606	0,530	0,028	-0,199	-0,093
MAALT	0,321	0,483	10,182	10,177	0,040	10,095	0,057	0,054
AYCES	-0,007	-0,057	0,643	0,564	0,152	0,152	-0,010	-0,008
AVTUR	0,147	0,823	0,796	0,793	0,122	0,006	0,026	0,023
MARTI	-0,266	-1,260	0,262	0,262	0,653	0,004	-0,377	-0,130
2016	OPR	ROS	CR	QR	DAR	CAR	ROE	ROA
MERIT	0,356	0,281	3,464	3,464	0,084	0,004	0,185	0,170
KSTUR	0,013	0,145	6,839	6,423	0,051	6,213	0,041	0,039
PKENT	-0,474	-0,492	0,320	0,232	0,758	0,035	-0,953	-0,229
TEKTU	-2,410	-4,318	1,882	1,880	0,451	0,117	-0,074	-0,041
UTPYA	-0,256	-1,264	0,486	0,445	0,630	0,009	-0,341	-0,126
MAALT	-0,999	0,394	3,486	3,485	0,119	3,428	0,017	0,015
AYCES	-0,334	-0,412	0,399	0,358	0,204	0,083	-0,056	-0,044
AVTUR	-1,814	4,283	0,297	0,295	0,178	0,007	0,110	0,090
MARTI	-0,632	-2,681	0,340	0,330	0,789	0,005	-0,700	-0,147
2017	OPR	ROS	CR	QR	DAR	CAR	ROE	ROA
MERIT	0,444	0,363	3,595	3,595	0,117	0,003	0,235	0,207
KSTUR	0,313	0,336	6,509	6,122	0,064	5,859	0,141	0,132
PKENT	0,165	0,058	0,420	0,402	0,721	0,053	0,180	0,050
TEKTU	-0,043	0,673	1,156	1,152	0,430	0,013	0,004	0,023
UTPYA	0,037	-0,501	0,462	0,452	0,644	0,054	-0,215	-0,076
MAALT	0,081	0,381	3,247	3,246	0,148	3,240	0,042	0,035
AYCES	-0,094	-0,192	0,231	0,206	0,240	0,087	-0,033	-0,025
AVTUR	-0,727	-2,551	0,690	0,674	0,209	0,009	-0,116	-0,092
MARTI	-0,073	-0,307	0,248	0,231	0,819	0,003	-0,121	-0,021
2018	OPR	ROS	CR	QR	DAR	CAR	ROE	ROA
MERIT	0,418	0,767	1,506	1,506	0,143	0,001	0,189	0,162
KSTUR	0,516	0,505	3,635	3,453	0,156	3,197	0,329	0,277
PKENT	0,256	0,215	0,966	0,949	0,600	0,023	0,544	0,217
TEKTU	-0,386	-1,667	1,140	1,131	0,265	0,004	-0,059	-0,044
UTPYA	0,159	-0,517	0,357	0,352	0,707	0,015	-0,397	-0,116
MAALT	-0,052	2,946	15,606	15,605	0,531	15,586	0,187	0,088
AYCES	0,100	0,013	0,222	0,199	0,237	0,067	0,003	0,002

AVTUR	0,490	0,519	4,957	4,947	0,159	0,007	0,030	0,025
MARTI	0,021	-1,121	0,389	0,378	0,915	0,004	-1,532	-0,128
2019	OPR	ROS	CR	QR	DAR	CAR	ROE	ROA
MERIT	0,543	0,170	4,076	4,076	0,095	0,010	0,142	0,157
KSTUR	0,373	0,364	8,410	7,972	0,069	7,856	0,284	0,264
PKENT	0,199	0,130	1,355	1,276	0,375	0,158	0,334	0,208
TEKTU	-0,206	-0,927	0,719	0,716	0,294	0,005	-0,049	-0,035
UTPYA	0,216	-0,051	1,079	1,079	0,776	0,009	-0,052	-0,011
MAALT	-0,162	3,517	15,548	15,547	0,465	15,507	0,194	0,104
AYCES	0,159	0,058	0,533	0,474	0,203	0,244	0,012	0,009
AVTUR	0,117	1,420	2,527	2,520	0,113	0,010	0,080	0,071
MARTI	-0,116	-0,840	0,108	0,105	0,949	0,001	-2,060	-0,104
2020	OPR	ROS	CR	QR	DAR	CAR	ROE	ROA
MERIT	0,727	0,506	8,888	8,888	0,066	0,024	0,051	0,048
KSTUR	1,498	0,352	11,555	10,539	0,047	9,868	0,030	0,029
PKENT	-0,133	-0,033	1,226	1,155	0,391	0,065	-0,030	0,018
TEKTU	-0,850	-2,694	0,968	0,967	0,356	0,013	-0,066	-0,042
UTPYA	0,141	-0,910	0,913	0,913	0,871	0,005	-0,881	-0,113
MAALT	0,010	3,395	16,648	16,647	0,403	16,076	0,159	0,095
AYCES	-0,355	-0,466	0,211	0,195	0,217	0,102	-0,048	-0,037
AVTUR	0,227	0,807	6,023	6,023	0,105	0,091	0,026	0,023
MARTI	-1,048	1,402	0,129	0,126	0,903	0,019	0,609	0,058
2021	OPR	ROS	CR	QR	DAR	CAR	ROE	ROA
MERIT	0,486	0,342	1,650	1,650	0,042	0,009	0,004	0,004
KSTUR	0,296	0,829	16,613	16,042	0,045	15,436	0,257	0,245
PKENT	0,304	0,395	2,133	2,074	0,245	0,622	0,356	0,268
TEKTU	-0,752	-2,314	0,434	0,433	0,404	0,004	-0,081	-0,048
UTPYA	27,529	28,207	0,481	0,435	0,382	0,024	0,806	0,498
MAALT	-0,172	9,031	10,910	10,910	0,333	10,460	0,295	0,197
AYCES	0,278	0,255	1,116	1,074	0,166	0,592	0,029	0,024
AVTUR	0,063	9,141	6,234	6,234	0,098	5,007	0,252	0,227
MARTI	-0,097	0,097	0,299	0,286	0,658	0,084	0,011	0,004

Source: Own Elaboration

Step 2: Create Normalized Decision Matrices

Table 5. Normalized Decision Matrices

2015	1	2	3	4	5	6	7	8
1	0,0849	0,1309	0,3936	0,3938	0,9250	0,2379	1,0000	1,0000
2	1,0000	1,0000	0,2097	0,2098	0,7798	0,1353	0,8885	0,7687
3	0,0433	0,1067	0,0304	0,0151	0,1746	0,0025	0,7500	0,5034
4	0,0410	0,1140	0,4133	0,4132	0,4878	0,2525	0,6996	0,4694
5	0,0312	0,0526	0,0397	0,0347	0,2007	0,0024	0,3201	0,1259
6	0,0741	0,1450	1,0000	1,0000	1,0000	1,0000	0,7806	0,6259
7	0,0327	0,1001	0,0384	0,0305	0,8173	0,0147	0,6601	0,4150
8	0,0521	0,1733	0,0538	0,0536	0,8662	0,0002	0,7248	0,5204
9	0,0000	0,0000	0,0000	0,0000	0,0000	0,0000	0,0000	0,0000
2016	1	2	3	4	5	6	7	8
1	1,0000	0,5347	0,4841	0,5220	0,9553	0,0000	1,0000	1,0000
2	0,8760	0,5189	1,0000	1,0000	1,0000	1,0000	0,8735	0,6717
3	0,6999	0,4448	0,0035	0,0000	0,0420	0,0050	0,0000	0,0000
4	0,0000	0,0000	0,2423	0,2662	0,4580	0,0182	0,7724	0,4712
5	0,7787	0,3551	0,0289	0,0344	0,2154	0,0008	0,5378	0,2581
6	0,5101	0,5478	0,4875	0,5254	0,9079	0,5515	0,8524	0,6115
7	0,7505	0,4541	0,0156	0,0204	0,7927	0,0127	0,7882	0,4637
8	0,2155	1,0000	0,0000	0,0102	0,8279	0,0005	0,9341	0,7995
9	0,6428	0,1903	0,0066	0,0158	0,0000	0,0002	0,2223	0,2055
2017	1	2	3	4	5	6	7	8
1	1,0000	0,9038	0,5358	0,5729	0,9298	0,0000	1,0000	1,0000
2	0,8881	0,8955	1,0000	1,0000	1,0000	1,0000	0,7911	0,7492
3	0,7617	0,8092	0,0301	0,0331	0,1298	0,0085	0,8778	0,4749
4	0,5841	1,0000	0,1473	0,1599	0,5152	0,0017	0,4867	0,3846
5	0,6524	0,6359	0,0368	0,0416	0,2318	0,0087	0,0000	0,0535
6	0,6900	0,9094	0,4804	0,5139	0,8887	0,5528	0,5711	0,4247
7	0,5406	0,7317	0,0000	0,0000	0,7669	0,0143	0,4044	0,2241
8	0,0000	0,0000	0,0731	0,0791	0,8079	0,0010	0,2200	0,0000
9	0,5585	0,6960	0,0027	0,0042	0,0000	0,0000	0,2089	0,2375
2018	1	2	3	4	5	6	7	8
1	0,8914	0,5276	0,0835	0,0848	1,0000	0,0000	0,8290	0,7160
2	1,0000	0,4708	0,2219	0,2112	0,9832	0,2051	0,8964	1,0000
3	0,7118	0,4080	0,0484	0,0487	0,4080	0,0014	1,0000	0,8519
4	0,0000	0,0000	0,0597	0,0605	0,8420	0,0002	0,7095	0,2074
5	0,6042	0,2493	0,0088	0,0099	0,2694	0,0009	0,5467	0,0296
6	0,3703	1,0000	1,0000	1,0000	0,4974	1,0000	0,8280	0,5333
7	0,5388	0,3642	0,0000	0,0000	0,8782	0,0042	0,7394	0,3210
8	0,9712	0,4739	0,3078	0,3082	0,9793	0,0004	0,7524	0,3778
9	0,4512	0,1184	0,0109	0,0116	0,0000	0,0002	0,0000	0,0000

