Many different organizations have been formed to support the economy in the world by a wide range of tools day by day. Furthermore, globalization has caused economies to have an increasing manner in both developed and also developing countries. It's impossible to manipulate whole economy for any country in today's competitive world by realizing only economic strategies rather than a military power. Banks, insurance companies, leasing and factoring organizations and other financial organizations have been affecting the economic situation of Turkey and all other countries in the world. Their assets and trading volume realized in both public and private sectors have dominated growing economic system financially. Emerging of the biggest crisis in the world due to economic and financial situations can be considered as an indicator of this situation. It is considered that economic and financial incidents, such as the collapse of financial markets, were the causes of the Great Depression of 1929 in USA and the Financial Crisis of 1998, 1999 and 2008 in Russia, Asia and all over the world.

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2017 Socio-Economic Strategies
Ali Rıza Gokbunar, Florina Oana Virlanuta, Deniz Zungun (Eds.)

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PREFACE

Many different organizations have been stamped the economy in the world by a wild range of tools day after day. Furthermore, globalization has caused economies to have an increasing manner in both developed and also developing countries. It's impossible to manipulate whole economy for any country in today's competitive world by realizing only economic strategies rather than a military power.

Banks, insurance companies, leasing and factoring organizations and other financial organizations have been affecting the economic situation of Turkey and all other countries in the world. Their assets and trading volume realized in both public and private sectors have dominated growing economic system financially. Emerging of the biggest crisis in the world due to economic and financial situations can be considered as an indicator of this situation. It is considered that economic and financial incidents, such as the collapse of financial markets, were the causes of the Great Depression of 1929 in USA and the Financial Crisis of 1998, 1999 and 2008 in Russia, Asia and all over the world.

Nowadays, interdisciplinary studies have gained momentum since they bring all different academic fields of studies together. In this context, this book gathers a number of articles, which were written by academicians from 8 countries and 37 different universities, hoping to bring some new ideas to field and contribute to literature.

The book provides insights and new ideas about economic and financial developments, how it has gained greater dimensions and the economic strategies used to manipulate other countries.

We'd like to thank Andrei GISCA and Marina GODOVANIUC from Lambert Academic Publishing for their support and contributions to publish this book and also our colleague Mustafa YILDIRIM for his effort in compilation of this book.
CONTENTS

Chapter 1 STUDY ON THE STRATEGIES OF CHINA-ASEAN HIGHER EDUCATION COOPERATION UNDER THE INITIATIVE OF “ONE BELT AND ONE ROAD” ................................................................. 3
   Ma ZAOMING

Chapter 2 STUDY OF PROBLEMS OF CRIMINALISTICS AND ECONOMICS USING MATHEMATICAL DYNAMIC MODELS ................................................................. 12
   Anarkul URDALETOVA
   Syrgak KYDYRALIEV
   Kanaiym KYDYRALIEVA

Chapter 3 PROS AND CONS ON TURKEY’S MEMBERSHIP IN THE EUROPEAN UNION .............................................................................................................. 21
   Silvius STANCIU

Chapter 4 EVALUATION OF SIN TAXES IN TERMS OF FISCAL FUNCTION OF TAXATION IN TURKEY ........................................................................ 43
   Alparslan UGUR
   Serkan CURA

Chapter 5 THE RELATIONSHIP BETWEEN HEDGE DERIVATIVE USAGE AND VOLATILITY OF PROFITS IN BANKING SECTOR ...................................... 59
   Tuna Can GULEC
   Rabia AKTAS

Chapter 6 EFFECT OF TAX AMNESTIES ON TAXPAYERS: SAMPLE ON THE PROVINCE OF IGDIR ........................................................................... 79
   Ahmet TEKIN
   Ozlem SOKMEN GURCAM

Chapter 7 THE NEXUS BETWEEN OIL PRICES AND CURRENT ACCOUNT DEFICIT: AN EMPIRICAL ANALYSIS FOR TURKEY ................................. 96
   Cem GOKCE
   Ozgur AYDOGUS

