

THE REASONS FOR FINANCIAL FAILURE IN ACCOMMODATION FACILITIES– AN ANALYSIS OF THE ACCOMMODATION FACILITIES IN THE CAPPADOCIA REGION / TURKEY

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Abstract

The main purpose of this study is to examine the factors that may cause financial failure in certified accommodation facilities operating in the Cappadocia Region. First, financial reasons for the failure are theoretically mentioned, and the research has been conducted through a survey especially on four and five-star hotel businesses in this area, and on the characteristics of the Cappadocia Region, where the survey has been conducted. With this survey, it has been aimed to lead the way to researchers who are interested in this subject, and managers who work in the tourism industry, by giving examples from four and five-star accommodation facilities in Nevşehir Province in the Cappadocia Region. The study has tried to determine the factors that may cause financial failure in hotels. Even though there is a lot of literature on the financial implementations in the target province, it has been observed that the market practices are quite limited. Accommodation facilities located in the area have been carefully examined, and important ideas about causes of financial failure were developed. In conclusion, it has been observed that the majority of accommodation facilities operating in the region deem themselves financially competent, and several ideas were suggested to investors and managers.

Keywords: Tourism, Financial Failure, Accommodation Facilities, Cappadocia Region

Introduction

Nowadays, there have been many rapid and radical changes in the business and management sector. The rapid changes and developments have

deeply affected the social, and economical situations, and business segments. Businesses that meet the requirements of our age and technology become prominent in national and international markets whereas those that do not meet such requirements are not likely to survive. It is surely beyond doubt that the most vital changes for businesses take place in the economic sphere. It is inevitable to get dragged into financial failure for the businesses that fail to take the necessary precautions against the changes in the economic sphere. The weakness or excessive growth in their financial structure, conducting rigid monetary policies can be the most important reasons why businesses get dragged into financial failure. On the one hand facing economic stagnations and on the other hand facing domestic problems cause failure in fundamental projects. Problems in the relationship between employees and employers cause production and product defects, marketing mistakes, inefficient internal control system. Financial insufficiencies, and working with an extreme financial and operating leverage are the other important reasons. It might be correct to state that financial failures of businesses are derived from failing to perform an accurate analysis of the economic factors that constitute the basis of the financial failure of businesses. The reason for this is that no matter what financial fluctuation a financially well-managed business experiences from external factors, it is likely to recover in a short time thanks to its successful financial management in the end.

As in all sectors, financial failures of accommodation facilities operating in tourism industry directly influence its life span. There is a monopolistic competition in national and international levels in the regions where facilities operate especially in tourism industry. These competition leads the facilities to achieve a financial success to sustain their profit levels and survive in the sector, whereas it might cause those accommodation facilities in financial failure to stand back from the market, or even go bankrupt. Basically, accommodation facilities can investigate well the factors that drag the business into financial failure, provide new cash entry into the business, merge with a more powerful business operating in the sector, and restructure the facilities by performing a radical operation in order to get rid off the financial failure.

Literature Review

Stulpiniene (2011), tried to explain in his study the specific reasons for the financial problems of farm managers. He addressed such important issues as the mistakes made by farmers (managers), agricultural policy, the importance of external factors, and economic problems. In his study, he attained two important facts. The first one is radical changes in global economy might have caused the financial problems in farms that there might

be important and chronic losses. The second one is the main indicators underlying the financial distress are common external factors (inflation, interest rates, agricultural policies, taxes, seasonality etc.) whereas the core of the financial distress could be found by analyzing risk bearing long term features such as profitability, liquidity, solvency, and farm management ability. Guijarro, Lema and Auken (2011), carried out research regarding the analysis of non-financial factors which are related to the financial distress. In the study, they dwell on the financial distress among 1006 Spanish workshops (SME) excluding the high and low technology industry. They analyzed the financial distress using Porter's five forces model (external and internal factors). They concluded that environmental conditions and some strategic variables are related to financial distress, that it is more likely for young SEMs to experience financial distress in a competitive environment with the use of low technology, and that positive bargaining power is directly related to the financial distress in such an environment of high competition between consumers and available competitors. Shie, Chen and Liu (2011), conducted a research on American Banking sector to assess corporate financial distress, and researched the effect of financial failure on bank loan decisions and bank profits. In the study, such techniques as strong artificial intelligence (AI) growth, data mining techniques, support vector machine (SVM), and particle swarm optimization (PSO) were used, and benchmarking was done. The empirical study shows two outcomes. The first one shows that accurate prediction performance (PCA) provides an absolute correct performance with about less than 50% of input. And the other one concluded that there are lower research costs for PSO- the efficiency of high classification accuracy-, and both the decision tree and adaptive PSO, and SVM approaches that ANN algorithms offer for American Banking cluster are more appropriate for the prediction of financial distress.