2019	1	2	3	4	5	6	7	8
1	1,0000	0,2468	0,0037	0,2572	0,9705	0,0006	0,9198	0,7092
2	0,7730	0,2905	0,0077	0,5095	1,0000	0,5066	0,9791	1,0000
3	0,5407	0,2378	0,0012	0,0758	0,6523	0,0101	1,0000	0,8478
4	0,0000	0,0000	0,0006	0,0396	0,7443	0,0003	0,8400	0,1875
5	0,5634	0,1971	1,0000	0,0631	0,1966	0,0005	0,8388	0,2527
6	0,0587	1,0000	0,0143	1,0000	0,5500	1,0000	0,9415	0,5652
7	0,4873	0,2216	0,0004	0,0239	0,8477	0,0157	0,8655	0,3071
8	0,4312	0,5281	0,0022	0,1564	0,9500	0,0006	0,8939	0,4755
9	0,1202	0,0196	0,0000	0,0000	0,0000	0,0000	0,0000	0,0000
2020	1	2	3	4	5	6	7	8
1	0,6972	0,5255	0,5302	0,5304	0,9778	0,0012	0,6255	0,7740
2	1,0000	0,5002	0,6917	0,6303	1,0000	0,6137	0,6114	0,6827
3	0,3594	0,4370	0,0664	0,0623	0,5981	0,0037	0,5711	0,6298
4	0,0778	0,0000	0,0508	0,0509	0,6390	0,0005	0,5470	0,3413
5	0,4670	0,2930	0,0475	0,0476	0,0374	0,0000	0,0000	0,0000
6	0,4156	1,0000	1,0000	1,0000	0,5841	1,0000	0,6980	1,0000
7	0,2722	0,3659	0,0050	0,0042	0,8014	0,0060	0,5591	0,3654
8	0,5008	0,5750	0,3568	0,3569	0,9322	0,0054	0,6087	0,6538
9	0,0000	0,6727	0,0000	0,0000	0,0000	0,0009	1,0000	0,8221
2021	1	2	3	4	5	6	7	8
1	0,0438	0,0870	0,0828	0,0866	1,0000	0,0003	0,0958	0,0952
2	0,0371	0,1030	1,0000	1,0000	0,9951	1,0000	0,3811	0,5366
3	0,0373	0,0888	0,1124	0,1135	0,6705	0,0400	0,4927	0,5788
4	0,0000	0,0000	0,0083	0,0093	0,4123	0,0000	0,0000	0,0000
5	1,0000	1,0000	0,0112	0,0095	0,4481	0,0013	1,0000	1,0000
6	0,0205	0,3717	0,6504	0,6743	0,5276	0,6776	0,4239	0,4487
7	0,0364	0,0842	0,0501	0,0500	0,7987	0,0381	0,1240	0,1319
8	0,0288	0,3753	0,3638	0,3775	0,9091	0,3242	0,3754	0,5037
9	0,0232	0,0790	0,0000	0,0000	0,0000	0,0052	0,1037	0,0952

Source: Own Elaboration

Step 3: Calculation of Criterion Weights

Table 6. Criterion Weights

Year	Operating Profitability Ratio (OPR)	Return on Sales (ROS)	Current Ratio (CR)	Quick Ratio (QR)	Debt Assets Ratio (DAR)	Cash Ratio (CAR)	Return on Equity (ROE)	Return on Asset (ROA)
2015	0,124	0,117	0,126	0,127	0,145	0,125	0,118	0,117
2016	0,118	0,101	0,128	0,129	0,149	0,132	0,127	0,115
2017	0,106	0,112	0,129	0,131	0,142	0,134	0,126	0,120
2018	0,124	0,110	0,124	0,123	0,142	0,128	0,112	0,137
2019	0,127	0,115	0,126	0,124	0,134	0,134	0,117	0,124
2020	0,117	0,105	0,140	0,137	0,144	0,141	0,099	0,116
2021	0,121	0,117	0,132	0,134	0,123	0,138	0,114	0,121

Source: Own Elaboration

After the criteria weights were found, these weights were transferred to the ROV method. The results and the ranking of the years according to the final scores are shown in Table 7.

Table 7. Ranking by Performance

COMPANY CODE	2015 Ranking	2016 Ranking	2017 Ranking	2018 Ranking	2019 Ranking	2020 Ranking	2021 Ranking
MERIT	3	2	2	4	3	3	6
KSTUR	2	1	1	2	1	2	1
PKENT	7	9	5	5	5	5	5
TEKTU	4	6	4	7	8	8	8
UTPYA	8	7	8	8	6	9	2
MAALT	1	3	3	1	2	1	3
AYCES	6	5	6	6	7	6	7
AVTUR	5	4	9	3	4	4	4
MARTI	9	8	7	9	9	7	9

Source: Own Elaboration

5. Conclusion

This study utilized the range of values (ROV) method to assess and compare the financial performance of tourism companies listed on Borsa Istanbul (BIST) from 2015 to 2021. The data set consists of seven years of financial statements sourced from the official websites of BIST and KAP. The use of the ROV method, which has not been previously used to evaluate the financial performance of tourism companies on BIST, adds novelty to this research. The analysis identified leverage ratio as the most significant financial indicator for evaluating the performance of these companies. The results revealed that MAALT outperformed KSTUR in 2015, 2018, and 2020, while KSTUR demonstrated superior performance in 2016, 2017, 2019, and 2021. Companies such as MARTI showed consistently weak performance over multiple years, whereas UTPYA, which generally ranked low, exhibited the second-best performance in 2021, a notable outcome during the pandemic. Conversely, MERIT, which ranked third during the pandemic, will drop to sixth place by 2021. These fluctuations in financial performance highlight the importance of multi-criteria decision-making (MCDM) methods in analyzing complex financial structures involving various metrics and alternatives.

Several previous studies have also applied MCDM techniques to assess the financial performance of tourism companies, although the findings have varied. For example, Yilmaz and Aslan (2017) employed

the TOPSIS method and found that MAALT was the best performer in 2015 and 2016. In contrast, Erdoğan and Yamaltdinova (2018) applied a different version of the TOPSIS method, identifying METUR as the top company in 2015, while AYCES ranked the lowest. Other studies yielded varying results depending on the method employed and the year analyzed. For instance, in a study by Karakaş and Öztel (2020), using the entropy-based TOPSIS model, MAALT, which performed well in other studies, ranked last between 2015 and 2018. These discrepancies across studies can be largely attributed to the lack of standardized performance criteria in the tourism sector's financial performance evaluations. While this study employed the ROV method and weighted financial ratios to prioritize specific performance indicators, other studies utilized methods such as EDAS, MAIRCA, and ENTROPY with differing criteria, resulting in varied rankings of companies. Such differences suggest that the choice of the evaluation method and the specific financial criteria applied can significantly influence performance outcomes. The findings of this study provide essential benchmarks for future comparisons and underscore the necessity of standardizing performance metrics in the tourism industry.

