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## TOURISM AS AN EMPLOYMENT GENERATING AND FOREIGN EXCHANGE EARNING INDUSTRY: A CRITICAL REVIEW OF LITERATURE

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### ABSTRACT

**T**ourism as an industry has provided immense opportunities in the domain of employment generation as well as foreign exchange earnings by utilizing human resource, land, and natural resources of the country. Tourism generates employment, curtails social and political barrier and earns foreign exchange, while at the same time, if not developed properly also create problems for local communities and environment as well. In this context, the present study focus on costs and benefits of tourism.

**KEYWORDS:** utilizing human resource, natural resources ,political barrier and earns foreign exchange.

### INTRODUCTION

Tourism has been appreciated as an economic giant



to the overall growth and development of a nation. Thus more than two dozen countries are inclined to develop tourism in systematic and scientific manner. Tourism is one of the world's largest and fastest growing industry in terms of GDP, earnings and so on. "Tourism may be defined as the sum of the phenomena and relationships arising from the interaction of tourists, business, suppliers, host governments and host communities in the process of attracting and hosting these tourists and other visitors" (McIntosh & Goeldner, 1990). United Nations World Tourism Organization (UNWTO) define tourism as the activity of people temporarily away from their usual environment for a period not exceeding one year and for virtually any purpose of travel, with the following exceptions: persons visiting a place for the purpose of earning money during their visit and students in long term programmes (one year or more, even though they may periodically return home) are not considered to be engaged in tourism. Similarly, members of diplomatic corps and members of military while travelling in their official capacity are not considered to be engaged in tourism. Also, refugees and nomads are not counted as visitors. Beyond these exceptions, virtually anyone making a temporary trip away from his or her usual place of residence may be considered to be engaged in tourism. This includes not just people on vocation, but people travelling to see family or friends, travelling for medical purposes, religious purposes, study visits, business meetings or conventions. Those who take tourism

trips are called visitors, those who stay overnight are called tourists; those who return home without spending the night away are called same-day-visitors (some times they are also called excursionists, but this term can be confusing because it is also applied to people taking side trips during the course of a vocation) (UNWTO, 2007).

Tourism is a vital economic activity which can bring fundamental changes in the lives society at large in a destination. Some of the alteration can be advantageous in the form of economic development and infrastructural growth directed towards overall betterment in living standards. Concurrently, it can also lead to harmful environmental impacts due to exaggerated commercialization, radical modifications in land use, evolution of crimes (Lakshmi & Shaji, 2016). Travel & Tourism has contributed considerably in employment creation including direct, indirect and induced employments, however total contribution of Travel & Tourism's to the world wealth in 2015 reported US\$7.2 trillion, which comparable to 9.8% of total GDP. According to World Travel & Tourism Council the total number of jobs created by travel and tourism industry reached at a level of 284 million, out of which direct employment contribution was 108 million, in the financial year 2015. However if the total employment share is taken into consideration it go up to 7.2 million new jobs that is direct, indirect and induced employment (World Travel & Tourism Council [WTTC], 2016).

### **INTERNATIONAL TOURIST ARRIVALS**

International Tourist Arrivals continue to be brawny in most origin markets and destinations, regardless ongoing geopolitical, economic and health challenges in some areas of the world. With 46 million more tourists or +4.3 percent increase in number of tourists visiting the world, 2014 marks the fifth consecutive year of robust growth above the long-term average (+3.3% annual) since the financial mess of 2009. In spite of unpredictable disturbances, tourism has reported almost uninterrupted growth. Tourism statistics have recorded huge increase in International tourist arrivals from 25 million in 1950 worldwide, to 278, 527, and 1133 million in 1980, 1995, and 2014 respectively (UNWTO, 2015).