Astebro and Winter (2012), aimed at clarifying the three methodological problems related with failure, worrying trend and survival as a result of financial distress outcome assessment, and carried out research accordingly. This study has been modelled using financial distress outcome, and matched pair sampling technique and regressors are used as well as statistical tests. It has been observed that survival of companies and possibilities of financial distress remained in the same set, and industry regressors which were corrected as a multi-model have a more explanatory power. Salloum, Schmitt and Bouri (2012), focused on the financial failure of board of directors, with their studies carried out on family businesses in Lebanon and such developing countries. They conducted experimental studies using multiple logistic regressions on 276 companies and they concluded that existence of the managers other than those in the board of directors does not have any effects on financial distress, and shareholders

reduce the possibility of financial distress, and the CEO increases the binary probability.

Khurshid (2013), tried to explain in his study the financial distress and its determinants by presenting evidence from the KSE 100 index. In the study, he studied on the financial distress determinants of non-financial companies called Karaçi between 2013 and 2010. Financial distress factors in companies were estimated by being inspired from Z score model and it has been observed that the determinants such as current ratio are composed of elements such as profitability, solvency and leverage. In the case that there is a positive correlation with the outcome productivity, then there is a negative correlation with the current ratio, profitability, solvency and leverage.

Giannetti, Madia and Moretti (2014), conducted research on a controversial topic, which is financial distress and job insecurity, and studies on the influence of financial distress on various business categories. By addressing imperfect financial markets, lack of unemployment subsidies and households with less secure jobs, they suggest that good financial decisions may reduce such problems. They concluded that the possibility of being in financial distress may increase the uncertainty for insecure employees but financial literacy may balance this effect as long as it is high.

On observing the relevant studies conducted in Turkey, Türksoy (2007), evaluated the factors causing losses and financial failure of accommodation facilities with regards to whether they are under the control of the business or not. In his study, he stated that there are internal factors (administrative factors, financial structure, and period of operation) as well as external factors (supply, demand, interest rates, exchange rates, inflation) that cause losses or financial failure of accommodation facilities. Uzun (2005), conducted a theoretical study to analyze the financial failure in businesses, and emphasized that the factors which lead to business failure are both within and beyond the business manager's limits. It is, therefore, necessary to know the factors that lead to financial failure so that the management could make right decisions in time.

Financial Failure

It is hard to describe the financial failure in all aspects. All companies, small or big, may encounter failures in economies. *Financial failure* is; failing to reach company's targets as a result of failures in company policies, financial decisions and other fields. The situation when a company fails to reach its targets, pay its debts, and loses its credibility, which means being unable to fulfill its responsibilities partly or completely, and the process continuing until that stage is described as a *failure*. As a result, failure results

in being unable to pay the company’s debts and turns out to be a financial failure (Okka, 2009).

According to another definition, financial failure might be defined in a variety of ways and ‘many situations might be defined as failure such as failure of a single subsidiary company of a business or as a whole; paying its debts late (i.e. paying their interests and capital installments of short term and long term liabilities after they have become bad debt on the balance sheet of the other party), or failing to pay, losing its credibility or going bankrupt’ (Aydın, Başar and Coşkun, 2010). Financial failure of businesses may sometimes be the failure of a company to fulfill its current liabilities temporarily and sometimes the failure to fulfill them permanently, and thus causing the loss of its assets. There are many factors that lead to failure of businesses and lead to bankruptcy in the end especially when the failure is persistent. Among some of the reasons for failure are faulty behaviors of management, insufficient capital structure of businesses, excessive costs to be borne by the company as well as high borrowing, insufficient equity capital, and unplanned growth etc. (Poyraz and Didin, 2008).

In a study conducted to find out the reasons for business failures, the reasons were collected under such headings as follows (Ceylan, 2001):

Table 1: Reasons For Business Failures

Reasons for Failure	Failure Ratio (%)
Unexpected Developments in the Industry	20
Inefficient Business Management	60
Natural Disasters	10
Other Reasons	10

According to the results of the above mentioned research given in Table 1, the most important factor that causes businesses to fail is some strategic mistakes made by their management. Second most important factor is the unexpected developments in the industry. This involves the reasons about the changes and developments in the environment in which the business operates. As the research outcomes show, the reasons causing business failures might occur in any stage of business. The reasons for failure might not only stem from internal factors but also from external factors.

The circumstances for financial failure can be listed as follows (Yıldız,1999):

- When the entity has gone bankrupt
- When the entity has lost half of its capital (when the sum of the current year and prior year’s losses exceed the entity's capital),

- When the entity has lost 10% of its total assets (when the sum of the current year and prior year's losses reach 10% of the total assets of the entity),
- When the entity has made a loss for three consecutive years and could not pay its debts at maturity,
- When the entity has stopped its activity (production),
- When the entity's debts exceed its total assets.

Business-related reasons can be considered as factors like insufficient equity capital to finance the growth, benefiting from the leverage excessively, the location selection errors, inability to meet customer expectations, and excessive investment in fixed assets etc. (Sayilgan, 2003).