Further, the insights derived from this research emphasize critical areas of financial analysis such as liquidity, asset management, debt management, profitability, and market value. These elements are crucial to understanding the financial health and operational efficiency of companies in the tourism sector. The ROV method offers a dynamic framework for evaluating strategic financial options such as investment timing, scaling operations, or even project abandonment. This flexibility in assessment makes the ROV method particularly useful for industries such as tourism, which are subject to external economic shocks and fluctuating market conditions such as those experienced during the COVID-19 pandemic. For future research, a more detailed analysis of tourism subsectors, such as accommodation, travel services, and recreational facilities, is recommended to identify the specific drivers of financial performance. Additionally, longitudinal studies covering extended periods would provide valuable insights into the long-term trends and effects of strategic initiatives such as sustainability measures. Future analyses could explore different MCDM methods using the same set of financial ratios to evaluate their consistency and robustness. This would enable a more comprehensive understanding of the most effective tools for assessing the financial performance in the tourism sector.

Incorporating qualitative approaches, such as case studies, expert interviews, and surveys, alongside quantitative methods could further enrich the findings. Such methods would provide insights into the operational challenges and strategic decisions that shape financial performance, offering a more holistic view of company dynamics. Moreover, qualitative data would help explain some of the performance anomalies observed in quantitative analyses, such as the unexpected performance of the UTPYA during the pandemic. In conclusion, this study provides valuable insights into the financial performance of tourism companies traded on the BIST, particularly through the application of the ROV method. These findings provide a benchmark for future studies and have practical implications for stakeholders in the tourism and financial sectors. By addressing the methodological limitations identified in this study, future research could offer a more standardized and comprehensive framework for evaluating the financial health of tourism enterprises. Additionally, expanding the scope to include subsector analysis and integrating both quantitative and qualitative approaches would enhance the overall understanding of financial performance in this dynamic industry. These improvements would enable more informed decision-making and foster a deeper comprehension of the financial structures driving success in Turkey's tourism sector.

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Sustainable Tourism in the Age of Innovation: A Bibliometric Exploration of Progress and Potential

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ABSTRACT

Innovation has become a defining trend across various socio-economic sectors, including tourism, where it plays a crucial role in enhancing efficiency, reducing costs, and maintaining competitiveness. Within the tourism industry, innovation encompasses technological advancements, strategic planning, and new business models aimed at optimizing operations and fostering sustainable development. However, despite the increasing recognition of tourism innovation and sustainability, there remains a limited understanding of how these two concepts intersect. While existing studies highlight the importance of innovation in tourism, research on its direct contribution to sustainable development is still fragmented. A more structured and comprehensive analysis is needed to bridge this gap and provide a clearer understanding of the evolving relationship between innovation and sustainability in tourism. To address this issue, this study conducts a semi-systematic literature review combined with bibliometric analysis of 181 publications sourced from the Scopus database. The findings reveal a growing body of research focused on technology adoption, digital transformation, corporate governance, destination management, and co-creation, all of which indicate a shift toward sustainability-driven innovation. This study makes two key contributions. Theoretically, it maps emerging research trends and identifies key thematic clusters, offering a structured framework for understanding innovation in sustainable tourism. Practically, it provides strategic insights for tourism businesses and policymakers, emphasizing technology integration, stakeholder collaboration, and sustainability-driven innovation as crucial for industry resilience.

KEYWORD

Innovation, Sustainable Tourism, Bibliometric, Literature Review.

ARTICLE HISTORY

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1. Introduction

In recent years, innovation has become increasingly recognized as a pivotal driver of growth and competitiveness across diverse sectors of the economy, including the tourism sector (Santos et al., 2021; Meneses et al., 2024). This trend underscores the imperative for tourism stakeholders to embrace innovation as a means to enhance operational efficiency, reduce costs, and remain competitive in a rapidly evolving global landscape (Errichiello & Marasco, 2017; Meneses et al., 2024).

Innovation is widely defined as the implementation of novel ideas, applications, or processes aimed at improving existing conditions to develop new products, enhance product value, and boost operational performance (Molina et al., 2017; Santos et al., 2021). Consequently, innovation encompasses various forms such as product innovations, classical process innovations, process innovations in information handling, management innovations, and institutional innovations (Hjalager, 1997; Brooker & Joppe, 2014).

Within the tourism sector, innovation involves efforts to introduce new ideas, processes, or advancements in science and technology to optimize the efficiency of the tourism industry (Hjalager, 1997). This, in turn, aims to enhance the tourist experience and generate positive outcomes for local communities. Innovation in tourism spans across multiple dimensions, including product, process, service, and economic changes, among others. Additionally, the concept of sustainable tourism development has considered as an essential framework for ensuring the long-term viability of tourism activities while minimizing negative environmental, socio-cultural, and economic impacts (Fayos-Solà & Cooper, 2018b; Ratten et al., 2019; Salvatore et al., 2021). Sustainable tourism seeks to balance the needs of present and future generations, emphasizing the preservation of natural resources, cultural heritage, and local communities (Salvatore et al., 2021).

Innovation is essential for sustainable tourism, optimizing resource use while minimizing negative impacts on destinations. Smart technologies, such as data analytics and IoT, enhance destination management by improving visitor flow, reducing waste, and promoting eco-friendly behaviors. Sustainable tourism also benefits from innovative practices like circular economy principles, renewable energy, and low-emission transport, reducing environmental harm while enhancing visitor experiences. Additionally, forward-thinking policies and public-private collaborations support balanced tourism growth, ensuring long-term economic, social, and environmental benefits.

By embracing innovation, the tourism industry can achieve sustainability, preserving natural and cultural heritage while meeting evolving market demands. Despite the growing recognition of the importance of tourism innovation and sustainable development, there remains a notable gap in our understanding of the intersection between these two concepts (Santos et al., 2021; Meneses et al., 2024). While individual studies have explored aspects of innovation or sustainable tourism in isolation, there is a need for comprehensive research that examines the synergies and interrelationships between innovation practices and sustainable tourism development strategies.

This study aims to address this gap by conducting an examination of the literature on tourism innovation and sustainable development. It seeks to identify prevailing trends, key themes, and emerging areas of research within this domain through a semi-systematic literature review and bibliometric analysis. By doing so, the study aims to provide insights that can inform future research and contribute to the advancement of knowledge in the field of sustainable tourism development.

Our findings underscore the need for policymakers, industry stakeholders, and researchers to prioritize innovation in sustainable tourism development initiatives. By identifying key innovation themes and trends, our study provides valuable insights that can inform the design and implementation of strategies aimed at promoting sustainable tourism practices. Furthermore, our analysis highlights the novelty of integrating innovation into the discourse on sustainable tourism, emphasizing the potential for innovative approaches to drive positive environmental, socio-cultural, and economic outcomes within the tourism sector.

2. Methodology

2.1 Database

In this study, the Scopus database was utilized to search for publications related to the research topic. Although the Web of Science (WoS) database was also considered, the number of studies found largely overlapped with publications on the Scopus database, thus ensuring coverage and updates when Scopus was employed.

The Scopus database is widely acknowledged as a crucial resource owing to its vast repository of respected scientific literature, rendering it an excellent choice for conducting comprehensive and up-to-date research (Sánchez et al., 2017). Furthermore, this research utilizes Google Scholar alongside various reputable domestic and foreign databases, including Web of Science, ProQuest, IEEE Xplore, SpringerLink, etc. These supplementary sources play a vital role in enhancing the breadth and depth of our bibliometric analysis discussions beyond what is accessible through the Scopus database alone.

2.2 Data Collection Process

To investigate the literature of tourism innovation and sustainable development, this study employs a semi-systematic literature review, utilizing descriptive statistics (Ali et al., 2019) and bibliometric analysis (Sánchez et al., 2017). This method is instrumental in exploring prevalent research themes within tourism innovation and sustainable development and provides descriptive statistics about these works within the Scopus data system. Semi-systematic literature review is fundamental for gaining understanding of the research problem (Torraco, 2005), enabling future studies on the same topic to identify research gaps and enhance their ability to make meaningful scientific contributions (Snyder, 2019). The study employed the review procedure outlined by Templier and Paré (2015), which involves systematic steps for data search and publication selection:

Step 1: Research Search Techniques

After conducting thorough searches with various keywords and syntaxes, the study concludes by establishing the most effective search syntax for locating research works directly relevant to the chosen topic. The search syntax used was: (“tourism” AND innovation OR innovative) AND “sustainable” OR “sustainability” in topic (title, abstract, keywords).

In order to get these keywords, the study conducted a fast search on Google Scholar, looking at the titles of pertinent research papers and identifying key terms that reflected the research’s content. This study aims to explore the topic of sustainable tourism in the age of innovation. Therefore, the selection of keywords such as (“tourism” AND innovation OR innovative) AND (“sustainable” OR “sustainability”) is both appropriate and sufficient for identifying research works directly relevant to the subject. These keywords ensure the inclusion of studies that examine the intersection of tourism, innovation, and sustainability, thereby facilitating a comprehensive and focused literature review.

