

Tourism as an Industry: An Overview

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Abstract— In a developing country like India, tourism has become one of the major sectors of the economy, contributing to a large proportion to GDP and employment opportunities. Tourism is one of the fastest growing service industry in the country with great potentials for its further expansion and diversification. Tourism industry plays a major role in any country's economic development. The main benefits of tourism are income creation and generation of jobs. Tourism is one of the fast growing sector in many of the countries taking into consideration that importance it plays in the socio economic development of the countries. It not only plays an important role in contribution to the GDP of the economy but also acts as a means for promoting harmony among nations all over the world. When tourism is taken into consideration the role of hospitality industry cannot be neglected. Hence in this paper an attempt is made to analyse the relationship that hospitality industry and tourism as well as how far tourism plays an important role in the development process there by acting as an industry along with its significance for Indian economy.

Index Terms— Tourism, India, Industry.

I. INTRODUCTION

Although the evolution of tourism dates back to several centuries, the emergence of modern tourism can be traced from the times of industrial revolution which resulted in the establishment of industrial cities. The working class in these cities worked under poor and unhygienic environments, which in turn made them to seek change. The changes in mental attitude towards pleasure seeking along with increase in wealth and improvement in transport accelerated the development of tourism¹. Today, tourism is not only a leisure activity, but acts as a major factor in the development process. Technological developments resulted in rapid growth of tourism which enable the people to travel more frequently over long distances for the purpose of leisure.¹

Tourism plays an important role in the socio-economic development and is one of the best means for international understanding and promoting harmony among nations all over the world. With the movement of tourists, the world is becoming a tourist village. In the present global scenario immense potential is attributed to tourism as a contributor to global revenue. The volume of tourists flow at a worldwide level is showing a continued path, mainly as a result of increasing incomes and improvements in transport systems.

II. TOURISM AS AN INDUSTRY

Over the past 40 years tourism has become a major activity in our society forms an increasing share of discretionary

income and often provides new opportunities for upgrading the local environment. Tourism is increasingly regarded as one of the development vehicles of a region.

Tourism has emerged as the largest service industry globally in terms of gross revenue as well as foreign exchange earnings. It is acknowledged as a 'high growth' industry globally, with over 700 million tourist arrival internationally. The sector accounts for more than US \$ 500 billion by way of receipt. As an industry, tourism has far reaching impacts such as nourishing a country's economy, thereby stimulating development process and restoring cultural heritage.

With rapid advancements in science and technology, tourism has acquired the status of industry in all industrialised nations. It has emerged as an industry next to information technology in service sector. It has now become an important force in many societies and economies of various parts of the world.²

The World Tourism Organization (WTO) claims that tourism is currently the world's largest industry with annual revenues of over \$3 trillion dollars. The travel and tourism industry is one of the world's largest industries with a global economic contribution (direct, indirect and induced) of over 7.6 trillion U.S. dollars in 2016. Considering its capacity to generate millions of jobs in its direct and service related industries such as airlines, hotels, travel services and publications, WTO in 1989 declared it as an industry. Now one can see in industrialized nations, tourism frequently being pushed out or have replaced by manufacturing industries, while in developing countries it is replacing agrarian sectors. The tourism industry is widely regarded as having the ability to generate high levels of economic output with relatively lesser levels of capital investment and is regarded as a smokeless industry. Now it is a fact that a total of 212 million persons are being employed globally through direct and indirect opportunities generated by this industry.³

Hospitality industry is the vital and essential element of tourism. It can be said to be the key stone in the age of global tourism. It brings people from all parts of the world and from all walks of life into a common vertex. It is the miniature country representing to the tourists from distant, far –off lands, the feel and flavour of a country's cuisine, culture and its way of life. Without adequate development of hospitality, all the national scenery, all the climatic virtues and all the sporting and recreational facilities will not suffice to sustain a good volume of tourists trade. ⁴

The hospitality industry is an important component of the tourism industry. It is an inclusive term for hotels and food establishments. The enormous increase in tourism of the 20th century has caused the hotel business to outgrow national boundaries and become global in character. Hotels have long

been important element in the economies of many countries. Hotels are directly linked to and are integral part of many other economic activities. They are integral part of tourism constituting the most important and in fact a basic element of tourism infrastructure.

III. RELATIONSHIP BETWEEN HOSPITALITY INDUSTRY AND TOURISM

The various concepts that are often used in tourism are hospitality industry and travel. However there is a lot of confusion in the usage of these terms. Therefore it is necessary to distinguish between these two concepts. All travel does not constitute to the phenomenon of tourism. Travel varies depending on the purpose, but if travel is for leisure purpose it can ultimately result in the phenomenon of tourism. In some cases, the word hospitality is used as a synonym for tourism.