### **FOREIGN EXCHANGE EARNINGS BY TOURISM**

Tourism in India has secured third position in foreign exchange earnings of the country after gems, jewellery and ready-made garments. The prospering tourism industry has had a multiplier impact on the hospitality sector with the growth in the occupancy ratios and average room rates. The long term future prospect for the Indian hospitality business sustains to be positive, for the business and leisure segments as well. Tourism possessing the potential for economic growth, as increment in disposable incomes and the expanding middle class. The tourism and hospitality industry is among the top 15 industries in India to be successful in attracting the highest Foreign Direct Investment (FDI). According to the data published by Department of Industrial Policy and Promotion (DIPP, 2015), the hotel and tourism industry attracted around US\$ 8.5 billion of FDI between April 2000 and September 2015 (Indian Hotels Industry Report, 2016). Similarly, international tourism receipts received by destinations globally have increased from US\$ 2 billion in 1950 to US\$ 104, 415 and 1245 billion in 1980, 1995 and 2014 respectively (UNWTO, 2015).

**Foreign Tourist Arrivals and Foreign Exchange Earnings in India during the period 2000-2014**

Year	Foreign Tourist Arrivals (in nos.)	Percentage Change Over Previous Year	Foreign Exchange Earnings (? Crore)	Percentage Change Over Previous Year	Foreign Exchange Earnings (million US )	Percentage Change Over Previous Year
2000	26,49,378	6.7	15,626	20.6	3,460	15.0
2001	25,37,282	(-) 4.2	15,083	(-) 3.5	3,198	(-) 7.6
2002	23,84,364	(-) 6.0	15,064	(-) 0.1	3,103	(-) 3.0
2003	27,26,214	14.3	20,729	37.6	4,463	43.8
2004	34,57,477	26.8	27,944	34.8	6,170	38.2
2005	39,18,610	13.3	33,123	18.5	7,493	21.4
2006	44,47,167	13.5	39,025	17.8	8,634	15.2
2007	50,81,504	14.3	44,360	13.7	10,729	24.3
2008	52,82,603	4.0	51,294	15.6	11,832	10.3
2009	51,67,699	(-) 2.2	53,700	4.7	11,136	(-) 5.9
2010	57,75,692	11.8	64,889(P)	20.8	14,193(P)	27.5
2011	63,09,222	9.2	77,591(P)	19.6	16,564(P)	16.7
2012	65,77,745	4.3	94,487(P)	21.8	17,737(P)	7.1
2013	69,67,601	5.9	1,07,671®	14.0	18,445 ®	4.0
2014	77,03,386 (P)	10.6	1,20,83(P)	11.5@	19,657(P)	6.6@

Source: Ministry of Tourism Govt. of India (2014-15)

(P) Provisional, ® Revised, @ Growth rate over January-November of previous year

**EMPLOYMENT IN TRAVEL & TOURISM INDUSTRY**

Tourism has been positively influenced from rapid post-war economic evolution, growth in the affluence and wealth of nationals, and transport facilities (Akdag & Öter, (2011). It has been observed that 65% of India's population is below 35 years of age, and consequently significant numbers will increasingly get into the work-stream every year. Generation of sustainable livelihood expectation is therefore a instant priority. The Hon'ble Prime Minister has highlighted, many times, the critical necessity to create jobs throughout different spheres of the economy. The flagship schemes has been announced, such as Make in India, Skill India and Digital India, are all designed to support creation of livelihood opportunities in the coming future (ITC's Sustainability Report 2015). Travel & Tourism has created 108 million jobs directly in 2015 which is 3.6% of total employment and further forecasted to grow by 1.9% in 2016 to 110 million. This take into consideration employment by hotels, travel agents, airlines and other travel transportation services (excluding commuter services). It also considers, the operations of the restaurant and leisure industries directly endorsed by holidaymakers. Further, it has been anticipated that till 2026, Travel & Tourism will provide 136 million jobs directly, with a growth of 2.1% p.a. over the next decade (World Travel & Tourism Council [WTTC], 2016).

Tourism and hospitality has created numerous job opportunities and has become pivotal factor to resolve the difficulty of employment. The strength of human resources in tourism continues to develop and the number of employees continues to grow. Approximately 24.1 per cent of employees are graduates from college or university and the number of well-qualified technical staff has doubled in last few years. Despite the fact that human resources in tourism have reinforced rapidly, there is still scarcity of qualified professionals in the industry. Service quality, management skills and quality of staff cannot match the requirements of fast tourism development (Hai-yan and Baum, (2006).