Step 2: Document Search

The search on the Scopus database found 3212 relevant publications by the end of 2024. Additionally, using the same keywords, the study searched the Web of Science (WoS) database, uncovering 2067 relevant publications. The initial search results indicated that including the title, abstract, and keywords in the search field yielded an extensive number of papers, many of which were not directly relevant to innovation and sustainable tourism. To enhance the precision of the literature selection and ensure a stronger alignment with the research focus, the search was subsequently restricted to the title field. This refinement aimed to identify studies that were more directly related to the core themes of the research.

The search results indicate a total of 211 papers on Scopus and 97 on Web of Science. Although the number of publications decreased significantly due to the refined search criteria, the selected papers are more directly aligned with the research problem. This ensures that the subsequent analysis remains focused, relevant, and specific to the study’s objectives. Preliminary comparison revealed that these 97

publications largely duplicated those found on the Scopus database. This underscores the decision to primarily rely on the Scopus database due to its broad coverage and regular updates.

Step 3: Selection Criteria

Criteria were set to select against duplicate works, non-research article formats, publications in languages other than English, among other factors. Subsequent to this procedure, 181 documents were retained for further analysis.

Step 4: Preliminary Assessment of Data Quality

An initial evaluation of data quality included examining the titles to determine the relevance of the documents to the research topic. The results showed that the works were indeed relevant to the investigation of tourism innovation and sustainable development.

Step 5: Data Analysis and Synthesis

The data analysis and synthesis comprised two components: Descriptive statistics were conducted on research projects concerning tourism innovation and sustainable development, utilizing the 181 filtered documents. A bibliometric analysis of the 181 documents was performed to identify prevalent themes discussed within these publications.

2.3 Data Analysis

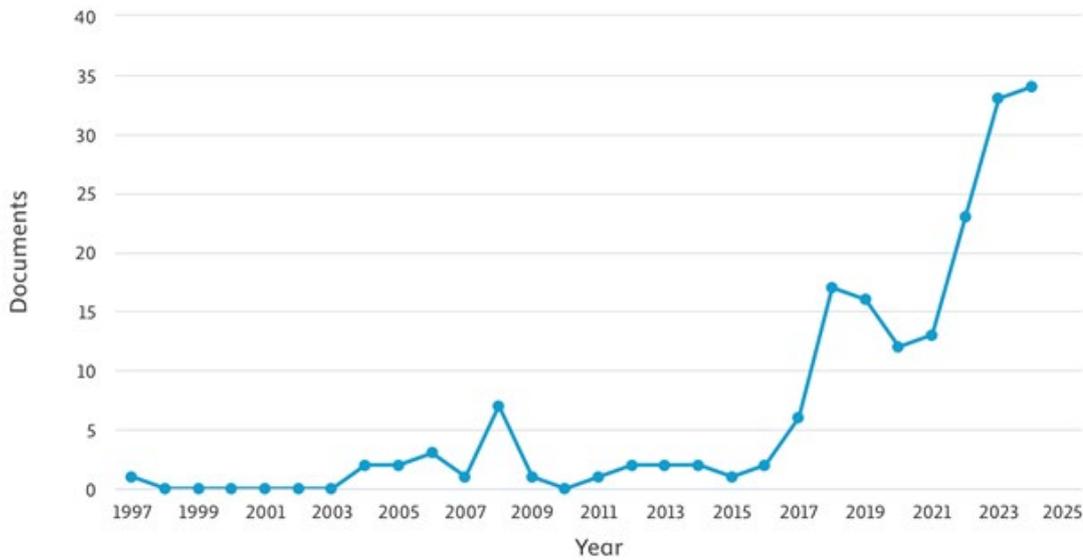
The research employed two data analysis techniques: semi-systematic review and bibliometric analysis. In the semi-systematic review, basic information of the identified works such as number of publication over the years, research topics, prominent journals, and highly cited publications were analyzed (Meneses et al., 2024). This examination provided insights into research and publication trends regarding tourism innovation and sustainable development. Bibliometric analysis, conducted using VOS viewer 1.6.20 software, focused on detecting keyword networks and prominent authors (Liu et al., 2014). VOSviewer is a free and widely used tool for bibliometric analysis, enabling researchers to visualize and interpret complex research data. It effectively extracts and presents key research content through graphical representations, facilitating insights into trends, relationships, and developments within a given field. This analysis highlighted popular research topics within tourism innovation and sustainable development, offering a foundation for future investigations in the same field.

3. Results

3.1 Publication Trends in the Field of Tourism Innovation and Sustainable Development

Between 1997 and 2024, the body of literature on innovation and sustainable tourism in the Scopus database has shown an upward trend, with occasional fluctuations (Figure 1). Notably, there was a decrease in publications from 2007 to 2015, followed by an increase in recent years. This trend underscores the sustained interest and importance of innovation and sustainable tourism as a research topic worldwide. The increasing number of publications related to tourism innovation and sustainable development demonstrates scholars' interest in this topic. By the end of 2024, there were 181 projects directly linked to tourism innovation and sustainable development on the Scopus database, with 34 papers added in that year alone. This trend is expected to continue as innovation plays a crucial role in improving the efficiency of tourism activities and minimizing negative impacts on society, thereby promoting sustainable tourism development.

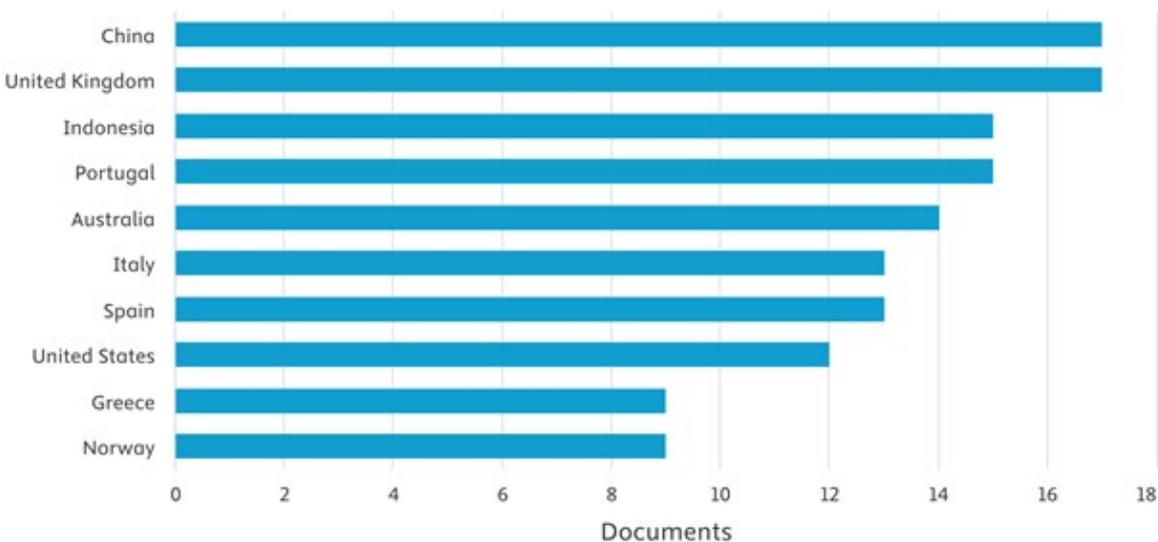
Figure 1. Number of Publications Related to Innovation and Sustainable Tourism on the Scopus Database



Source: Own Elaboration

In terms of contributors per country, China and the UK emerge as leaders with 17 mentions each, followed by Indonesia and Portugal with 15, Australia with 14, Italia and Spain with 13, the United States with 12 (Figure 2). This pattern suggests a significant emphasis on innovation in the tourism sector among nations with advanced economies and societies, contributing to the promotion of sustainable development goals. Notably, Vietnam is represented by only two publications, originating from research conducted in Hanoi and Ho Chi Minh city (Vu Dinh et al., 2023). This underscores the necessity for Vietnam to actively participate in research and publishing attempts on this topic within international databases, underscoring the importance of global scholarly engagement in advancing efforts towards sustainable tourism development.