Hospitality is defined as the community's attitude which permeates every tourism location that makes the tourist feel welcome and safe. It is the result of the interaction between the tourist and the local population. Thus hospitality constitutes various infrastructure of tourism of which hotels and accommodation facilities and play a vital role. There is only a narrow difference that exists between the hospitality industry and tourism Hospitality industry is the backbone of the tourism without which there is no existence of tourism sector.5.

The hospitality industry is closely intertwined with the tourism industry and is usually defined as "all the businesses that provide food, beverages and lodging to people away from home". However researchers extend the scope of the hospitality industry to incorporate entertainment (including attractions, recreation and special events), travel distribution channels and transportation.

In particular the relationship between tourism and hospitality industry is very crucial in a proper understanding of the role of hotels in the process of economic development of the state. Hotel industry is indispensable for the success of tourism. Stressing the importance of hotel industry it can be rightly said that "No Hotels then NO Tourism" which emphasis the fact that hotel industry is the essential part of tourism, the one the second largest industry in the world. The relationship between hospitality and tourism can be expressed in two ways:

- a. Firstly hospitality industry provides the basic ingredients of the total supply of the tourism sector.
- b. Secondly the bulk of business demand of hospitality industry comes from tourism. 6

It is a part of a broader service industry where people create the service experience with specific skills to generate revenue. The service industry places the customer as the central focus as against the machines in the industrial age. It include both internal people who generate the service and external people who are the customers, suppliers, government officials, media people etc. Hotels are places visited by all most all tourists, either to have food or accommodation. Any ill behaviour or discourtesy by hotel staff creates not only an adverse image of the hotel but for the people as well as the

whole tourist destination. Thus it can be said that tourism sector is dependent upon the hotel industry for its existence. It is a fact that lion share of tourism's contribution to economy is generated from hotel industry.7

Tourism and hospitality industry thus denote a network of business which provide goods and services to visitors and people who are away from home. One of the major benefits of tourism and hospitality industry in both developed and developing economies is the provision of employment in an economy .Tourism as an industry helps in accelerating growth by employment generation and foreign exchange earnings and opening new areas comprising a number of factors. The most of the employment potential of tourism lies in hotel industry which is considered as the backbone of tourism industry. 8

In Indian also it is noted that International hotel chains presence is increasing in the country. It is targeted to have 47% share in the Tourism & Hospitality sector of India by 2020 & 50% by 2022. Travel & Tourism sector accounted for 41.6 million (8%) of the total employment opportunities generated in the country in 2017 & it is expected to rise to 52.3 million jobs by 2028.

Thus it can be concluded that the hospitality industry plays a very pivotal role in tourism and has tremendous potentialities for earning foreign exchange, yielding tax revenue, providing employment, promoting the growth of ancillary industrial activities and overall development of industrially backward regions through its linkage effects. It can be thus be said that tourism is the collection of activities, services and industries that delivers a travel experience, including transportation, accommodations, eating and drinking establishments, retailshops, entertainment businesses, and other hospitality services provided for individuals or groups traveling away from home. 9

IV. WORLD TOURISM SCENARIO

Tourism and holiday making on global as well as national scale, is a manifestation of prosperity and peace. Though there was a set back during First World War, the tourism experienced tremendous growth rate with the end of Second world war. Love for history, adventure or simply for knowing the unknown, are the driving force for tourism all over the world. With the passage of time, tourism also has undergone changes and its structure is becoming more complex owing to profound social and technological changes. It is now becoming widespread and closely related to economic, social and cultural activities and thus becoming integral part of modern life.

Technological developments which resulted in the rapid growth of tourism can be associated with the advancement made in modernizing transport and communication systems. The fast expansion of aircraft fleets, available networks of hotels and motels throughout the world and the availability of rental vehicles are some other factors which accelerated the growth of tourism. Needless to say, the demand for tourism has increased tremendously with the advancement of transport, communication and improvement in general economic well-being. Rising per capita income in turn has resulted in higher purchasing power and an increase in

discretionary income that has made tourism accessible to a large majority of people. 10

The development of information technology especially internet has given a new dimension to travel and tourism and has broadened the scope of people's interest in other lands and people. With the growth of communication resources, awareness and interest among people to visit distant lands also increased and travel to even remote destinations has now become a reality.

