

The Role of Tourism Industry in Development of Economy: A New Venture in Global Enterprise

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Abstract—Tourism industry is an increasingly popular global activity. It is developed and promoted to achieve social and economic development of the destination areas. Numbers of tourism academicians have tried to explore the link between tourism and development and very interestingly they have found that, tourism is for many places an option of last resort to develop their economy. Tourism hence is favoured for many reasons and the first being it a growth industry; secondly it easily redistributes wealth, nature free resources and infrastructure. Lastly it at least in principle does not face any trade barriers and provide facilities to tourists as well as local people. However the roles of tourism has assumed potential significance for economic development of developing countries and as such nations have adopted explicit programs to promote steady growth of both domestic as well as international tourism as a part of their developmental strategies. Against this backdrop, my paper attempts to throw light on how tourism as an emerging industry contributes significantly to the economic development of destination areas and continues as a new venture in a global entrepreneurship.

1. INTRODUCTION:

The Austrian economist Herman V. Schullard has given an earliest definition of tourism in the year 1910. He defined it as “the sum total of operators, mainly of economic nature, which directly relates to the entry, stay and movement inside and outside a certain country, city or region”. The concept of tourism later found fullest expression in the definition of the Swiss Professors Hunziker and Krapf. They defined tourism as; the totality of the relationship and phenomenon arising from the travel and stay of the strangers provided the stay does not imply the establishment of a permanent residence and is not connected with a remunerated activity.[1] Tourism, however is not an end in itself but a means to an end. In other words, tourism is not promoted for its own sake, rather it is considered as one of the most effective and important means to achieve the social and economic development of destination areas as well as the region.[2]

Tourism industry apart from being a global leisure activity and growth industry plays a vital role in the development of economy of destination areas. One person's holiday is another person's livelihood, is best explained in case of tourism as it

creates leisure for one and jobs and wealth for other. Not surprisingly both the central and local government views tourism as a basis for national and regional development particularly in the third world countries. It is a general belief that the destination areas try to attract tourists because of the economic benefits they bring to the area. Governments therefore are aware of the potential of tourism as a primary tool in promoting economic development of the region as well as aware of the fact that tourism marks a growth industry creating employment to the generations.

Interestingly tourism industry is unique in the sense that it does not need the direct support of government in its growth and functions but helps in attaining the development objectives of government. Tourism to some extent reduces the unemployment statics by generating income. In order to fully understand the relationship between tourism and economic development let us first consider some of the dynamics of tourism industry.

Derek hall and Frances brown writes that in a very positive note, the tourism industry particularly in the third world countries serves as vehicle for;

- National economic development as it easily gains access to the global economy and inward investment.
- Local and national skill development and income generation.
- Redistribution of regional and local employment opportunities.
- Local awareness and potential use of environmental resources i.e. conservation and protection of tourism spots and natural and cultural heritage
- Enhancing the better image of the particular region to the outside world.
- Encouraging new ideas and stimulating new thinking about the new venture among the potential decision makers at all the levels of government.

Hence, for all the above reasons the tourism essentially has been a series of business leading to a positive environmental change and has a potential to act as a balanced approach to economic development.

The direct impact of tourism on the development of economy though remains abstract and comparatively vague yet the tourism academicians and economists in 1960's tried to explore a link between tourism and economic development. Very interestingly, they found that tourism is for many places an option of last resort to develop their economy. They also found that tourism is favoured for its enduring nature. They further advocated the establishment of international tourism as a means for income generation, economic development and employment growth particularly for the third world countries as the impact of tourism can be experienced more in economic form than on social and cultural aspects. [3]

The increasing significance of tourism as a vehicle for the economic development, socio-cultural transformation particularly in the third world developing countries has strongly attracted the attention of both National and Regional government as well as local authorities to promote tourism literature as an industry. In tourism literature the emphasis has been given more to the positive effects that tourism brings in the form of income and employment generation and stimulation of economic growth. The parameters hence used to study the level of development achieved through tourism are in the form of different indicators which needs to be studied carefully. The important ones are:

- 1) Annual Per Capita Income earned through tourism and its related activities.
- 2) Investments and Borrowings made by the local residents.
- 3) Variables and fixed assets maintained by the households.
- 4) The rise in Annual Per Capita income generated through tourism clearly reveals the flow of tourists in destination areas and the earnings made by the associated population. So, far as the population of the third world countries are concerned, they depend largely on borrowing loans from the financial institutions to make investments for developing the tourist infrastructure.
- 5) On the other hand the condition of house and number of rooms available for tourists also speak of the economic position of the house holder. The writer on tourism literature thus finds enough potentiality of tourism industry to change the economic condition of the people and the destination area. [4]

In recent years the tourism industry has emerged as one of the largest and leading service industry in the global economy. It besides being the world's largest export earner, contributes significantly to the Gross Domestic Product of the country. In case of many developing countries, the economy or revenue generated by international and national tourism has become an important source of their economic growth and international

economic relations. According, to the report of World Tourism Organisation given in 2010, the modern tourism has become a key driver for Socio- Economic progress through the creation of jobs and enterprises, infrastructure development and the export revenues earned as number of tourism destinations are growing up. E.M. Ekanayake and A.E.Lons of Bethune- Cookman University write that the contribution of Tourism to world-wide economic activity is estimated at 5%, its contribution to employment is estimated at 6%-7% and that there has been steady increase in the international tourism receipts. Further, according to the report of World Travel and Tourism Council, the direct contribution of industry to global GDP has been increased by 3.3% in 2010, to US\$ 1,770 billion and is expected to rise further by 4.5% to US\$ 1,850 billion in 2011, creating an additional 3 billion direct industry jobs. The report also predicts that the direct contribution of travel and tourism to GDP is expected to rise by 4.2% annually to US\$ 2,860.5 billion in 2021.

Hence, the tourism industry has significantly emerged as a fast growing industry in many developing countries and also has been a source of Country's revenue as well as a source of direct and indirect employment. It of course generates a vital amount of foreign exchange earnings while contributes both to the sustainable economic growth and economic development of developing countries. [5]

Although often underestimated, the tourism industry has to a certain degree helped in providing job avenues, income generation and has stood as a fourth largest industry in global economic venture. One of the important features seen is that it has several advantages over other industries as it directly benefits the communities that provide goods and enables them to use natural and cultural wealth if not the material wealth. It undoubtedly creates chains of important operations from hotel and restaurants to complex and varied supply of goods and services with variety of jobs for tour guides, cooks, drivers, hotel managers, translators, cleaners and other service workers. It indirectly encourages the development of important infrastructures like roads, healthcare facilities, sports centres etc. Looking into these benefits in mind, the United Nations has identified the development of tourism industry as one of the methods the developing countries might adopt to meet the Millennium Development Goal.

Thus the tourism industry with so many positive benefits has acted as a major source of income and employment generation while strengthening the local and regional economy especially in the third world developing countries. [6] Not only the regional and local governments, this industry has also attracted a good amount of entrepreneurs to invest and earn from the new economic venture in this era of global competition.

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