Chapter 8 SMART CITIES AND MANAGEMENT STRATEGIES .................. 115
   Hayrettin GOKOZAN
   Mehmet TASTAN
   Ali SARI

Chapter 9 THE INVISIBLE HAND PARADOX ............................................. 127
   Hulya DERYA
Chapter 10 A STRATEGICAL POINT OF INVASION OF AZOV BY PETER THE GREAT: NAVAL SHIPYARD OF VORONEZH ............................................. 147

Muhammet SEN

Chapter 11 THE IMPORTANCE OF QUALITY COSTS IN TERMS OF CREATING COMPETITIVE ADVANTAGE IN HOTEL ENTERPRISES 163

Nurcan SUKLUM

Chapter 12 THE DETERMINATION OF THE ELEMENTS AFFECTING THE COMPETITIVE ADVANTAGE BY ANALYSIS OF PORTER’S FIVE FORCES: AN APPLICATION IN PORT BUSINESS ADMINISTRATION 180

Senem NART

Sima NART

Yavuz Tansoy YILDIRIM

Chapter 13 CURRENT PROBLEMS IN SUBCONTRACTED LABOR IN TURKIYE ............................................................ 199

Yavuz Kagan YASIM

Chapter 14 TRANSFORMATION OF CHINA: RESPONSIBILITY SYSTEM OF HOUSEHOLD .......................................................... 220

Sevinç SOYOCAK OZALP

Ahmet OZALP
1. INTRODUCTION

The merchants satisfied their accommodation needs through caravanserai with the money being used as an economic tool in particular. However, there have been changes in the accommodation requirements, such as the many changes that have taken place in human life, and these changes have led to replace the caravanserai with more modern accommodation facilities (Kozak et al., 2002, p. 1).

Various descriptions of hotel enterprises which are among the most important of modern accommodation facilities are made. Hotels may be defined as the facilities in which the main purposes are to meet the overnight stay needs of the customers as well as providing auxiliary units for their needs such as eating, drinking, sports and entertainment (Kozak et al., 2012, p. 49). The International Academy for Tourism defines the hotels as "the enterprises where people can stay for a fee and they can always meet their nutritional needs while they travel" (Maviş, 2006, p. 2). According to the Tourism Encouragement Law Numbered 2634, the hotels are defined as "the facilities with 10 rooms at least which have the main function of meeting the overnight stay needs of the customers as well as involving auxiliary and complementary units for eating, drinking and entertainment needs” (Batman, 2003, p. 15).

Differences observed in the definition of hotel enterprise are also visible in the hotel classification. Hotel enterprises can be classified in different forms.

- Hotel enterprises by the accommodation need that they meet; city hotels, resort hotels, thermal hotels and holiday villages,
• **Hotels by the means of transport**; airport hotels, station hotels, road junction hotels and port hotels,

• **Hotels by the duration of activity**; permanent hotels and seasonal hotels,

• **Hotels by the properties**; private (individual) hotels, public and mixed hotels,

• **Hotels by the offered service**; hotels, hotel garni and apart-hotels,

• **Hotels by the legal status**; hotels with tourism operation license (which are classified as 1-star, 2-star, 3-star, 4-star and 5-star) and municipal certified hotels,

• **Hotels by their sizes**; large hotels, medium-sized hotels and small hotels (Akgöz, 2003, p. 2-9).

Some of the features that hotel enterprises can be listed as follows:

• The main function of hotel management is to serve the customers and demonstrate labor-intensive characteristics.

• Produced products and services are not stockpiled; they are consumed where they are produced.

• Hotels are aimed not only for accommodation but also for different needs such as eating, drinking and entertainment.

• Hotel enterprises are an industry branch that requires large investments and needs operating capital.

• Hotels are enterprises that operate 24 hours a day, 7 days a week.

