

## Effects of Globalization in Tourism Industry - A Review

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### ABSTRACT

*Today, globalisation is a way of life. Because of greater globalisation in business, the globe has definitely become a smaller place. One key result of this phenomena is that economies in various nations are becoming increasingly intertwined. Such symbiotic relationships are now so common that a minor alteration in one country's economic equation may readily spread across continents, causing huge alterations in numerous industry-related patterns. Because of its intrinsic global character, the tourist sector is one of the first locations where such cross-continental movements may be detected. We show that tourism development, as one of the core branches of the national economy, is an essential component in social and cultural development. Tourism is both a source of foreign currency revenue for the government and a source of new employment development. With the expansion of tourism, international travellers' interest in our history and culture will expand, allowing our nation to conserve its cultural and historical legacy while also effectively positioning itself on the global travel market.*

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### 1. Introduction

The industry of tourism & hospitality is currently one of the most significant and promising sectors in the global economy. It is just as critical for developed countries like the United States to maintain and grow their economies as it is for developing countries like India to expand and improve theirs.

Tourism & hospitality are becoming increasingly important around the world as they help to generate jobs and money on the one hand, while also boosting other related industries and service sectors on the other. As a result, almost every country in the world today has high expectations for this sector, which helps to sustain its economy and provide jobs for its people.

The industry of tourism & hospitality is extremely successful at linking people from all over the world and establishing contact between them, resulting in a unique sense of global citizenship, uniting humanity as a single organic whole and demonstrating cultural solidarity among diverse nations.

As a result of globalisation, India is attracting an increasing number of international visitors. Every year, the number of arrivals and receipts grows, contributing significantly to the Indian economy. As a result of globalisation, India's industry of tourism & hospitality has gained significant traction and is poised to become one of the country's most promising industries.

#### 1.1 Globalization and its development

Globalization, in its broadest sense, refers to the integration of economies and communities through cross-national flows of knowledge, ideas, business strategies, technology, products, services, resources, finance, and people. As a result, globalisation is a process by which individuals, states, countries, and businesses from all over the world collaborate and integrate. Globalization involves the elimination of trade barriers between countries and the integration of their economies by capital flows, trade in goods and services, and corporate investments. As a result, globalisation is the highest

stage of internationalism creation, implying limitless growth and internationalisation of all facets of life.

In their book, 'Globalization and Growth,' Rajive Sharma and Ramesh k. Arora (2010) edited a large consensus among various writers on the definition and perceptions of globalisation. 'To most contributors to the volume, globalisation basically means dismantling of social, technological, political, and cultural borders and working toward unification of the economy and other parameters of social formation,' they write.

To summarise, the word globalisation denotes the 'Death of Distance' and the 'End of Geography,' and it encompasses cultural, social, political, and economic aspects.

#### 1.2 Development of Globalization:

Dr. C. Rangarajan, chairman of the Economic Advisory Council to the Prime Minister, said in his lecture on "Responding to Globalization: India's Answer" on February 25, 2006, that "Globalization has been a historical phenomenon of ebbs and flows." During the years leading up to World War I, from 1870 to 1914, there was a rapid convergence of economies in terms of trade movements, capital movement, and human migration. Globalization was driven primarily by technological forces in the fields of transportation and communication. There were less barriers to trade and migration across geographical borders. There were no passport or visa requirements, and there were very few non-tariff barriers and limitations on capital flows.

Between the First and Second World Wars, however, the rate of globalisation slowed. Various barriers to the free flow of goods and services were erected during the interwar era. Most economies believed that high defensive walls would help them prosper. Following World War II, all of the major countries vowed not to make the same mistakes they had made in the past by opting for isolation. While there was a push for greater integration after 1945, it took a long time to achieve the extent of pre-World War I integration. In the immediate post-World War II era, the majority of developing countries that gained

independence from colonial rule adopted an import substitution industrialization regime.

The times, however, have changed. The globalisation process has accelerated in the last two decades. More and more developed countries are adopting an outward-oriented development strategy.

Nonetheless, because of the existence and pace of change, there are more questions about globalisation now than ever before. What is striking about this episode is not just how quickly things are moving, but also how much emerging information technologies are affecting business integration, productivity, and industrial organisation. Financial market globalisation has far outpaced commodity market integration.

### 1.3 Effect of globalization on Indian economy:

**P.N. Pimbley** distinguishes between historical, colonial, religious, and informal globalisation on the one hand, and contemporary formal globalisation on the other in his essay "Globalization and its Implication for India."

Today's globalisation is mainly an economic globalisation focused on consciously developed agreements with the aim of increasing global production, jobs, and economic welfare, primarily through trade liberalisation. As a result, rising transparency is a key characteristic of globalisation. If we limit ourselves to economic globalisation, we can observe it through the following four channels:-

1. Trade in goods and services.
2. Movement of capital.
3. Flow of finance.
4. Movement of people.

Globalization has accelerated in recent years for two reasons: first, because of capital inflows and outflows, and second, because of rapid technological advancements, especially in communications and transportation. While economic globalisation has several facets, it generally refers to the elimination of trade barriers (such as tariffs and quotas), capital market liberalisation, and labour mobility. Any of these may be called economic globalisation indicators.

