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## **THE IMPACT OF INNOVATIVE ACTIVITIES ON THE FINANCIAL PERFORMANCE OF BUSINESSES IN THE TOURISM SECTOR: BIST APPLICATION**

### **Abstract:**

The tourism sector, which contributes to many industries directly or indirectly, is the locomotive sector in many countries' economies. Although the tourism sector is one of the most rapidly developing sectors worldwide, it is equally sensitive. This is because the sector is easily and quickly affected by political, economic, and socio-cultural developments both at the national and international levels. In addition, constantly changing conditions and customer expectations lead businesses in the sector to be proactive. Therefore, innovation is an important tool in this sector to make a difference and overcome intense competition.

In this regard, the impact of innovation on the tourism sector will be assessed in general in the study, and the dimensions of innovation will be addressed according to the sector. In this paper, we contribute to the analysis of innovation in the tourism sector and seek to understand the impact of implemented innovations on businesses' financial performance in Turkey. Due to this aim, the annual reports between 2016 – 2022 of tourism businesses listed on BIST have been examined, and their innovation strategies have been evaluated. The conducted innovation activities have been classified and scored based on their types. Thus, how innovation affects the financial performance of businesses according to its type have been measured through regression analysis. In the model, the most commonly used financial performance indicators in the literature and practice such as ROA, ROE, and ROS, have been utilized. Furthermore, the impact of the COVID 19 pandemic, which significantly affects the tourism sector, on businesses' innovative efforts will also be evaluated in this study.

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### **Keywords:**

Tourism Sector, Innovation, Types of Innovation, Financial Performance

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