• Hotel enterprises are constantly changing (Oral, 2005, p. 19, 20).

• Since demand in the tourism market is affected by economic, social, political and psychological factors very quickly and unexpectedly, there is a high possibility of risk in hotel enterprises.

• Due to the nature of services offered by the hotels; close cooperation and solidarity among hotel personnel is required (Aktaş, 2002, p. 26, 27).

The services offered by the hotel enterprises can be collected under three main headings.
• Accommodation services; consist of the front office department that is mainly responsible for the sale of hotel rooms which can also be counted as the headquarters of a hotel operation, and a floor services department that is responsible for preparing the hotel rooms for sale.

• Food and beverage services; are responsible for meeting the food and beverage needs of the hotel guests and consist of departments such as storage, kitchen, restaurants and bars.

• Auxiliary services; the diversity of these services varies depending on the spectrum of services offered and consists of services such as discotheques, beaches, pools, shopping stores, golf, car rental, different sports fields, hairdresser, sauna, Turkish bath, doctor, internet and animation (Eraslan, 2004, p. 3, 4).

Departments in hotel enterprises can be classified as revenue-generating departments and non-revenue-generating departments. Revenue-generating departments generate income for hotel operations as a result of selling the services or goods to the customers, while non-revenue generating departments, also referred to as support centers, are functional revenue centers rather than generating direct revenues (Kurgun, 2008, p. 47).

Revenue-generating sections of hotel enterprises consist of; accommodation (rooms) department, food and beverage department and auxiliary departments. The accommodation department consists of uniformed services which includes front office, housekeeping and uniformed hotel staff. The food and beverage department consists of restaurants and bars serving food and beverages. Auxiliary departments consist of departments that meet other needs of the guests other than food and beverage such as hairdresser, laundry, etc..

Non-revenue generating departments of hotel enterprises consist of; departments such as administration, accounting, technical works, security, laundry which are not directly related to the guests (Çetiner, 1995, p. 18-21).

Hotel enterprises provide benefit in many respects to the country where they are located in. They contribute to the employment by the personnel they employ in different fields. Thanks to the foreign currencies left by the foreign customers, they make a positive contribution to the balance of foreign payments in the country. Shopkeepers gain benefit through shopping made from the local
shopkeepers in which the hotel is located and a contribution is indirectly made to the economy of the country.

Hotel enterprises also contribute to the relaxation of people and spending their leisure time, more pleasant which means that the individuals drift away from the daily busy work and are able to relax spiritually.

Changes and advances experienced in human needs have necessitated the hotel services to diversify their services. As the services have diversified, the number of hotels has also increased and this has brought the competition. Although the choice to be opted by people among the offered alternatives depends on different reasons, it also largely depends on quality of the service offered by the hotel enterprises. For this reason, hotel enterprises are developing and implementing different competitive strategies to profit and survive in this intense competitive environment.

2. COMPETITIVE STRATEGIES APPLIED BY HOTEL ENTERPRISES

Hotel enterprises, like other businesses, take their share from the intense competition. It is thought that it will be more useful to mention the concept of competition and competition strategies in general before addressing the competition strategies applied by the hotel enterprises.

2.1. Competition Concept

It is possible to define the concept of competition which has economic, social and political dimensions as sharing of scarce things. There are certain rules, restrictions and freedoms in the competitive environment. The existence of organization objectives and differentiation of objectives based on the changing conditions are the basic criterion of the competition. Competition played between multiple players is a race and the rules of the race require keeping pace with the change (Akyüz et al., 2010, p. 66). In order to be competitive and sustain this competitive advantage, enterprises should be different from their competitors and have their own advantages (Gençtürk et al., 2010, p. 13).

Five Competitive Powers, which have been developed by Porter, together determine the intensity of competition and profitability in the industry, and the most powerful ones manage the market and this is very important in terms of
forming a strategy. The first of five Competitive Powers is the bargaining power of buyers. The second is the competition among competitors and the third is threat of new competitors who will enter the market. The fourth power is the bargaining power of suppliers, and the fifth power is entering the market (Porter, 1998).