Reasons For Failure in Accommodation Facilities

Theoretically, the life span of accommodation facilities is regarded as never ending. However, in practice many businesses fail for various reasons, which lead to the ending of their existence.

Tourism is a sector in which the demands change constantly, risks and uncertainties always exist, controlling the expenses and costs is getting more and more difficult, and profit shares are shrinking with each passing day with the influence of intensive competition. As some leading business entities change hands or go bankrupt, and there is an unutilized capacity in an accommodation facility and aggravation of price competition related to this, high operation and financing costs result in negative results with respect to liquidity and profitability. An accommodation facility failing to obtain any profits becomes indebted in order to solve the liquidity problem, which leads to financial distress and bankruptcy. In such a case, an accommodation facility must strengthen its financial structures and pay regard to the balance between profits and risks for business objectives to meet the demands of the tourism sector, and survive in a competitive environment (Karadeniz and İskenderoğlu, 2011).

The structure and volume of demands towards a country, region or environment where the business operate may play an important role in the loss and financial failure of accommodation facilities. In general, the decrease in the demands of tourists is influenced by factors such as destruction of natural resources, inability of the current data on history, religion, archeology, mythology and artistry to create tourist attractions, fashion and snobbism that cause the change of trend to other tourist attractions, facilities' losing their modern view, and lack of infrastructure and transportation (Olali, 1988). Economic and political instability stemmed from the internal dynamics of the countries where the foreign tourists come from to the accommodation facilities, mutual problems experienced with these countries, some other region-specific phenomena (i.e. The Gulf Crisis),

anti-propaganda of competing countries, and some other internal phenomena happening in countries (international negative reports about human rights violation) might be used for the purposes of unfair competitive practices, or international communicable diseases such as avian influenza might affect the demand towards the region where the entity operates and indirectly affect the entity negatively, which leads to economic damage (Ege,1992).

The factors causing financial failure in accommodation facilities can be assessed according to the business line, operating time of the business, the region where it operates, and whether the failure is under the control of the entity. The factors leading to financial failure in businesses are determined in various studies as follows:

Table 2: Factors of Financial Failure in Entertainment and Accommodation Facilities

Researcher	Factors of Failure
Boer (1988)	Sector, the Length of Time in which Facilities Operate, Management errors, Wrong location
Kwansa, Parsa (1990)	Inefficient Financial Management, Control and Marketing/ Sales Policies
Moncarz, Kron (1991)	Reduction in Sales and Income, Increase in Costs, High Employee Turnover Rate, Capitalization Need
English (1996)	Employment, Marketing Problems, Financial Structure
Adams (1997)	Business Debts, Costs, Business Scale, Occupancy, Profitability, the Operating Months at the Facility

The factors in Table 2 are based on research conducted in the tourism and accommodation sector. The factors of failure determined in these studies are mostly the elements under the control of the management. Among these factors are the business segment, the period in which the business operates, business scale, cost structure, occupancy, operating months at the facility, decrease in sales, problems faced with employment, marketing and sales, problems stemmed from the financial structure and sector's structure (Türksoy, 2007).

The factors leading to business failure can be classified into two groups as internal and external reasons. In general, the reasons for the internal financial failure are due to management and management style. Good business managements can analyze the financial strengths and weaknesses of businesses, and make financial and strategic plans in order to prevent financial failure. The reasons for financial failure are described as insufficient capitalization and excessive short-term loans (Ceylan, 2008). The reasons for external financial failure are usually based on economic phenomena. They stem from failing to fulfill social accountability, and inflation and interest rates, exchange rates, or wars and natural disasters (Uzun, 2005).

Internal and external factors leading to financial failure in accommodation facilities are given as follows:

- The situation of accommodation facilities as family businesses that fail to institutionalize
- The temperature being excessively hot or cold in the season
- The negative viewpoint of the local people towards tourists
- Insufficient capitalization and short-term loans
- Investments with high borrowing
- Location selection errors, natural disasters like fires and floods.
- Insufficient know-how of accommodation facility managers and their lack of necessary qualifications
- Being situated far from the seaside and transportation difficulties (connecting transportation)
- Operating months at the facility and low profits
- Weak relationships with foreign tour operators
- Providing low quality services (low quality cheese, water mixed drinks etc.)
- Inability to develop new concepts and diversify the customer profile.
- Very low prices (all inclusive systems)
- Cyclical movements in international tourism markets
- High staff turnover and high salaries
- Inability to utilize occupancy differently when there is low demand
- Constant changes in the financial structure and capitalization
- Unrealistic pre-feasibility
- Excessive investment in fixed assets and high capacity gap
- Insufficient equity capital as a result of excessive growth
- Inability to follow the developments in the sector closely
- Lack of certification requirement for those working in the sector
- Increase in interest rates, changes in exchange rates, existence of inflation and employment
- Few numbers of suppliers for providing raw materials
- Over loosening the loan standards (ways of payment)
- Inability to make much sales to a very small number of customers
- Inability to build a systematic cash budget
- Inability to increase the sales, and existence of increased costs
- Excessive demand- booking problems due to supply deficiencies
- Changes in legislation- VAT rates, other taxes
- Difficulty in meeting fixed costs
- Difficulty in protecting the educated labour and negative reflections of unskilled labour

- Difficulty in providing qualified labour (inability to employ skilled labour)
- Inability to meet social expectations and insufficient infrastructure
- Capitalization (cash, account receivable, stock management)
- Excessive growth of the business, implementing weak financial policies to finance the growth, unnecessary divisions.