The people from the developed world are frequently travelling to the developing world for business and trade, while the people from the developing world are visiting the industrial nations in search of employment opportunities. Besides all these there are also people from the other industry like teaching and army who are also visiting other countries. But usually as a result of stressful lifestyle people are travelling more frequently and over longer distances for leisure purposes and however the volume of tourist flows at a worldwide level is showing a continued growth path. In the eyes of many decision-makers and politicians, tourism has magic potential which generates income based on the indigenous resources of tourist areas concerned.

According to the United Nations Report, in the decade 1955-65 the number of tourist arrivals in 165 countries multiplied to three fold from around 51 million to over 157 million. During the period 1965-76, the international tourism grew at an average rate of over 7 per cent annually. Foreign tourist arrivals in 1979 were estimated to total of 270 million. International tourist arrivals in 2004 was more than 763 million and in 2008 over 922 million. International tourist receipts grew at US\$ 944 billion in 2008, with a growth of 1.9 per cent as compared to 2007. WTO forecasts that by 2020, international arrivals will reach 1.6 billion, nearly three times the number of international trips made in 1996 which was 592

million. 11

The World Tourism Organization ranks the following ten countries, France, United States, Spain, China, Italy, United Kingdom, Turkey, Germany, Malaysia and Mexico as the most visited countries from 2006 to 2009 by the number of international travellers. Thus Europe and North America still continues to be the principal generating as well as receiving areas for international tourism.

According to the World Tourism Organization (WTO), the number of international travellers has risen to more than 500 million per annum, which means that one out of every ten inhabitants of this planet is a tourist. According to the estimates made by WTO, United States is the largest recipient to gain maximum gain from the tourism industry. Statistics of 2009 reveals that it received about \$ 94.2 U.S. billion perhaps the first one in the world. U.S is followed by Spain, France, Italy, China, Germany, United Kingdom, Australia, Turkey and Austria. It should be noted that most of the countries which gets maximum economic profit from the industry are all European countries. China is the only Asian country to have highest earnings from tourism. 12

International tourist arrivals grew 7.0% in 2017, the highest increase since the 2009 global Economic crisis and well above UNWTO's long-term forecast of 3.8% per year for the period 2010 to 2020. A total of 1,326 million international tourist arrivals were recorded in destinations around the world, some 86 million more than in 2016. Growth was fuelled by the global economic upswing, resulting in strong outbound demand from virtually all source markets. 12

In 2017, there were 1.323 billion international tourist arrivals worldwide, with a growth of 6.8% as compared to 2016. The top ten tourist destinations of the world is shown in fig 1.1

Table 1 World's Top 10 Tourism destinations, 2018 based on Tourism Receipts (\$ US Billions)

Rank	Destination	International tourist arrivals (2017) ^[1]	International tourist arrivals (2016) ^[1]	Change (2016 to 2017) (%)	Change (2015 to 2016) (%)
1	 France	86.9 million	82.7 million	▲ 5.1	▼ 2.1
2	 Spain	81.8 million	75.3 million	▲ 8.6	▲ 10.5
3	 United States	76.9 million	76.4 million	▲ 0.7	▼ 1.8
4	 China	60.7 million	59.3 million	▲ 2.5	▲ 4.2
5	 Italy	58.3 million	52.4 million	▲ 11.2	▲ 3.2
6	 Mexico	39.3 million	35.1 million	▲ 12.0	▲ 9.3
7	 United Kingdom	37.7 million	35.8 million	▲ 5.1	▲ 4.0
8	 Turkey	37.6 million	30.3 million	▲ 24.1	▼ 23.3
9	 Germany	37.5 million	35.6 million	▲ 5.2	▲ 1.8
10	 Thailand	35.4 million	32.6 million	▲ 8.6	▲ 8.9

Source: Tourist Statistics, WTO, 2018

In total, international tourism arrivals grew to just over 1.3 billion in 2017, a 6.8% from 2016 According to World Tourism Organization (UNWTO), international tourist arrivals grew 5% year-on-year in the first nine months of 2018. This reflects continued strong demand in a favourable overall economic context. While examining the present global scenario of tourism it is seen the beginning of June 2008 experienced a strong decline in international tourist arrivals due to late-2000s recession .There was only a growth of 3.7 per cent during the first eight months of 2008. Despite the fact that the Americans performed better, the Asian and Pacific markets suffered and there was stagnation in European tourism sector during the period. But the Middle East continued its rapid growth during the same period, reaching a 17 per cent growth as compared to the same period in 2007. Europe’s second largest sources of foreign tourists, Germany and UK (which together account for 35 per cent of total European outbound trips) recorded an intense decline in the first eight months of 2009. And the third largest, France actually shrank by 3 per cent. This slowdown on international

tourism demand, affected the air transport industry as well as the hotel industry. Global economic crisis as well as the extreme weather events are becoming more frequent and are damaging destinations beyond repair. It is a reality that climate change is expected to increase sea levels and flood low lying coastal destinations, islands, and natural attractions such as the Great Barrier Reef. This is one of the biggest challenge and blow to the international tourism industry.Tourism will continue to grow despite difficult local or global circumstances. Finally it should be remembered that the tourism industry is resilient. Experiences with past disasters indicate that tourism has remarkable capacity for recovery. 13