2.2. Competition Strategies

According to Porter, there are three core competitive strategies that will enable enterprises to gain competitive advantage. These are; cost leadership strategy, differentiation strategy and focus strategy (Eraslan, 2014, p. 42). Enterprises will either produce low-cost products or ensure differentiation in order to maximize their performance. According to Porter, these three different strategies can be sustained in different ways and help the enterprises to maintain the competitive advantage. However, enterprises have to choose one of these three different strategies in order to be successful. Enterprises trying to implement all of them at the same time are likely to fail (Peker et al., 2016, p. 13).

The purpose of the Cost Leadership Strategy is to offer products or services to the industry at the lowest cost. The challenge of this strategy is to achieve a level of profitability for the enterprise rather than the decline in activities and the decrease profitability by the other companies operating in the market (Josiah & Nyagara, 2015, p. 2). Producing products or a service at low cost compared to the competitors applies to all overall costs, and the goal is to achieve overall cost leadership in the operated industry. When trying to achieve a cost leadership position, it is the primary goal to achieve low costs compared to the competitors (Awade, 2014, p. 702). The capital used should be lower than the competitors of the cost of factors such as machines, materials, tools, buildings, lands and labor. In addition, the quality and prices of products or services offered by the enterprises should be at a level comparable to the competitors (Kaya et al., 2017, p. 85).

The difference between the prices taking place in the sector and the costs of the enterprise grows by lowering the costs, and the enterprise gains the cost advantage against the competitors. In order to implement cost leadership
strategy, enterprises should be able to obtain inputs from low prices by using scale economies, reduce inventory costs, ensure cost checks and reduce advertising and marketing costs as well. The cost leadership strategy is more effective when the customers are more sensitive to the price (Mirzayeva & Türkay, 2016, 76).

The advantages of the cost leadership strategy can be explained as follows:

- Enterprises with cost leadership in the sectors they operate in prevent new enterprises from entering the sector by the cost advantages.
- Enterprises with the status of low-cost could keep their prices low, so they feel the replacement product threat less than other competitors in the industry.
- Enterprises that reduce their costs to a minimum level can often defend themselves against strong suppliers, as they often buy products with laden quantities.
- Enterprises that lower their costs below the sector average will have a stronger position with respect to their customers than the competitors, as they will be able to lower their prices compared their competitors when necessary.

Cost leadership has some disadvantages for the enterprises as well as the advantages. These can be listed as follows:

- It is usually limited to applicability in cases where large number of goods or services purchased.
- Competitors are likely to be able to procure products at a lower cost than the cost leader over time.
- Enterprises may not be able to see the product or marketing changes required because of focusing on the costs; this may result in lower quality of product.
- This is only suitable for enterprises producing standard goods and services (Kaya et al., 2017, p. 85, 86).

Offering the services and products in a different manner is discussed in Differentiation Strategy that is among the competition strategies developed by
Porter (Güler, 2007, 101). The goal of this strategy is to highlight the idea that the enterprise is unique by means of differentiating its product or service presentation. Differentiation strategy includes different dimensions such as design or brand image, technology, features, customer service, distribution network. Ideally, the enterprise differentiates itself in several dimensions. This strategy does not mean that the enterprise will not take the costs into account. The differentiation strategy is an appropriate strategy for the enterprise to achieve a return above the average in the sector in which it operates, if it can be successfully implemented. Because it allows the enterprise to defend itself in order to be able to cope with Five Competitive Powers even though it differs from the cost leadership strategy. Through this strategy, the enterprise creates brand loyalty in the customer and reduces the customer's sensitivity to the price thereby ensuring the competitive power to the enterprise. It allows the enterprise to deal with the competitive powers of the suppliers because the customers do not have any alternatives and their sensitivity to the price is reduced. Ultimately, the enterprise that differentiates itself to achieve customer loyalty comes in a better position than its competitors (Porter, 1998).