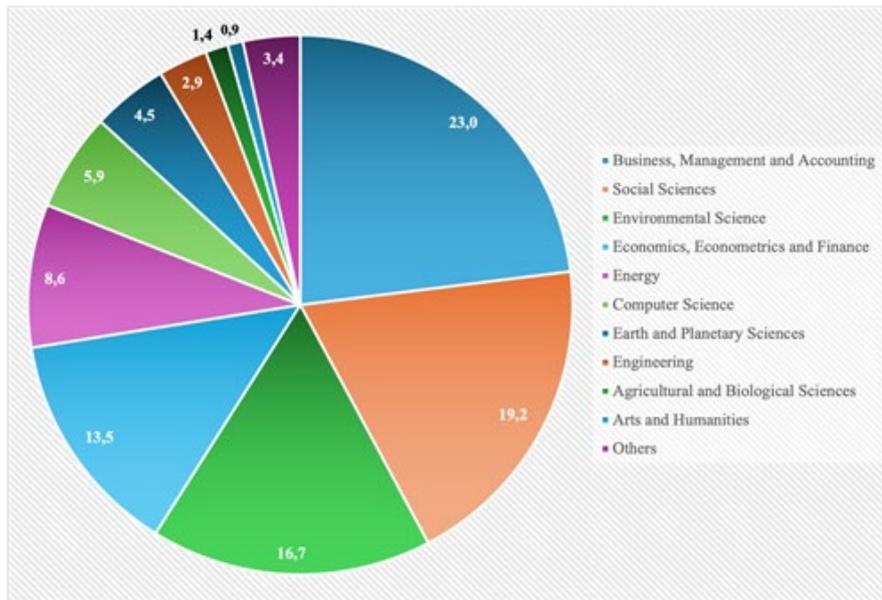
Figure 2. Number by Country of Publications Related to Innovation and Sustainable Tourism in the Scopus Database



Source: Own Elaboration

In terms of research topics, the majority of studies concentrate on the domains of Business, Management, and Accounting, constituting 23.0% (102) of the total publications (Figure 3). However, other fields also demonstrate substantial publication rates related to tourism innovation and sustainable development. Notably, Social Sciences account for 19.2% (85), Environmental Science for 16.7% (74), Economics, Econometrics, and Finance for 13.5% (60), and Energy for 8.6% (38) of the total publications. This indicates a diverse range of academic disciplines engaged in exploring the intersection of innovation and sustainable tourism, reflecting the multidimensional nature of this research topic.

Figure 3. Document by Subject Areas Related to Innovation and Sustainable Tourism in the Scopus Database



Source: Own Elaboration

Table 1 presents the top 10 academic sources with the highest number of publications related to innovation and sustainable tourism within the Scopus database. Sustainability (Switzerland) ranks first with 20 publications, highlighting its leading role in disseminating research at the intersection of sustainability and tourism innovation. Springer Proceedings in Business and Economics follows, with six papers, reflecting the importance of economic and business perspectives in sustainable tourism studies.

Table 1. Top 10 Sources with the Highest Number of Publications Related to Innovation and Sustainable Tourism on the Scopus Database

No	Source	Documents
1	Sustainability MDPI	20
2	Springer Proceedings In Business And Economics	06
3	Tourism And Hospitality Research	05
4	E3s Web Of Conferences	05
5	Economic Research Ekonomska Istrazivanja	04
6	Journal Of Sustainable Tourism	04
7	Iop Conference Series Earth And Environmental Science	03
8	Journal Of Cleaner Production	03
9	Journal Of Environmental Management And Tourism3	03
10	Tourism Recreation Research	03

Source: Own Elaboration

Several journals, including *Tourism and Hospitality Research* and *E3S Web of Conferences*, each contribute five publications, emphasizing the relevance of hospitality management and environmental sustainability discussions. *Economic Research* and the *Journal of Sustainable Tourism* each account for four documents, reinforcing their role as significant platforms for scholarly discourse on economic and sustainable tourism practices. Further down the list, *IOP Conference Series: Earth and Environmental Science*, *Journal of Cleaner Production*, *Journal of Environmental Management and Tourism*, and *Tourism Recreation Research* each contain three relevant publications. These sources represent a multidisciplinary approach, incorporating environmental science, resource management, and tourism research to explore sustainability and innovation in the field.

The table below presents the list of the 10 most cited publications related to innovation and sustainable tourism on the Scopus database. These publications reflect scholars’ keen interest in prior research and provide foundational insights into the fields of innovation and sustainable tourism.

Table 2. List of 10 Most Cited Publications Related to Innovation and Sustainable Tourism on the Scopus Database

No	Documents	Author	Source	Year	Citations
1	Social capital, tourism and regional development: SPCC as a basis for innovation and sustainability	Macbeth, J., Carson, D., Northcote, J.	<i>Current Issues in Tourism</i> , 7(6), pp. 502–522	2004	181
2	Sustainable tourism in the open innovation realm: A bibliometric analysis	Della Corte, V., Del Gaudio, G., Sepe, F., Sciarelli, F.	<i>Sustainability (Switzerland)</i> , 11(21), 6114	2019	163
3	Innovation patterns in sustainable tourism: An analytical typology	Hjalager, A.-M.	<i>Tourism Management</i> , 18(1), pp. 35–41	1997	157
4	Sustainable Tourism Innovation: Challenging Basic Assumptions	Moscardo, G.	<i>Tourism and Hospitality Research</i> , 8(1), pp. 4–13	2008	130
5	Sustainability-Oriented Innovation in Tourism: An Analysis Based on the Decomposed Theory of Planned Behavior	Garay, L., Font, X., Corrons, A.	<i>Journal of Travel Research</i> , 58(4), pp. 622–636	2019	120
6	Sustainability in tourism as an innovation driver: An analysis of family business reality	Elmo, G.C., Arcese, G., Valeri, M., Poponi, S., Pacchera, F.	<i>Sustainability (Switzerland)</i> , 12(15), 6149	2020	103
7	Tourists’ Health Risk Threats Amid COVID-19 Era: Role of Technology Innovation, Transformation, and Recovery Implications for Sustainable Tourism	Li, Z., Wang, D., Abbas, J., Hassan, S., Mubeen, R.	<i>Frontiers in Psychology</i> , 12, 769175	2022	92
8	The role of human-machine interactive devices for post-COVID-19 innovative sustainable tourism in Ho Chi Minh City, Vietnam	Van, N.T.T., Vrana, V., Duy, N.T., ... Mondal, S.R., Das, S.	<i>Sustainability (Switzerland)</i> , 12(22), pp. 1–30, 9523	2020	92
9	Social innovation in smart tourism ecosystems: How technology and institutions shape sustainable value co-creation	Polese, F., Botti, A., Grimaldi, M., Monda, A., Vesci, M.	<i>Sustainability (Switzerland)</i> , 10(1), 140	2018	82
10	Open innovation and social big data for sustainability: Evidence from the tourism industry	Del Vecchio, P., Mele, G., Ndou, V., Secundo, G.	<i>Sustainability (Switzerland)</i> , 10(9), 3215	2018	78

Source: Own Elaboration

One notable publication among them is “Social capital, tourism and regional development: SPCC as a basis for innovation and sustainability,” which has garnered a total of 181 citations by the end of 2024. This paper delves into the fundamental concepts of social capital, political capital, and cultural capital, particularly within the context of regional tourism development and the frameworks of systems of innovation and sustainable development.

Additionally, the publication “Innovation Patterns in Sustainable Tourism: An Analytical Typology” serves as a crucial classification in identifying approaches to innovation and sustainable tourism. It depicts some types of innovation, including product innovations, classical process innovations, process innovations in information handling, management innovations, and institutional innovations (Hjalager, 1997). The article’s conclusion underscores that these innovations are predominantly introduced as part of defensive strategies within the tourism industry.

The research findings on publication trends in the realm of tourism innovation and sustainable development reveal several noteworthy insights regarding researchers’ interest in this area (Liu et al., 2014). Notably, there has been a significant increase in attention towards research on innovation and sustainable tourism in recent years, with projections indicating continued growth. Publications in this field are predominantly concentrated within the subjects of commerce, business, and social sciences, appearing in prestigious journals focused on sustainable development. Furthermore, some of the most highly cited works serve as valuable reference sources for future research efforts.