Review Of Accommodation Facilities In The Cappadocia Region Implementation

The 4- and 5-star hotel facilities in the Cappadocia Region constitute the universe of the study, and this section provides information about those facilities. While the geographical events gave form to the Fairy Chimneys; in the historical process, the humans carved houses and churches in those fairy chimneys, ornamented them with frescos and carried the traces of thousand years old civilizations to the present day. During the reign of the Roman emperor Augustus, one of the writers of the Ancient Period called Strabo wrote the 'Geographica', which consisted of 17 books. In this work (Anatolia XII, XIII, XIV) Strabo stated that the borders of the Cappadocia Region covered a broad area extending to the Toros Mountains in the south, to Aksaray in the west, to Malatya in the east and to the Eastern Black Sea shores in the north. Currently, the Cappadocia Region is the area covered by the provinces of Nevşehir, Aksaray, Niğde, Kayseri and Kırşehir. The rocky Cappadocia Region, which is a narrower area, consists of Uçhisar, Ürgüp, Avanos, Göreme, Derinkuyu, Kaymaklı, Ihlara and its vicinity (www.kultur.gov.tr).

In this study, the provinces of Aksaray, Nevşehir and Kayseri are examined as the Cappadocia Region, but 4- and 5-star hotel facilities are identified as the universe of the study. Therefore, the field implementation part of the study was conducted on the 4- and 5-star accommodation facilities operating in the Nevşehir Province. The number of 4- and 5-star hotel facilities in the Nevşehir Province is 19 in total according to the information received from the Provincial Culture and Tourism Directorate. Five of them are 5-star hotel facilities, and the rest are 4-star hotel facilities.

Study Method

A five point (5 point) Likert-type scale was used as the method, and a questionnaire including 23 statements was applied to the 4- and 5-star accommodation facilities in the Nevşehir Province, which is the universe of the study. The measurement in the questionnaire form was made on a five point Likert-type scale, as in the original scale (1=Strongly disagree, 2= Disagree, 3= Undecided 4= Agree, 5= Strongly agree).

Data Analysis

The data obtained from the results of the study were transferred to computer, and “SPSS (Statistical Packages for Social Sciences) For Windows 18.0” statistical package program was used for the analysis. For the analysis of the data obtained after applying the scale, “descriptive statistical” techniques (frequency, percentage, arithmetic mean, standard deviation) and parametric tests (t test) –since the data showed normal distribution– were used. The responses given to the questions in the scale were coded on computer in accordance with the sub-questions.

Scope and Limitations of the Study

The implementation scope of the study was determined as the 4- and 5-star accommodation facilities in the Nevşehir Province. Analysis unit was any hotel management that can be reached at the 4- and 5-star accommodation facilities in the Nevşehir Province. The reasons of determining this scope are explained below.

As it is understood from the explanations in the theoretical sections of the study, the concept of financial failure is known to be a non-frequent case in the accommodation facilities. Since the studies conducted in this sector are limited, this subject was considered to be worth studying. However, it was thought that reliable results could not be obtained because it would certainly be a waste of time to apply this type of study to all provinces in the Cappadocia Region, and it would be difficult to form a homogenous group within the tourism industry, which delivers a wide range of services.

In addition, many tourism businesses and branches within the tourism industry deliver services in a certain section of tourism activity for their guests. However, the accommodation facilities have a relation with the guest from the beginning to the end of the tourism activity. The workload of those facilities continues throughout the visiting period of the region they are situated in. For this reason, accommodation management came to the forefront as the study area because of having the above-mentioned features most intensively and the reliability of the data to be obtained.

Among the provinces in the Cappadocia Region, the Nevşehir Province stands out with the number of visits to its touristic attractions and the number of overnight stays. For this reason, it was considered that performing the study in the Nevşehir Province would bear clearer results. It should be considered that study results would allow for limited generalization due to the independent structure of the region included in this study. The descriptive statistics regarding the numbers of stars and rooms of the accommodation facilities included in the study are indicated in Table 3 and Table 4.

• **Facility Information**

Table 3: Number of Stars of the Accommodation Facilities in the Nevşehir Province

Number of Stars	Number of Facilities	% Percentage
4-star	14	73,7%
5-star	5	26,3%
Total	19	100%

Table 3 indicates the information on the number of the stars of the facilities, and according to this table, 73,7% of the participating accommodation facilities are 4-star and 26,3% are 5-star. It is seen that this ratio is proportionate to the number of stars of the facilities operating in the Nevşehir Province. This indicates that majority of the facilities are 4-star facilities.