In the Focus Strategy, the enterprise focuses on a narrow segment and tries to achieve cost advantage or differentiation in this segment. The priority is to be able to serve better by focusing entirely on the needs of the focused group. An enterprise that uses this strategy has a very high level of customer loyalty, which makes it easier to compete directly with other enterprises. Since the enterprises that implement this strategy focus on a narrower market, their suppliers’ bargaining power is also low. However, enterprises implementing the focus strategy can offer high-priced products or services even if they do not have alternative products or services. Enterprises that have become successful in the focus strategy can have a relatively narrow market segment and a broad product range in which they are experts. Focusing strategies include some risks, such as changes in imitation and target segments. In the end, those implementing the other focus strategy can form sub-segments that can serve better. In a focus strategy, an enterprise targets a specific segment of the market. The enterprise may choose to focus on a specific set of customers, product range, geographical regions, or service lines. Focus is also based on the adoption of a narrow competition area within an industry. Focusing aims at expanding the market
share by operating in niche markets or in markets that are not attractive to larger competitors or not overlooked by larger competitors. These niches come from a number of factors, such as geography, customer and product attributes, or requirements. A successful focus strategy depends on focusing on a sector that is not a key priority for other important competitors. Focusing on the market or focus development can be an important focal strategy. Focus strategies can be effective when consumers have different preferences and niche markets are not captured by competitors (Robert & Loice, 2014, p. 5).

2.3. Competition Strategies in Hotel Enterprises

Especially after the Second World War, the tourism sector grew rapidly and became one of the three largest sectors of the world (Coşar, 2008, p. 46). Thus, competition started in the tourism sector as well as in other sectors, and the enterprises in the sector entered into a strong competition. Tourism competition is that a destination, an enterprise maintain, protect and continuously improve their market share (Aydemir et al., 2014, p. 3). Hotel enterprises in the tourism sector as the enterprises in other sectors, should also use competitive strategies to sustain their presence in this competitive environment.

Hotel enterprises can implement a cost leadership strategy by reducing the costs they incur for food, beverage, accommodation and other services offered. Costs can also be decreased through mass purchase of food and beverage, reduction in the number of personnel, the employment of seasonal personnel or the employment of less qualified personnel. However, it is necessary not to compromise on quality while reducing the costs. In particular, the issue of reducing the costs associated with hotel employees is very sensitive. Because the tourism sector is a labor intensive sector, that is, the human factor is at the forefront. It is very important that the personnel who works at the back ground are qualified as well as the employees who have direct contact with the customer. Decrease in the level of satisfaction of the hotel guests will cause the hotel to lose existing customers as well as reducing or eliminating the possibility of gaining new customers. For this reason, it is necessary for hotel enterprises to apply the cost leadership strategy after carefully analyzing it.

Hotel enterprises can implement the differentiation strategy by providing services in a specific area of tourism. For instance, the hotel enterprise can offer
accommodation in a variety of alternatives, such as villas, bungalows or lake houses, in addition to the rooms in the main building. Or the hotel enterprise may make a difference in services outside the accommodation form. In addition to standard accommodation in a hotel enterprise, the organization of congress and sports activities such as golf can be illustrated as examples of differentiation applications.

Hotel enterprises can concentrate on a specific area and offer specific services for that area. Hotel enterprise can only provide services for summer tourism or for winter tourism only (e.g. ski tourism). Or it may operate as a spa hotel within the scope of health tourism. These applications can also be illustrated as an example of the strategy of focusing.

Hotel enterprises do not gain competitive advantage by only implementing these strategies. The ability to easily find financing sources for new investments, having the capacity flexibility, offering services in compliance with quality and standards, being reliable, attaching the necessary importance to the technology and R&D, having a qualified workforce, having a positive business image and brand, having adequate and satisfactory post-sales services, being steady are also among the factors that are effective in gaining competitive advantage for hotel enterprises (Coşar, 2008, p. 47-50).