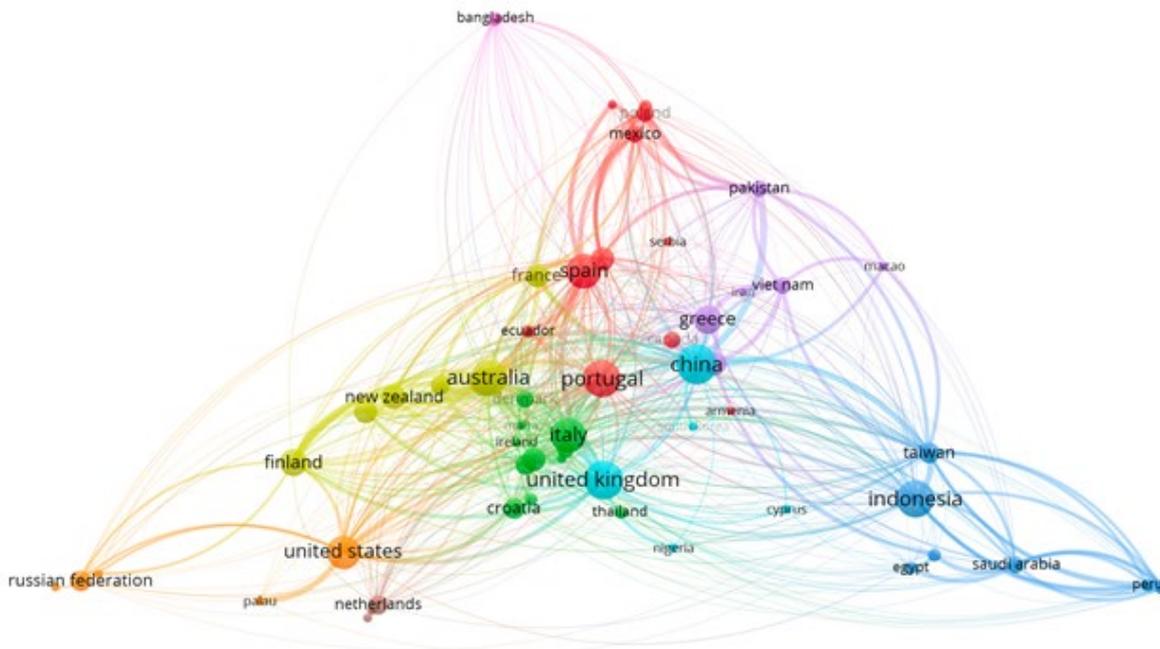
3.2 Bibliometric Analysis

3.2.1 Scholarly Collaboration

The network depicted in Figure 4 highlights the collaborative efforts among several countries in the field of tourism innovation and sustainable development. The analysis of the network reveals that certain countries serve as major hubs of collaboration, playing a central role in international research partnerships. The United Kingdom, China, Spain, Portugal, and the United States appear as dominant nodes, reflecting their extensive engagement in cross-border academic cooperation. The United Kingdom and China are particularly significant, with numerous connections to various regions, indicating their role as key contributors to global research efforts. The visualization also highlights regional clusters, where countries exhibit stronger collaboration within their geographic or cultural proximity. European nations, including Spain, Portugal, France, and Italy, form a dense network of academic partnerships, demonstrating strong regional research cooperation. Similarly, Asian countries, such as China, Indonesia, Taiwan, and Vietnam, display high levels of interconnectivity, reflecting regional research priorities and joint initiatives. The United States and Russia, while part of broader global collaborations, also maintain distinct research connections extending across multiple continents. The strength of collaboration is evident in the thickness of the connecting lines. Countries with thicker links, such as Spain and Portugal or China and Indonesia, indicate particularly strong research relationships, likely resulting from historical, linguistic, or economic ties that foster academic cooperation. This dynamic context emphasizes the global aspect of research in this field, marked by evolving models of co-authorship and extensive international collaboration.

In the near future, countries prioritizing innovation development can leverage the connections outlined above to facilitate the transfer of research findings and the application of innovative achievements in the tourism sector, ultimately advancing sustainable tourism development (Liu et al., 2014; Della Corte et al., 2019). These connections foster inter-national and inter-regional collaborations, promoting the exchange of knowledge and fostering mutual understanding among nations in this field.

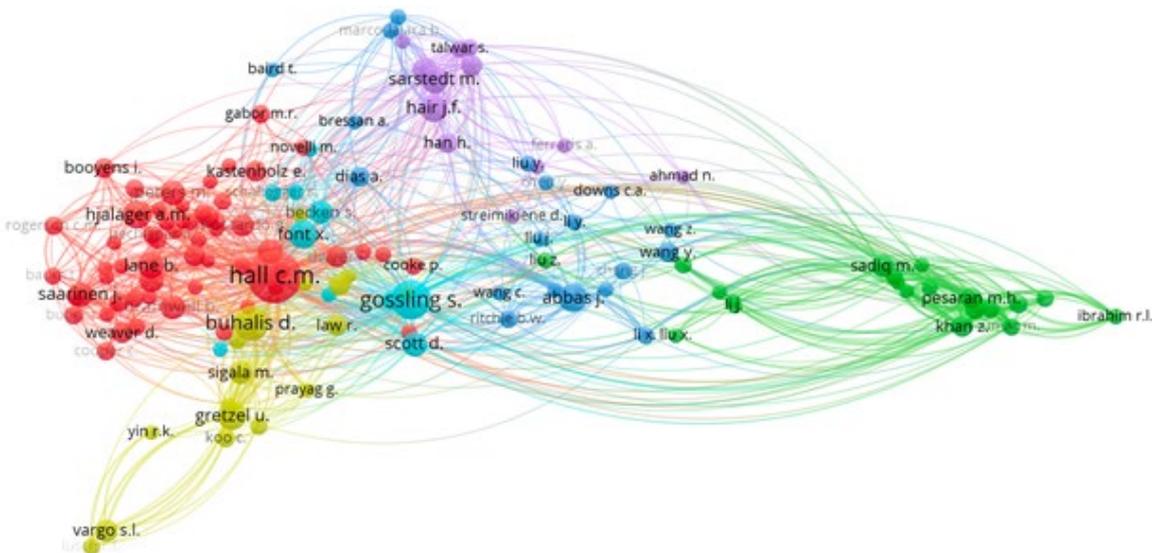
Figure 4. Country Collaboration Network



Source: Own Elaboration

The authors' collaboration network serves as a tool for understanding the connections between scientists in research and citation, enabling the assessment of authors' influence in the field of research (Della Corte et al., 2019) (Figure 5). The roster comprises numerous authors who have significantly contributed to the discourse on tourism innovation and sustainable development, with Hall and Gössling standing out as major contributors. Hall, in particular, maintains academic affiliations with various groups of authors, thus wielding influence within this research topic. Their contributions and collaborations underscore their influential roles in shaping research discourse and advancing knowledge in this topic.

Figure 5. Authors' Collaboration Network

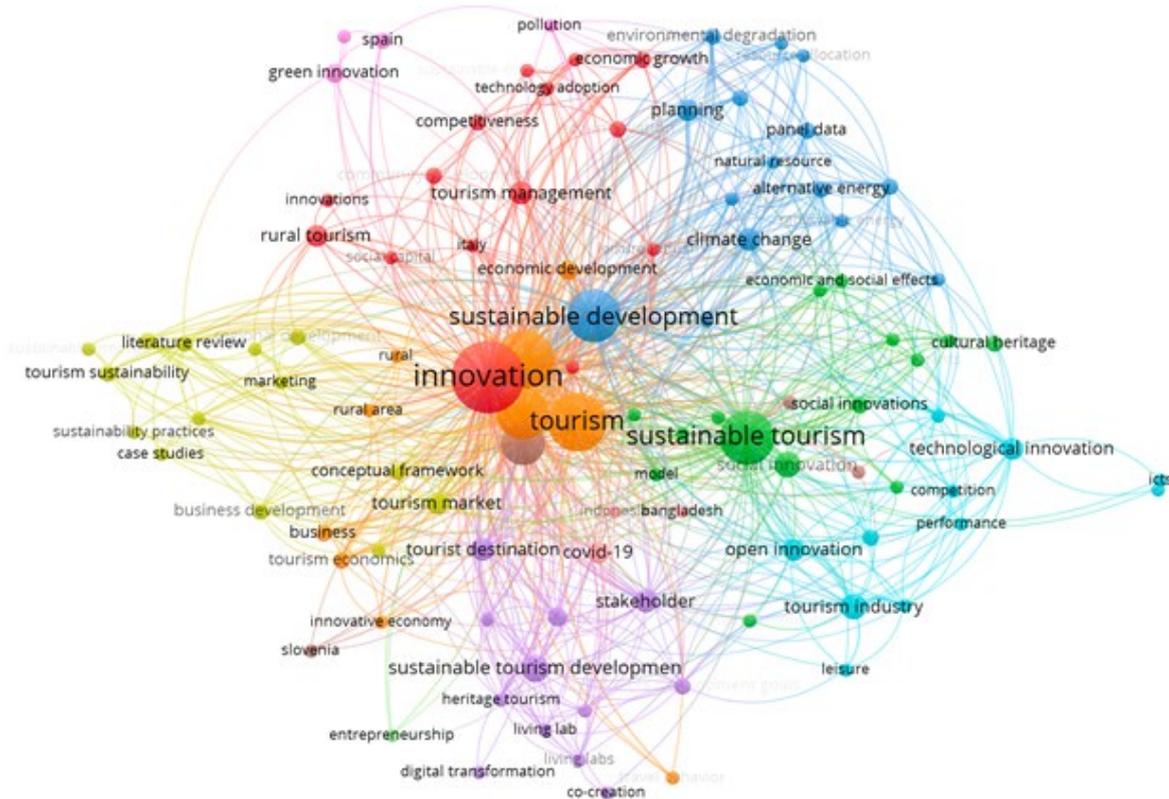


Source: Own Elaboration

3.2.2 Cluster Analysis of the Co-occurrence Keywords

Keyword co-occurrence analysis is a valuable method for revealing connections and relationships among various concepts and themes within a specific field of study (Liu et al., 2014; Della Corte et al., 2019) (Figure 6). Through this analysis, researchers can uncover hotspots and trends in research, as well as track the frequency of specific keywords over time.