Table 4: Number of Rooms in the Accommodation Facilities in the Nevşehir Province

Number of rooms	Number of facilities	% Percentage
Between 70 and 99	14	73,7%
100 and more	5	26,7%
Total	19	100%

Table 4 indicates the numbers of the rooms of the participating accommodation facilities, and according to this table, 73,7% the facilities have 70 to 99 rooms, and %26,7 of them have 100 and more rooms.

The following table (Table 5) lists the statements in the questionnaire applied to the 4- and 5-star business accommodations, which have the Tourism Operation License from the Ministry of Culture and Tourism and operate in the Nevşehir Province. The table also indicates the mean and standard deviations for the participating facilities’ responses to the Likert-type statements.

Table 5: Means of Facilities’ Responses to Likert-Type Statements

Statements	\bar{X} Mean	Standard deviation
1. I think my business is financially successful.	4,21	0,78
2. Making the business investment with high borrowing leads to financial failure.	3,42	1,26
3. The most important reason for financial failure is the erroneous financial management in facilities.	3,53	1,07
4. There is a relation between the physical size (number of rooms, number of stars etc.) of the accommodation business and financial failure.	3,37	1,11
5. The brevity of the tourism season in the Cappadocia Region and the lack of tourism diversity lead to financial failure in accommodation facilities.	3,26	1,40

6. When the payment terms are expanded over too much time in accommodation facilities (over loosening the credit standards), this leads to financial failure.	2,79	1,35
7. The continuous change (high turnover rate) of personnel in core structure and sub-units of facilities leads to financial failure.	4,05	0,97
8. The legislative changes implemented in our country (VAT rates, other taxes etc.) lead to financial failure.	3,26	1,28
9. The reasons leading to financial failure in accommodation facilities include management's inexperience and lack of technical knowledge.	3,84	1,01
10. Financial size of the business has a direct effect on financial success or failure.	3,21	1,39
11. Instant fluctuations in exchange rates and quick changes in interest rates lead to financial failure in facilities.	3,32	1,20
12. The difficulty of recruiting qualified labor and the lack of certification requirement for those working in the sector have a relation with financial failure.	3,37	1,42
13. The socio-cultural structure of the Cappadocia Region affects the financial structure of the facilities operating in the region.	3,58	1,12
14. The "Transportation Difficulty" (connecting transportation, etc.) experienced by the local or foreign tourists while visiting the Cappadocia Region has a negative impact on the financial structure.	3,00	1,49
15. Financial failure can be prevented by anticipating the factors causing financial failure in accommodation facilities.	3,84	1,01
16. Sufficient financial support is not allocated to the Cappadocia Region within the scope of the tourism incentive policies of the state.	3,89	1,28
17. Accommodation facilities in the Cappadocia Region do not have professional finance management.	3,74	1,14
18. The weakness of the Cappadocia Region in terms of industry and commerce causes financial failure in the tourism facilities operating in the region.	3,26	1,28
19. The low quality of the service delivered in accommodation facilities (for example: low quality cheese, diluted spirits etc.) has an effect on financial failure.	3,47	1,54
20. The financial elements that cannot be brought under control by the manager of the business lead to financial failure.	3,95	0,97
21. The perspective and approach of people living in the Cappadocia Region towards tourists have an effect on financial failure.	3,37	1,60
22. An accommodation business can go bankrupt because of financial failure.	3,79	1,35
23. The low number of tourists visiting the Cappadocia Region leads to financial failure in accommodation facilities.	4,05	1,17

The mean and standard deviations of each statement in the above table (Table 5) are examined, and according to this, the statement "*I think my business is financially successful.*" had the highest mean ($\bar{X}=4.21$). This mean corresponds to the choice of "Agree". In the second place, there are two statements, which have the same means. In other words, since the means of two statements are the same, they are both at the second rank. Those

statements are; *“The low number of tourists visiting the Cappadocia Region leads to financial failure in accommodation facilities.”* ($\bar{X}=4.05$), and *“The continuous change (high turnover rate) of personnel in core structure and sub-units of facilities leads to financial failure.”* ($\bar{X}=4.05$). The third ranking statement in terms of the mean is the statement *“The financial elements that cannot be brought under control by the manager of the business lead to financial failure.”* ($\bar{X}=3.95$). When the mean and standard deviations of each statement (Table 5) are examined, it is seen that the statement *“When the payment terms are expanded over too much time in accommodation facilities (over loosening the credit standards), this leads to financial failure.”* has the lowest mean ($\bar{X}=2.79$). Among those statements, the means of 5, 8, and 18th statements ($\bar{X}=3.26$), and the means of 4, 12, and 21st, statements are equal ($\bar{X}=3.37$).