It should not be neglected that tourism is a major source of revenue for most countries around the world. Countries have invested in tourist attraction sites and infrastructure within their countries to attract both domestic and international tourists. International tourists account for more than 50% of revenue earned from tourism in most countries. World’s Top 10 tourist earners are listed in fig 1.2

Table 2 Countries earning the most from International Tourism (2018)

Rank	Country	Revenue from Tourism (Millions)
1	United States	244,708
2	Spain	60,605
3	United Kingdom	55,558
4	Thailand	53,465
5	Germany	52,129
6	France	50,883
7	China	44,432
8	Italy	40,373
9	Hong Kong	37,976

Source: <https://www.worldatlas.com/articles/countries-earning-the-most-from-international-tourism.html>

V. TOURISM IN ASIAN CONTEXT

Tourism is one of the main industries for several Asian countries, accelerating economic progress. It includes some of the poorest, least developed countries in the world, together with some of the richest most highly developed countries in the world. Here one can see the countries with highly developed tourism infrastructure as well as countries where tourism has hardly began to develop. It can be said that many developing countries in Asia has immense tourism potential which comprises of cultural heritage, material artifacts and life styles embedded with fairs and festivals which acts as a source of revenue generation for the nations. But it is a fact that in spite of all these, Asia still has only a very small share of global tourism.

Geographically smaller countries in the region have managed successfully to generate much higher levels of revenue from this industry. This is borne out by the fact that

globally, the industry contributes approximately 11.6 per cent to the GDP. During the last decade tourism has become a leading source of foreign exchange for countries like Thailand .It is the second largest industry in Philippines and third largest earner of foreign exchange in Singapore. In Indonesia, outstripping rubber and coffee, tourism has now moved to fourth place as earner of foreign exchange. Countries such as Cambodia, Laos, Vietnam and Myanmar are now expanding their tourism industry. As for the outbound tourism it is still concentrated in Europe, the Americans and East Asia.U.S also heads the tally of tourist spenders followed by Germany and U.K.14

Some countries such as Brunei have few visitor attractions but a rapidly developing airline industry. Others such as Indonesia have internal variations between island, some of which are heavily visited and others do not even feature on tourist map. The leisure and beach tourism product of Indian Ocean islands such as Maldives is quite different from cultural tourism of China or ecotourism of India’s national parks .However there is one unifying factor-the overall appeal

of southern Asia is cultural tourism, but level of international tourist arrivals is insignificant compared to domestic tourism, which is mostly related to pilgrim tourism. South and East Asia have a rich variety of visitor attraction related to remains of great empires (from Angkor Wat in Cambodia to Mughal sites of India) and also to more recent colonial history, and to its great religious traditions including Hinduism, Buddhism, Islam and Sikkism.¹⁵

Before late 1990's only a relatively small number of people from industrially well off countries such as Australia, United States and Western Europe could afford to travel to Far East. Asia has emerged as a strong tourism force during recent years. International tourist arrival has been growing at a rate of 8 per cent in Asia. The phenomenal growth of tourism in Asian countries has been associated with various factors and processes, of which the important is people's ability to afford to travel to the region.

Technological advancement in communication and transport along with the advent of cheap charter flights and package holidays, made it possible for people to travel to more distant destinations in Asia thus revolutionizing international tourism and increase of growth of tourism in Asian countries. Though South East Asian nations receives less than 11 per cent of world's international tourist trade, they are experiencing a boom in both foreign and domestic tourism growth and now tourism has become one of foremost industries in these countries. Expectations for growth tourism are 6.1 per cent, i.e. 23 per cent faster than the world economy. It can be said that in the 21st century, there will be a surge of Asian travellers in markets around the world, and Asian countries will be the premium destinations.