Regardless of the strategy or strategies that are applied by hotel enterprises to gain competitive advantage, the most important point to consider is that they should not compromise on the quality. Because running a poor quality service will bring a certain cost for the enterprise.

3. Costs Of Quality In Hotel Enterprises

Enterprises have to compete to be the leader in the sector or to get the share they desire from the sector. However, the enterprise should not compromise on the quality regardless of the strategy or strategies that are applied in order to compete. Contrary to popular belief, producing poor quality goods or services for the enterprises increases the costs rather than reducing. These costs are named costs of quality.

3.1. The Concept of Quality and Total Quality Management
The concept of quality is derived from the term "Qualitas" which means "how it is formed" in Latin, where most Greek writers use the term within the meaning of "nature or quality" (Atış & Kurtlar, 2015, p. 65). The concept of quality is first encountered in Hammurabi Laws published in Babylon in 2150 BC. According to Article 229 of the Law, there is an expression "If construction foreman builds a house and the building is not intact and collapses on the householder and causes its death; the construction foreman should also be killed". However, quality differs from person to person because it is a subjective concept. For this reason, it is not possible to make a clear definition of quality and it is perceived differently. (Karcioğlu & Biçer, 2013, p. 2).

Juran describes quality as "products that meet customer needs and thus ensure customer satisfaction" (Juran & Godfrey, 1998). Sallis defines quality as "meeting the needs and desires of customers" (Sallis, 2002). The American Society for Quality Control (ASQC) defines quality as “entire characteristics of a good or service for performing the ability to meet a particular requirement". The European Quality Control Organization (EQQC) defines quality as "the degree of a good or service suitability to the desires of the consumer" (Yıldıztekın, 2005, p. 402). Quality definitions may have different meanings in different sectors or even the meaning could vary within different parts of an enterprise. For instance, the production department of an enterprise could define it as the suitability of manufactured product to the designed features while the purchasing department may define it as the conformity of received material to the specified features. Similarly, the marketing department could define the absence of customer complaints on the product or the service as the quality (Kefe & Tanış, 2014, p. 46).

Quality is the combination of process starting from designing a product or service to after-sales services. Total quality management is the focus of the enterprise to provide its customers with quality products or services at the optimum level by structuring the qualifications in all the operations of the enterprise. The purpose of total quality management is to ensure a management style in which the performed work is continuously improved, satisfaction of customers is aimed, continuous learning and achievement are adopted as principle (Sipahi & Yıldırım, 2004, p. 7 and Ataman Akgül, 2003, p. 31). Total quality management is a management perception which regards the quality
management as the most important part of the organization, focuses on preventing problems before they occur, adopts the principle of continuously improving the quality and regards that principle as primary purpose, focuses on customer satisfaction, shares quality responsibility with senior management all over the world, considers the quality as multidimensional and motivates the employees (Demircioğlu & Küçüksavaş, 2009, p. 37, 38).

3.2. Quality Costs

Quality cost is one of the most important factors demonstrating the improvements in quality. Quality costs must be known in terms of amount and quantity in order to concretely determine whether the enterprise has attained the quality objectives that have been set. Because goods and services compete with their qualities and their prices formed depending on the costs. Consumer pays attention to both quality and price when purchasing goods or services (Oğan & Özuluçan, 2017, p. 74).

Quality costs are costs incurred to maintain and control the delivery of quality products or services. In fact, quality costs can be defined as the costs of poor quality as well. Quality costs help management to find problem areas in the enterprise and solve this problem (Demir & Gülcü, 2012, p. 239).