Means of Responses Given to Likert Statements

The study tried to clarify the opinions of the accommodation facilities regarding the reasons for the financial failures of accommodation facilities in line with the responses given by the responding facilities to the questions posed in the Likert-type scale. The scale consisted of 23 statements and 5 Likert-type choices. The accommodation facilities responding to the questionnaire were requested to mark one of the following choices for each statement: I-Strongly disagree, II-Disagree, III-Undecided, VI-Agree, V-Strongly agree. As a result of calculation, the gap width between 1 and 5 is identified as (0,50). The mean of the responses given by the responding facilities to the five point Likert-type statements was taken, and the evaluations were made with those means. In the evaluation made for finding the levels of agreement with the statements included in the scale;

- Strongly disagree was (1–1,5) points,
- Disagree was (1,51 – 2,5) points,
- Undecided was (2,51 – 3,5) points,
- Agree was (3,51– 4,5) points,
- Strongly agree was (4,51 – 5) points.

Apart from that, there were 15 positive and 8 negative statements in the scale. The negative statements were reversed and coded in the evaluation phase.

It was considered that there was no need to make an explanatory analysis separately for each one of the 23 statements, which were prepared in the Likert scale and applied to the target province. The means of the responding facilities were taken for the 2, 6, 8, 12, 19 and 21st statements because they came to the forefront for the said region. The response ratios

for those statements were indicated in a table, then explanatory analysis was made, and those are given below.

In the tables, the symbol (f) stands for number, and the symbol (%) stands for percentage value.

Table 6: Ratios of the Responses Given by the Responding Facilities to the 2nd Statement with Likert Scale

Statement 2: Making the business investment with high borrowing leads to financial failure.												
I		II		III		IV		V		TOTAL Σ		Me _n
(f)	(%)	(f)	(%)	(f)	(%)	(f)	(%)	(f)	(%)	(f)	(%)	
2	10,5	3	15,8	2	10,5	9	47,4	3	15,8	19	100	3.42

The mean of the responses given by the accommodation facilities to the statement “*Making the business investment with high borrowing leads to financial failure*” was found to be ($\bar{X}=3.42$). This mean indicates that the accommodation facilities are indecisive about whether the making the business investment with high borrowing leads to financial failure. However, their indecisiveness is close to the upper limit. I.e. it is close to the ratio of Agree.

Table 7: Ratios of the Responses Given by the Responding Facilities to the 7th Statement with Likert Scale

Statement 7. The continuous change (high turnover rate) of personnel in core structure and sub-units of facilities leads to financial failure.												
I		II		III		IV		V		TOTAL Σ		Me _n
(f)	(%)	(f)	(%)	(f)	(%)	(f)	(%)	(f)	(%)	(f)	(%)	
--	--	2	10,5	2	10,5	8	42,1	7	36,8	19	100	4.05

The mean of the responses given by the accommodation facilities to the statement “*The continuous change (high turnover rate) of personnel in core structure and sub-units of facilities leads to financial failure*” was found to be ($\bar{X}=4.05$). This mean indicates that the 4- and 5-star accommodation facilities operating in the Cappadocia Region agree that the continuous change of personnel in core structure and sub-units of facilities leads to financial failure.

Table 8: Ratios of the Responses Given by the Responding Facilities to the 8th Statement with Likert Scale

Statement 8. The legislative changes implemented in our country (VAT rates, other taxes etc.) lead to financial failure.												
I		II		III		IV		V		TOTAL Σ		Me _n
(f)	(%)	(f)	(%)	(f)	(%)	(f)	(%)	(f)	(%)	(f)	(%)	
2	10,5	4	21,1	3	15,8	7	36,8	3	15,8	19	100	3.26

The mean of the responses given by the accommodation facilities to the statement “*The legislative changes implemented in our country (VAT rates, other taxes etc.) lead to financial failure*” was found to be ($\bar{X} = 3.26$). This mean indicates that the accommodation facilities operating in the region are indecisive about whether the legislative changes implemented in our country lead to financial failure.

Table 9: Ratios of the Responses Given by the Responding Facilities to the 12th Statement with Likert Scale

Statement 12. The difficulty of recruiting qualified labor and the lack of certification requirement for those working in the sector have a relation with financial failure.												
I		II		III		IV		V		TOTAL Σ		Me an
(f)	(%)	(f)	(%)	(f)	(%)	(f)	(%)	(f)	(%)	(f)	(%)	
3	15,8	3	15,8	1	5,3	8	42,1	4	21,1	19	100	3.37

The mean of the responses given by the accommodation facilities to the statement “*The difficulty of recruiting qualified labor and the lack of certification requirement for those working in the sector have a relation with financial failure*” was found to be ($\bar{X} = 3.37$). This mean indicates that the accommodation facilities operating in the region are indecisive about whether the difficulty of recruiting qualified labor and the lack of certification requirement for those working in the sector have a relation with financial failure. However, their indecisiveness is close to the upper limit. I.e. it is close to the ratio of Agree.