## **COSTS AND BENEFITS OF TOURISM**

There is no doubt that tourism provides benefits, but tourism is not perfect. There are costs and benefits, which comes with the development of tourism in the host country. Many of the social costs received simultaneously with social benefits are hard to calculate. Books such as *The Golden Hordes*, *Tourism: Blessing or Blight*, and *The Holiday Makers* reveals some of the bitter facets of tourism. Inappropriately proposed and developed tourism can make problems. The development of tourism may come into confrontation with the needs and wishes of local communities. Thoughtless development, inappropriate development, over development, or unfinished development can easily harm the environment.

Tourism has been hold responsible for contaminating beaches; elevating the labor wages, land, goods, and so on; spoilage of the rural areas; polluting the values of local communities; crowding; congestion; noise; litter; crime; loss of privacy; creating social conflicts; environmental degradation; lack of power over a destination's future; and under-paid seasonal occupation. These difficulties are frequent to many forms of tourism development and in many cases correspond discontentment with the over development. There has been stress on the need for a integrated gross economic development system, of which tourism will be one region.

This must accepted that tourism is neither a boon nor a bane, neither venom nor panacea. Many scholar have supported the view that tourism can bring great benefits, but it can also bring social problems. Globally it has been observed that how to enhance the benefits of tourism and how to reduce social problems simultaneously. What needs be done is to develop a sustainable approach in tourism development which increase the benefits and reduce the costs (Goeldner & Ritchie, 2007).

It is unavoidable that the advancement of tourism leads to modification in the social quality of a destination. Although, the direction (i.e., whether positive or negative) and the extent of these modification determined by the carrying capacity of a destination in context of the magnitude of tourist activities. Every destination can sustain a particular range of tolerance of tourism development and use, in excess of which further development can lead to socio-cultural degradation or a decrease in the quality of the experience received by tourists. Further, the carrying capacity of a destination is ascertained (i) by its affordability to assimilate tourism development before negative impacts are discerned by the host community; and (ii) by the magnitude of tourism modification beyond which visitor flux will decrease because the destination region bring to a halt to satisfy and pull them (Saveriades, 2000).

## **PERCEPTION OF LOCAL COMMUNITY OF TOURISM DEVELOPMENT**

There is wide acceptance of the view that the function of tourism is pivotal in the generation of income. This is very often evident in phrases usually used by locals during conversations: tourism carry money, tourism gives foreign exchange, tourism provide livelihood to the local people. However, if we see the other side of the coin, tourism has been accused for modification in customs and social patterns, increased cost of living and land values, and for the dissemination of diseases like AIDS (Saveriades, 2000). However many scholars have endorsed the view of tourism development for the welfare of local community. According to Hamzah et al., tourism has been recognized as a boon for the local community, as it enhances their life standards due to growth in earnings (Hamzah et al., 2013; Khosravi and Mohamed, 2013).

## **ROLE OF GOVERNMENTS IN IMPROVING TOURISM GROWTH**

As for tourism policies, it is crucial to examine them owing to their pragmatic and theoretical importance particularly in context of the vital role played by the government in the tourism industry of

any country (Hall, 2008 and Kamble & Bouchon, 2014). Further, this view is supported by Elliott (1997) who shows that, "it is only governments which have the power to provide the political stability, security and the legal and financial framework which tourism requires. They provide essential services and basic infrastructure. It is only national governments which can negotiate and make agreements with other governments on issues such as immigration procedures or flying over and landing on national territory" (p.2).

The Ministry of Tourism Government of India has taken several initiatives to enhance tourism activities in the country i.e. ensured safety of tourists by providing 'Incredible India Helpline; provided one source of information accessible and direction to tourists in emergencies. Steps has been taken by the government to conform to requirement of human resource in tourism and hospitality industry like setting up of Institutes of Hotel Management (IHMs); Indian Institute of Tourism and Travel Management (IITTM) and Indian Culinary Institute (Ministry of Tourism [MOT], 2015). These are governments initiatives:

### **INFRASTRUCTURAL DEVELOPMENT ON DESTINATIONS & CIRCUITS**

Financial assistance has been provided by the government for the development of tourism projects identified in consultation with state governments and union territories for the improvement of exiting products and also for developing new ones. Hundred percent central assistance is given under the scheme for identified projects for the development of major destinations or circuits to world standards and also for rural tourism infrastructure development. The assistance is given from 5 crores to 50 crores depending on the type of project (MOT, 2015).