Feigenbaum's PAF Approach (Prevention- Appraisal- Failure) is most widely accepted in the classification of quality costs and it classifies quality costs as Prevention, Appraisal and Failure Costs (Tanış et al., 2017, p. 3).

i. Prevention Costs

It is the costs incurred to design, implement and maintain a quality system to prevent the production of inappropriate products and services. These costs are made in order to prevent the inconsistency of the product or service with the consumer's desires and the purpose is to prevent the failure (Güzel & Kurşunel, 2015, p. 287).

Prevention costs incurred in enterprises can be listed as follows: (Bozkurt, 2003, p. 16-18)

- Costs of quality planning,
- Costs of designing, developing and maintaining the quality measuring and testing equipment,
ii. Appraisal Costs

These are the costs related to the measurement and appraisal of the quality level. Appraisal costs generally consist of the following costs: (Gürdal, 2007, p. 186, 187)

- Pre-production verification costs related to pre-production testing and measurements carried out in order to determine that the design of the products conforms to quality expectations,
- Delivery costs consisting of the test and inspection costs of all materials delivered to the enterprise,
- Costs of laboratory acceptance test,
- Costs of inspection and test,
- Costs of inspection and testing equipment,
- Costs of materials consumed during inspection and testing,
- Costs of field achievement test,
- Costs of permits and approvals,
- Costs of inventory valuation,
- Costs of record keeping.

iii. Failure Costs

Failure costs are examined in two forms as internal failure costs and external failure costs.

The internal failure costs are the costs incurred by detecting inappropriate products or services before delivery to the customer. These costs generally consist of the following factors: (Ipekten & Kutlu, 2010, p. 374).

- Costs related to the replacement of equipment that does not comply with specifications determined at the production stage,
- Costs related to compensating for unexpected computer interruptions,
- Costs related to repairing damaged parts which occurs moving from one place to another,
- Costs related to correction of rough edges,
- Costs related to rewriting the parts of a proposal,
- Costs arising from overtime worked in order to close the time gap,
- Costs related to correction of data errors,
- Costs related to stocking extra batches for correcting the defective parts,
- Costs arising from excessive time spent for fixing the customer invoice errors,
- Costs related to fragmentation of products that do not meet specified specifications.

External failure costs are costs incurred after the delivery of the product or service to the customer. External failure costs include; complaints, guarantees, products returned by the customer, negotiations, cost of recall, product liability, lost sales, customer compensation costs (Bozkurt, 2003, p. 22-23).

4. RESULT

Hotel enterprises have to develop some competitive strategies in order to be able to cope with competitors in the intense competitive environment. One of these strategies is the quality costs.

The production and consumption duration of tourist products and services in hotel enterprises is same. The fact that production and consumption are carried out at the same time requires the confrontation between the producer and the consumer, which brings the human factor into the foreground in the hotel enterprises. The labor-intensive nature of hotel enterprises leads to occurrence of human-induced errors. Therefore, quality problems arise. In particular, the position of the personnel directly in contact with the customer is of great importance in terms of quality. (Şimşek & Karakaya, 2016, p. 206 and Aksu & Ehtiyyar, 2007, p. 4, 5). Quality problems arising from humans can arise occur during and after the planning and presentation of products and services. For the solution of these problems, it is necessary to train the labor force in order to
participate in the problem solving and decision making process (Doğan et al., 2003, p. 118). Food and beverages offered by hotel enterprises should also be of high quality. Hotel enterprises also need to offer well-designed products and services. At this point, it is necessary to correctly determine the needs and demands of the customers and to provide services accordingly. When this happens, quality service will be offered because it will meet the customer expectations. Costs incurred at this stage can be evaluated within the scope of prevention costs and they need to be determined correctly.

Customer complaints can also occur after offering the products and services. Hotel enterprises should also consider such quality costs that can be assessed under external failure costs and manage these costs successfully. If the hotel management considers such quality costs that are mentioned briefly and manages them successfully, it will ensure continuity of existing customers, facilitate gaining new customers, and thereby increase the sales which will ensure strengthening against the competitors.

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