Table 10: Ratios of the Responses Given by the Responding Facilities to the 19th Statement with Likert Scale

Statement 19. The low quality of the service delivered in accommodation facilities (for example: low quality cheese, diluted spirits etc.) has an effect on financial failure.												
I		II		III		IV		V		TOTAL Σ		Me an
(f)	(%)	(f)	(%)	(f)	(%)	(f)	(%)	(f)	(%)	(f)	(%)	
3	15,8	3	15,8	2	10,5	4	21,1	7	36,8	19	100	3.47

The mean of the responses given by the accommodation facilities to the statement “*The low quality of the service delivered in accommodation facilities (for example: low quality cheese, diluted spirits etc.) has an effect on financial failure.*” was found to be ($\bar{X} = 3.47$). This mean indicates that the accommodation facilities in the Cappadocia Region are indecisive about whether the low quality of the service delivered in accommodation facilities has an effect on financial failure. However, their indecisiveness is close to the upper limit. I.e. it is close to the ratio of Agree.

Table 11: Ratios of the Responses Given by the Responding Facilities to the 21st Statement with Likert Scale

Statement 21. The perspective and approach of people living in the Cappadocia Region towards tourists have an effect on financial failure.												
I		II		III		IV		V		TOTAL Σ		Mean
(f)	(%)	(f)	(%)	(f)	(%)	(f)	(%)	(f)	(%)	(f)	(%)	
4	21,1	3	15,8	--	--	6	31,6	6	31,6	19	100	3.37

The mean of the responses given by the accommodation facilities to the statement “*The perspective and approach of people living in the Cappadocia Region towards tourists have an effect on financial failure.*” was found to be ($\bar{X}=3.37$). This mean indicates that the accommodation facilities operating in the region are indecisive about whether the perspective and approach of people living in the said region towards tourists have an effect on financial failure.

T-Test Results

In order to measure the suitability of the responses given by the responding facilities for the statements to normal distribution, the 23 statements were separated into 4 main groups (*Location, Labor, Economic Responsibility and Management*), and they were listed below under the title of “factors”. The 5, 13, 14, 18, 21 and 23rd statements were evaluated under the title of “Location”; the 7 and 12th statements were evaluated under the title of “Labor”; the 2, 4, 6, 8, 10, 11, 16 and 22nd statements were evaluated under the title of “Economic Responsibility”; and the 1, 3, 9, 15, 17, 19 and 20th statements were evaluated under the title of “Management”. After that, a t-test was carried out to find whether the factors affecting the reasons of financial failure vary according to the variables, which are the numbers of stars and rooms of the facilities. The results of this test are shown in Table 4. The differences are put forth by applying the Tukey’s test for the factors of the responding facilities according to the results of those tests.

Table 12: Results of the T-Test Between the Factors and the Number of Rooms

Factors	F Value	Sig. Value	T Value	Sig. Value	Significance
Location	0,028	0,870	-,178	,861	Not significant
Labor	0,016	,900	-,247	,808	Not significant
Economic Responsibility	5,473	0,032	0,023	,982	Not significant
Management	,000	,990	3,375	,004	Significant

As Table 12 indicates, while there was no significant level of differentiation among the accommodation facilities in terms of the “*Location, Labor, Economic Responsibility*” factors and the number of rooms ($p > .05$); there was a significant level of differentiation in terms of the “*Management*” factor. ($p < .05$) [$t = 3,375$, $p = ,004$].

The number of rooms of the 4-star accommodation facilities was between 70 and 99, and the number of rooms of the 5-star accommodation facilities was 100 and above. Since it was found that the t-test for the number of rooms and stars gave the same results, there was no need to draw a separate table.

When a t-test was carried out in order to find whether any difference occurs according to variables in all statements with the number of stars, no significant level of difference was found in all results except for the two statements in Table 13 below. The result of the significant statements is shown below in a table.

Table 13: Results of the T-Test Between the Statements and the Number of Stars

Statements	F Value	Sig. Value	T Value	Sig Value	Significance
I think my business is financially successful	5,044	,038	5,278	,000	Significant
Accommodation facilities in the Cappadocia Region do not have professional finance management	,397	,537	2,390	,029	Significant

As the above table indicates, the means of the responses given by the accommodation facilities to the two statements regarding the number of stars are different from each other. However, the results of the t-test made between the number of stars with the two statements “*I think my business is financially successful*” ($p < .05$), [$t = 5,278$, $p = ,000$] and “*Accommodation facilities in the Cappadocia Region do not have professional finance management*” ($p < .05$), were found to be significant [$t = 2,390$, $p = ,029$].

Discussion, Results and Suggestions

This study was conducted with the purpose of identifying the reasons of financial failure in the 4- and 5-star accommodation facilities operating in the Nevşehir Province in the Cappadocia Region. The theoretical part of the

study was conducted by reviewing the literature and theoretical reasons, and then a field implementation was conducted in the target province, thus the application part was completed. In this context, the data needed for the study was obtained through the questionnaire created by the researcher. The findings obtained at the end of the study are supported by various studies in literature (Stulpiniene, 2011; Guijarro et al., 2011; Shie et al., 2011; Astebro and Winter, 2012; Salloum et al., 2012; Khurshid, 2013; Giannetti et al., 2014; Türksoy, 2007; Uzun, 2005).