### **SAFETY & SECURITY OF TOURISTS**

Tourism industry is a highly sensitive industry which demands utmost attention to the needs and requirements of tourists particularly safety and security. Tourists must be given security for the time of visits to the attractions of destination and during the stay at lodging places. To ensure safety and security of tourists especially the women tourists, to keep in check the activities of touts, to prevent cheating of tourists and to supply one source of information accessible 24x7, to render an authentic information to tourists and also to guidance during emergencies once they are come to India, Ministry of Tourism Government of India has established 'Incredible India Helpline' this service will be available toll free on telephone 1800111363 or on a short code 1363(MOT, 2015).

### **ESTABLISHMENT OF PROFESSIONAL EDUCATION INSTITUTES**

Baum (2005) has conducted an international comparative study to find out the social structure of skills in hospitality and recommended that there has been grounds to endorse the assertion that hotel employment, has socially created and work by multinational companies and international agencies that unnoticed such difference ill-advised. Further, Woods (2003) carried out an examination on the training of hotel employees and find out that there has under-financing and carelessness by many operators in this respect. Angelo and Vladimir (2004) has conducted a research study of how to pick out proper professionals and projected different ways to support training and development within operations.

The employment opportunities in tourism & hospitality industry has increased in the past decade, and to match this growing need of human resource the Ministry of Tourism Govt. of India has introduced a arrangement of training and professional education, with necessary infrastructural assistance, competent of creating adequate personnel to match the needs of tourism and hospitality industry, from qualitative as well as quantitative perspectives. There are 36 Institutes of Hotel Management (IHMs), including 21 central IHMs and 15 state IHMs and 7 Food Craft Institutes (FCIs), which have arise with the

assistance of Ministry. These institutes have been established as independent societies with the special authorization to provide hospitality education and conduct training in hospitality skills.

There has been an establishment of Indian Culinary Institute at Tirupati, Andhra Pradesh with the aim to; ensure the preservation Heritage Indian Cuisine; to set up research documentation, museum and resource centre of culinary arts; and to provide specialized training in culinary skills. The Indian Culinary Institute will serve as a resource centre in its subject domain, complying to international standards (MOT, 2015).

### LONG-TERM PROSPECT OF TOURISM

There has been predictions about growth in tourism in context of International tourist arrivals and foreign exchange earnings at national as well as International level. These are anticipations of travel and tourism:

- + India's strong forecasted growth will propel it into the top ten Travel & Tourism economies by 2026, moving from 12th in 2015 up to 7th by 2026 in terms of total Travel & Tourism GDP (WTTC, 2016).
- + It has been forecasted that International tourist arrivals globally are anticipated to grow by 3.3% annually between 2010 and 2030 to reach 1.8 billion by 2030.
- + Between 2010 and 2030, International tourist arrivals in developing economies are anticipated to grow at 4.4% annually in comparison to developed economies where the annual growth rate is supposed to be 2.2%.
- + On the other hand, the market share of developing economies has been reported 30% in 1980 and 45% in 2014, further is anticipated to reach 57% by 2030, equal to over 1 billion international tourist arrivals (UNWTO, 2015).

### CONCLUSION

Tourism industry growing fast in comparison to other industries and employment opportunities are being created in this sector rapidly. Taking into consideration the fact that more than two dozen countries are involved in tourism and receiving the benefits of tourism, India too improving its tourism infrastructure and superstructure to get more domestic and foreign tourists arrivals and consequently the benefits arising out of tourism activities. Though a lot more need to be done in the domain of travel and tourism sector in India to reap considerable jobs opportunities. As India is a developing country and more and more employment generation is required to match aspiration of educated youth.

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