Figure 6. Cluster Analysis of the Co-Occurrence Keywords



Source: Own Elaboration

The cluster analysis of co-occurring keywords reveals key research themes related to sustainable and innovation. At the center, “innovation,” “tourism,” “sustainable tourism,” and “sustainable development” emerge as dominant concepts, linking various interdisciplinary topics.

The red cluster focuses on tourism management, rural tourism, and economic development, highlighting innovation’s impact on tourism operations and local economies. The green cluster emphasizes technological and social innovation, open innovation, and competition, showcasing the role of emerging technologies in transforming the industry. The blue cluster addresses environmental sustainability, climate change, pollution, and alternative energy, reflecting efforts to mitigate tourism’s ecological impact. Meanwhile, the yellow cluster explores marketing, tourism economics, and sustainability practices, emphasizing business strategies for sustainable tourism. Lastly, the purple cluster includes heritage tourism, digital transformation, and entrepreneurship, illustrating the role of digitalization and stakeholder collaboration.

The analysis of keyword co-occurrence in research on innovation and sustainable tourism reveals several key themes. These include the links between tourism innovation and economic growth, the rise of green tourism, and the integration of innovation with environmental concerns. Additionally, scholars explore the societal impact of tourism innovation, strategies for sustainable development, collaborative experience creation, effective destination management, and the role of technology in driving innovation.

Tourism Innovation and Economic Development

Tourism innovation plays a pivotal role in fostering economic development, contributing to growth and prosperity within both local and global economies (Fayos-Solà & Cooper, 2018a). By introducing novel ideas, technologies, and practices, tourism innovation drives enhancements in service quality, visitor experiences, and destination competitiveness (Errichiello & Marasco, 2017; Cole, 2021). Innovative tourism offerings attract tourists, stimulate demand for goods and services, and generate revenue streams that fuel economic growth.

In tourism industry, innovation drives economic growth by introducing new ideas and processes (Høegh-Guldberg et al., 2022). Concepts like the circular economy, sharing economy, and experience economy are transforming the industry (Naydenov, 2018). The circular economy minimizes waste and maximizes value, while the sharing economy democratizes travel services. Meanwhile, the experience economy focuses on creating memorable and immersive experiences for travelers (Williams, 2014). These innovations not only enhance business performance but also contribute to sustainable development and community engagement, ensuring long-term success in the tourism sector.

Moreover, tourism innovation spurs entrepreneurial activities and job creation, providing employment opportunities across various sectors such as hospitality, transportation, and recreation (Hallenga-Brink & Brezet, 2005). It also stimulates investment in infrastructure development and supports the growth of small and medium-sized enterprises (SMEs), particularly in rural and remote areas (Vu Dinh et al., 2023). As destinations continue to embrace innovation, they position themselves to capitalize on emerging trends, meet evolving visitor demands, and maximize the socio-economic benefits derived from tourism activities.

Tourism Innovation and Environment

Tourism innovation and the environment are intricately linked, with innovation playing a critical role in shaping the sustainability of tourism activities and their environmental impacts (Hu et al., 2023; Peng & Zhu, 2023). This involves the advancement and adoption of eco-friendly practices and technologies, ranging from renewable energy sources to energy-efficient building designs and waste reduction programs (Hu et al., 2023). These initiatives, along with sustainable transportation solutions, aim to curtail resource consumption, minimize pollution, and overall, diminish the ecological footprint of tourism businesses and destinations (Farrukh et al., 2023).

By embracing such innovations, tourism stakeholders not only uphold environmental stewardship but also bolster their long-term viability (Hu et al., 2023). For instance, eco-friendly accommodations, coupled with renewable energy initiatives and responsible tourism practices, contribute to the preservation of natural and cultural heritage (Rosário, 2023). Moreover, innovation in tourism extends beyond infrastructure and operations to encompass the creation of sustainable tourism experiences (Ratten et al., 2019). These experiences foster environmental awareness and conservation through ecotourism initiatives, nature-based activities, and culturally immersive tours (Peng & Zhu, 2023). Emphasizing respect for natural habitats, wildlife protection, and community support, these innovative approaches ensure that tourism development aligns harmoniously with environmental preservation (Farrukh et al., 2023; Vu Dinh et al., 2023).

Tourism Innovation and Society

Tourism innovation profoundly impacts society by driving economic growth, bolstering community capacity and promoting social well-being (Krizaj & Sasidharan, 2019; Escario-Sierra et al., 2022). Through innovative practices and initiatives, the tourism industry can create positive social outcomes while addressing societal challenges and opportunities (Rosário, 2023).

One significant aspect of tourism innovation is its role in stimulating economic development and job creation. By introducing new products, services, and experiences, tourism innovation generates employment opportunities across various sectors, including hospitality, transportation, and retail (Krizaj & Sasidharan, 2019; Santos et al., 2021). This, in turn, helps to alleviate poverty, reduce inequality, and improve living standards in local communities (Vu Dinh et al., 2023). Tourism innovation significantly influ-

ences rural areas by fostering community engagement in tourism enterprises and bolstering community capacity (Widiartanto, 2019). This transformative process not only alters rural lifestyles but also heightens community consciousness regarding tourism, leading to the emergence of more advanced communities (Quaranta et al., 2016; Vu Dinh et al., 2023). Furthermore, this phenomenon holds particular significance for marginalized populations.

Tourism Innovation and Technology

Tourism innovation and technology, including digital transformation, are intertwined, revolutionizing the way travel experiences are created, marketed, and enjoyed (Eveland et al., 1990; Ratten et al., 2019; Peng & Zhu, 2023). The integration of technology into the tourism industry has led to significant advancements and opportunities for both businesses and tourists alike (Ratten et al., 2019).

One of the key ways in which technology has impacted tourism innovation is through enhancing the overall traveler experience (Ratten et al., 2019; Ilieva & Todorova, 2023). Digital platforms and mobile applications provide travelers with easy access to information, booking services, and personalized recommendations, allowing them to plan and customize their trips more efficiently (Navarrete, 2019; Giourgali, 2023). From online travel agencies and booking platforms to immersive virtual reality experiences and augmented reality tours, technology has enabled travelers to engage with destinations in new and exciting ways (Iacovino et al., 2020; Talwar et al., 2022).

Furthermore, technology has revolutionized destination marketing and promotion, enabling tourism businesses and destinations to reach wider audiences and target specific market segments effectively (Errichiello & Marasco, 2017; Streimikiene & Korneeva, 2020). Through social media, influencer marketing, and digital advertising campaigns, destinations can showcase their unique attractions and experiences to potential visitors around the world, driving tourism demand and economic growth (Casais et al., 2020).

Moreover, digital transformation has streamlined operations and enhanced efficiency within the tourism industry (Iacovino et al., 2020; Troisi et al., 2023). From automated check-in processes and self-service kiosks to data analytics and customer relationship management systems, technology enables tourism businesses to optimize their operations, improve service delivery, and gain insights into traveler preferences and behaviors (Iacovino et al., 2020; Kim et al., 2020).

Additionally, technology plays a crucial role in sustainability and environmental conservation within the tourism sector (Ratten et al., 2019). Innovations such as smart destination management systems, energy-efficient infrastructure, and real-time monitoring tools help destinations minimize their ecological footprint, mitigate environmental impacts, and promote responsible tourism practices (Polese et al., 2018; Troisi et al., 2023).

Tourism Innovation and Destination Management

Tourism innovation and destination management are closely intertwined, with innovative practices playing a crucial role in shaping the development, sustainability, and competitiveness of tourism destinations (Carson et al., 2014; Cole, 2021). Destination management encompasses a range of activities aimed at planning, developing, marketing, and managing tourism destinations to optimize their potential while minimizing negative impacts (Della Corte et al., 2021; Maziliauske, 2024).