By the year 2013, world travel and tourism is expected to achieve an annual growth of 4.6 per cent in total travel and tourism demand, rising up to U.S. \$ 8.939 billion. It is expected to achieve growth of the tune of 3.6 per cent. There will be an increase of 83,893,600 jobs (2.2 per cent) in travel and tourism industry while in the overall travel and tourism economy the same will be pegged higher at 247,205,000 i.e 2.4 per cent. In 2018, Travel and Tourism's direct and induced impact accounted for –US\$8.8 trillion contribution to world's GDP, 10.5 % of Global GDP, 319 million jobs, 1 in 10 jobs around the world, US\$1.6 trillion exports (6.5% of total exports, 27.2% of global service exports) US\$ 941 billion investment (4.4% of total investment). In 2018 there was a strong growth of Travel & Tourism sector reinforcing its role as a driver of economic growth and job creation.¹⁵

VI. TOURISM IN INDIA

India has been known for its cultural diversity, diverse life styles and for its ancient traditions and secular nature. Today, the world's largest democracy has come to the forefront as a global resource for tourism industry. The Indian economy is mainly agrarian based one. But the prospects and unlimited business potential of tourism industry makes it the third largest earner for India. It is one of the most profitable industry in the country and is credited with substantial amount of foreign exchange. It is largest service industry with approximate contribution of about 6.23 per cent of national GDP.

In a country like India, where the problem of unemployment is acute the capability of tourism industry in employment generation cannot be neglected. Hotel industry which is the backbone of tourism sector provides opportunities of employment and it is a fact that 8.78 per cent of total employment in India is the contribution of tourism. The employment potential offered by the industry ranges from highly qualified professional ones to menial jobs. As per Global Economic Impact of Travel & Tourism (2018), Travel and Tourism sector has contributed 10.4% to global GDP, 4.6% in direct travel and tourism GDP, 9.9% of global employment highlighting high growth worldwide. Investments in Travel & Tourism sector in 2017 was accounted at USD 882.4 billion worldwide which is expected to rise by 4.3% pa over the next ten years to USD 1,408.3 billion by 2028 (5.1% of total).¹⁶

According to the Department of Industrial Policy and Promotion (DIPP), the hotel and tourism industry's contribution to Indian economy by the way of foreign direct investment (FDI) inflows were at an increase of 2.17 billion from 2000 to September 2010. Indian hospitality industry projected to a growth rate of 8.8 per cent during the period of 2007-2016, placing India to the second fastest growing tourism market in the world.

Indian tourism has vast potential for generating employment and earning large sums of foreign exchange besides giving a fillip to the country's overall economic and social development. But one of the biggest challenge for Indian tourism industry is the infrastructure problems once visitors arrive, including inadequate roads, water, sewer, hotels and telecommunications. The potential and benefits of tourism sector become more relevant especially for developing country like India, where capital availability is scarce and need for economic and employment generation activity is high. It has the unique advantage of generating employment for skilled, semi-skilled and unskilled persons and also helped in the growth of other sectors as diverse as horticulture, handicrafts, agriculture, construction and even poultry. Both directly and indirectly the increased tourism in India has created jobs in a variety of related sectors. Almost 20 million people are now working in India's tourism related industry.

The economic liberalization in India and consequent investment opportunities, development of tourist facilities including the expansion in airline services, increasing trains and railway connectivity to important tourist destinations, increasing availability of accommodation by adding heritage hotels to hotel industry and encouraging paying guest accommodation, all provided for the increased rate of tourist arrivals to the country and enhanced the growth of tourism.¹⁷

Domestic tourism also played a vital role in achieving the national objectives of promoting social and cultural cohesion and national integration. With the increase in income levels and powerful middle class, the potential for domestic tourism has grown substantially during the last few years. India is the 10th largest Business Travel market globally according to the Global Business Travel Association (GBTA). Also, India as one of the fastest-growing markets, it is expected to be the

sixth-largest market by 2019.

VII. CONCLUSION

Tourism has become an important sector that has an important role to play in development of country's economy. The most important economic feature of activities related to the tourism sector is that they contribute to three high-priority goals of developing countries: the generation of income, employment, and foreign-exchange earnings. It is a fact that for many regions and countries it is the most important source of welfare as it significantly contribute for creating the employment opportunities to the large number of people thereby acting as an economic development tool. Furthermore it is also recognized as one of the important engines to attract more foreign exchanges with its potential. We need to concentrate to have liberal policies, relaxation in taxes, comprehensive package and so on to influence tourist and foreign investment which will help in flourishing Indian tourism in established global market. The desire to travel has made travel and tourism the number one industry in many countries of the world and the largest service sector for the United States. India also device adequate ways to explore the ample opportunities that Tourism sector opens in years to come we can expect continued growth, increased uptake of technology there by it is well and truly up with other industry giants and stats certainly back that up in spite of all significant challenges on the horizon such as global warming, political changes, and environmental impact of tourism.

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