The findings of the study indicated that the accommodation facilities operating in the Nevşehir Province agreed with the statement “*I think my business is financially successful*” most in the scale, and this statement is close to the upper limit with the highest mean ($\bar{X}=4,21$) for “*Agree*”. This situation can be interpreted to indicate that the accommodation facilities serving the local and foreign tourists attach too much importance to financial management. This results matches up with the findings of the study. In the scale, the statement which had the least agreement from the accommodation facilities with the choice of “*Undecided*” were “*When the payment terms are expanded over too much time in accommodation facilities (over loosening the credit standards), this leads to financial failure*” ($\bar{X}=2,79$) and “*The “Transportation Difficulty” (connecting transportation, etc.) experienced by the local or foreign tourists while visiting the Cappadocia Region has a negative impact on the financial structure*” ($\bar{X}=3,00$). Those results can be interpreted to indicate that the accommodation facilities in the region have concerns regarding the nature of payment methods and the fact that there might be difficulties in transportation while reaching the said region.

The statements in the questionnaire applied to the accommodation facilities in the Nevşehir Province were grouped into different factors that were addressed under the titles of “*Location, Labor, Economic Responsibility, and Management*”. When analysis was made, it was found that there was no significant level of differentiation in the sub-dimension of the number of rooms and the factors of “*Location, Labor, Economic Responsibility*” ($p>.05$), and there was a significant level of differentiation in terms of the factor of “*Management*”. ($p<.05$) [$t=3,375$, $p=.004$]. The reason for this can be that the accommodation facilities operating in the region consider themselves to be at a sufficient level in terms of financial management. However, no significant difference was seen in the statements regarding the factors of “*Location, Labor, Economic Responsibility*” in relation to the financial failure of accommodation facilities. In other words, it can be said that the businesses’ levels regarding financial failure are close regardless of their factor levels.

When analysis was made among all of the statements and the number of stars, it was found that there was no significant level of difference in all results except for two statements. The results of the t-test made for those two statements and the number of stars indicated a significant level of differentiation. These statements are “*I think my business is financially successful*” ($p < .05$), [$t=5,278$, $p=,000$] and “*Accommodation facilities in the Cappadocia Region do not have professional finance management*” ($p < .05$), [$t=,390$, $p= ,029$]. The reason for this can be that although the responding facilities consider themselves successful in terms of financial management, they accept that this situation is not a sufficient factor in the professional sense.

As a result, accommodation facilities operating in tourism sector do not face financial failure instantly. Accommodation facilities give out many signals before they fail financially. Among the examples of such signals are elements such as; the negative developments experienced in various financial rates of the business, the continuous declines in share prices, delays in payments, decreased bank deposits, the utilization of bank credit limits to the very end, increased interest rates, rapid decreases and increases in the exchange rates. (Akgüç, 1989). The facilities that recognize and take account of those signals can prevent financial failure.

On the other hand, the data needed for evaluating all those factors on the basis of business is generally considered as a “commercial secret”, and this situation constitutes the biggest obstacle in front of the studies to be carried out on this subject.

Suggestions

The following suggestions can be made by considering the results obtained in this study.

1- At the end of the study, it was concluded that the accommodation facilities, which have Tourism Operation License and operate in the Cappadocia Region, consider themselves sufficient in terms of financial management against “financial failure”. However, the concept of “financial failure” should not be evaluated in a certain pattern, and a wide viewpoint should be captured. At the end of the study, accommodation facilities might be advised to broaden their viewpoints first and act after viewing the situation from a wider scope.

2- It can be stated that the state or the agencies, institutions and related to this sector have a high degree of impact on the making of financial decisions and the implementation of decisions in the accommodation. It should be considered that there are or might be financial obstacles deriving from that fact. In that respect, forming awareness of financial failure might be advised.

3- If we consider that the concept of financial failure in accommodation facilities is a job requiring a professional skill in management, necessary arrangements and works can be done by collaborating with the tour operators, travel agencies, and the surrounding areas for developing the financial management skills and reaching the desired level through the whole year.

4- The accommodation facilities operating in the Cappadocia region might be advised to get the relevant trainings from the Tourism Faculties and the Research and Training General Directorate of the Ministry of Culture and Tourism so that they can minimize the risk of financial failure.

5- At the end of the study, the accommodation facilities operating in the region might be advised to increase the quality of services they deliver, develop new concepts and diversify their customer profile because of their problems such as transportation difficulty (connecting transportation) and not having a sea border due to the geopolitical position of the Cappadocia Region.

6- After this study, which has focused on the accommodation facilities in the Cappadocia Region, the same subject can be studied in the other regions or the subject of financial failure or a different subject can be studied in the same sector or in different sectors.

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