One of the key ways in which tourism innovation impacts destination management is through the development of unique and authentic tourism experiences (Kim et al., 2020). By introducing novel attractions, activities, and services, destination managers can differentiate their destinations from competitors, attract diverse visitor segments, and enhance the overall visitor experience (Kim et al., 2020). This may involve the creation of themed attractions, cultural festivals, adventure tourism experiences, or eco-friendly initiatives that highlight the destination's natural and cultural assets (Dinica, 2013; Presenza et al., 2019).

Furthermore, tourism innovation facilitates destination branding and marketing efforts, enabling destination managers to promote their destinations effectively to target markets (Casais et al., 2020; Streimikiene & Korneeva, 2020). Through digital marketing strategies, social media campaigns, and experiential storytelling, destinations can showcase their unique selling points, engage with travelers, and create positive perceptions that drive visitation and revenue (Prats-Planagumà & Camprubí, 2009; Abbasi et al., 2024).

Additionally, technology and digital transformation play a significant role in destination management innovation (Errichiello & Marasco, 2017). Destination management organizations (DMOs) can leverage technology platforms, data analytics, and mobile applications to collect and analyze visitor data, monitor tourism trends, and enhance destination marketing and visitor services (Carson et al., 2014; Errichiello & Marasco, 2017; Cole, 2021; Della Corte et al., 2021). This enables destination managers to make data-driven decisions, tailor marketing strategies, and deliver personalized experiences that meet the needs and preferences of modern travelers.

Tourism Innovation and Experience Co-Creation

Within this cluster, there is a clear emphasis on fostering innovation within the tourism industry through collaborative approaches (co-creation, open innovation) and the adoption of novel technologies (Polese et al., 2018; Casais et al., 2020). Additionally, the cluster highlights the importance of integrating social and environmental considerations (service ecosystems, social innovations, sustainable tourism) into tourism planning and development processes (Casais et al., 2020; Streimikiene & Korneeva, 2020). Stakeholder engagement and participatory approaches are also evident, underscoring the collaborative nature of sustainable tourism initiatives (Gardiner & Scott, 2017).

Tourism innovation includes many efforts to co-create products, values and information so that stakeholders can gain added value (Voorberg et al., 2015; Buijtendijk et al., 2018). Tourists participate in co-creating products, brands and tourism experiences. Besides, online booking platforms help businesses innovate the way they approach tourists and tourists innovate the way they evaluate and share travel experiences.

Tourism innovation and experience co-creation represent two interconnected concepts that are transforming the way travelers engage with destinations and tourism services (Voorberg et al., 2015; Polese et al., 2018). Experience co-creation involves actively involving tourists in the design and delivery of their travel experiences, fostering collaboration between tourists, tourism providers, and local communities to create personalized and meaningful experiences (Kim et al., 2020).

Additionally, experience co-creation promotes destination sustainability and community engagement by empowering local communities to actively participate in tourism development and benefit from tourism-related opportunities (Widiartanto, 2019; Sharma & Bhat, 2023). By involving residents in the co-creation process and promoting authentic cultural experiences, destinations can foster a sense of ownership and pride among locals while preserving their cultural heritage and natural resources (Wang & Xiao, 2021).

3.3 Implications

3.3.1 Practical Implications

The findings of this study provide several practical implications for tourism practitioners, policymakers, and industry stakeholders. As tourism innovation and sustainable development continue to shape the industry, it is crucial to implement strategies that foster collaboration, leverage technological advancements, and promote responsible tourism practices.

First, tourism businesses and destination managers should actively engage in collaborative and co-creation strategies with tourists and local communities. Encouraging participatory experiences can enhance visitor satisfaction, strengthen local identity, and foster a sense of shared responsibility for sustainable tourism development. Implementing stakeholder engagement programs, co-designing tourism experiences, and incorporating local knowledge into tourism offerings can significantly improve both the quality and sustainability of tourism products.

Second, technology adoption should be prioritized to enhance tourist experiences and operational efficiency. The integration of artificial intelligence, virtual reality, augmented reality, and smart tourism technologies can create immersive and personalized travel experiences. Tourism businesses should explore how these technologies can enhance visitor engagement, improve accessibility, and optimize resource management, ultimately leading to more innovative and competitive tourism services.

Third, sustainability must be embedded in tourism innovation strategies. Destination managers and policymakers should align innovation efforts with environmental and social sustainability goals. This includes promoting eco-friendly tourism practices, minimizing carbon footprints, supporting community-based tourism initiatives, and preserving cultural heritage. Businesses should integrate sustainable tourism certifications, adopt circular economy principles, and encourage tourists to engage in responsible travel behaviors.

Finally, the interdisciplinary nature of tourism innovation calls for stronger collaboration between industry stakeholders, government agencies, and academic institutions. Policymakers should create incentives for cross-sector partnerships, encourage knowledge transfer between academia and industry, and support research-driven tourism policies. Providing funding for sustainable innovation projects and facilitating training programs for tourism professionals will ensure that innovation efforts contribute to long-term industry growth.

3.3.2 Theoretical Implications and Future Research Agenda

Results indicate that tourism innovation and sustainable development are focal points for enhancing tourism activities. Scholars consistently publish on this subject, enriching our understanding of innovation. Common themes suggest that tourism innovation is pervasive across various activities, aiming to achieve sustainable development while enhancing the travel experience. Even studies not explicitly focused on innovation demonstrate advancements in concepts, procedures, and efficiency. Future research on tourism innovation should prioritize the examination of innovation and its efficacy. This study proposes potential areas of interest for scholars investigating tourism innovation and sustainable development.

First, future research should focus on the dynamics of collaboration and co-creation between tourists, tourism providers, and local communities. Understanding the factors that enable or hinder effective collaboration is essential for developing strategies that foster a culture of co-creation within the tourism sector. Investigating best practices for engaging stakeholders in co-creation processes could provide valuable insights for policymakers and industry leaders.

Second, the role of emerging technologies in facilitating experience co-creation requires further investigation. Future studies could examine how artificial intelligence, virtual reality, and augmented reality influence co-creation dynamics, as well as the opportunities and challenges associated with integrating these technologies into tourism experiences. Understanding the impact of digital transformation on tourist behavior and service innovation is crucial for designing immersive and personalized travel experiences.

Third, research should explore how experience co-creation contributes to sustainable and responsible tourism practices. This includes identifying ways to align co-creation initiatives with sustainability goals, such as promoting community empowerment, cultural preservation, and environmental conservation. Investigating the balance between innovation and sustainability will help mitigate the potential negative social and ecological impacts of tourism development.

Finally, given the interdisciplinary nature of tourism innovation, future research should adopt cross-disciplinary perspectives and methodologies. Collaboration between scholars in tourism studies, marketing, psychology, sociology, and technology can provide a more comprehensive understanding of co-creation processes. By integrating diverse theoretical and methodological approaches, future studies can develop holistic frameworks for analyzing and advancing tourism innovation in a rapidly evolving global landscape.

4. Conclusion

This study aimed to explore the intersection of tourism innovation and sustainable development, addressing a gap in the literature by analyzing how innovation contributes to enhancing both the efficiency and sustainability of the tourism sector. Recognizing the increasing significance of innovation in driving competitiveness, cost reduction, and strategic growth in tourism, this research sought to provide a comprehensive understanding of the key themes and trends within this domain. To achieve this objective, a semi-systematic literature review was conducted, utilizing bibliometric analysis of 181 publications from the Scopus database. This methodological approach enabled the identification of major research directions and thematic clusters related to tourism innovation and sustainability. The findings reveal a growing

academic interest in innovation within tourism literature, emphasizing key themes such as technology adoption, digital transformation, strategic planning, corporate governance, destination management, and co-creation. These themes highlight a broader shift in the tourism sector towards innovation-driven sustainability, where advancements in science, technology, and management practices contribute to responsible and resilient tourism development.

The study presents several theoretical and practical implications. Theoretically, it contributes to the existing body of knowledge by mapping key research trends and offering a framework for understanding the role of innovation in sustainable tourism. It underscores the interdisciplinary nature of tourism innovation and the need for future studies to explore co-creation dynamics, the impact of emerging technologies, and the alignment of innovation with sustainability goals. From a practical perspective, the findings emphasize the need for tourism businesses, policymakers, and industry stakeholders to embrace innovation as a tool for sustainability and competitiveness. Key recommendations include integrating digital technologies to enhance efficiency, fostering stakeholder collaboration to ensure inclusive and responsible tourism development, embedding sustainability in innovation strategies, and strengthening cross-sector partnerships to drive research-driven policies and workforce capacity building.

The study's limitations include its reliance on a semi-systematic review and bibliometric analysis, which may not capture all relevant literature due to database constraints. Additionally, focusing solely on the Scopus database may overlook insights from other sources, including non-English language publications. Furthermore, the analysis primarily reflects general trends in tourism innovation, lacking depth in exploring specific contexts or nuances of individual destinations or sectors.

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