According to Tanveer Malik, significant policy shifts in the Indian economy occurred in the early 1990s. The new economic reform, known as the LPG model (Liberalization, Privatization, and Globalization), aims to make India's economy the fastest growing and most globally competitive. The series of reforms implemented in the industrial, trade, and financial sectors with the aim of improving the economy's performance.

In July 1991, when reforms to liberalise the Indian economy began, a new chapter for India and her billion-plus population began. This time of economic transformation has had a significant effect on the overall economic growth of almost all major sectors of the economy, and its consequences over the last decade are difficult to ignore. It also marks the beginning of the Indian economy's true integration into the global economy.

This reform era has also brought about a significant shift in the Indian mindset, as it departs from traditional values held since Independence in 1947, such as self-reliance and socialistic economic development policies, which primarily resulted in isolation, overall backwardness, and inefficiency of the economy, among other things, due to the inward-looking restrictive form of governance. Despite the fact that India has always had the ability to be prosperous, this is the case.

The need to accelerate India's economic growth is even more pressing now that she is in the process of reforming her economy, with ambitions to rise from her current desolate place in the world. And, having seen the positive role that Foreign Direct Investment (FDI) has played in the rapid economic growth of most Southeast Asian countries, especially China, India has embarked on an ambitious plan to follow in the footsteps of her eastern neighbours and market herself as a safe and profitable FDI destination.

In the context of India, globalisation entails opening the economy to foreign direct investment by providing facilities for foreign companies to invest in various fields of economic activity in India, removing constraints and obstacles to the economy in India, allowing Indian companies to enter into foreign collaborations and encouraging them to establish joint ventures abroad; and conducting massive research and development. As a result, globalisation has been linked to India's 1991 policy reforms.

### Positive Effects of Globalization on Indian Economy:

#### 1) Rise in gross domestic product growth rate:

The rate of growth of India's Gross Domestic Product has increased from 5.6 percent between 1980 and 1990 to 7 percent between 1993 and 2001. Annual GDP growth rates of 7.5 percent (2003-04), 8.5 percent (2004-05), 9 percent (2005-06), and 9.2 percent (2006-07) were remarkable in the last four years (2006-07).

India's Prime Minister believes that the country's GDP will rise by 10% during the Eleventh Five-Year Plan era.

#### 2) Rise in foreign exchange reserves:

In the fiscal years 2000-2001, foreign exchange reserves were US\$ 39 billion, US\$ 107 billion in 2003-2004, US\$ 145 billion in 2005-2006, and US\$ 180 billion in February 2007. India is projected to surpass the \$200 billion mark in the near future.

#### 3) More foreign direct investment inflows:

From 1991 to September 2006, FDI inflows totaled Rs. 81,566 crores (US\$ 43.29 billion). Electrical equipment, including computer software and hardware, attracted the most FDI inflows (18%), followed by the service sector (13%), telecommunications (10%), and transportation (9%). India has surpassed South Korea as the fourth largest recipient of foreign direct investment. India currently dominates 45 percent of the global outsourcing industry, generating an estimated \$50 billion in revenue.

#### 4) Remarkable market capitalization:

India is in fourth place in terms of market capitalization (which measures a company's market value by multiplying its current share price by the number of shares in issue), with US\$ 894 billion, behind the US\$ 17,000 billion, Japan's US\$ 4800 billion, and China's US\$ 1000 billion. India is predicted to surpass the trillion-dollar mark in the near future.

### Negative Effects of Globalization on Indian Economy:

#### 1) Lowering of per capita income of Indian farmers:

On the other side of the medal, there is a long list of the worst of times, with agriculture being the most prominent casualty. Agriculture has always been and continues to be the backbone of India's economy. It is critical not only for the provision of food and nutrition to the people, but also for the supply of raw materials to factories and the export of goods. Agriculture employed 72 percent of the population and

contributed 59 percent of the country's gross domestic product in 1951. However, by 2001, 58 percent of the population was dependent on agriculture, while agriculture's share of GDP had dropped to 24 percent, and then to 22 percent in 2006-2007. Farmers' per capita income has decreased as a result, and rural indebtedness has increased. From 1980 to 1997, agricultural growth was 3.2 percent, but it slowed to 2 percent after that.

The Approach to the Eleventh Five-Year Plan, published in December 2006, predicted that agricultural GDP, including forestry and fishing, will rise at a rate of less than 2% during the Tenth Plan period. The reasons for agriculture's slowing growth are outlined in the Economic Survey 2006-2007: Low investment, an imbalance in fertiliser usage, a low seed replacement rate, a skewed incentive system, and low post-harvest value addition all continued to stymie the sector's growth. Low agricultural growth has serious consequences for the inclusiveness of growth, as it directly employs more than half of the population.

## 2) Growth of Unemployment and Poverty:

The unemployment rate has risen steadily, from 2.62 percent in 1993-1994 to 2.78 percent in 1999-2000 and 3.06 percent in 2004-2005. In absolute terms, the number of unemployed was 9.02 million, 10.51 million, and 13.10 million in those years. (2006-2007 Economic Survey).

On March 19, 2007, the Minister for Labor and Employment told the Lok Sabha that the number of unemployed people enrolled in Employment Exchanges in 2006-2007 was 79 lakhs, compared to an average of 58 lakhs over the previous ten years.

According to the ILO Report (2004) on the effect of globalisation on India's growth, "there were winners and losers in India." Globalization had improved the lives of the educated and wealthy. The information technology (IT) industry benefited in particular. However, the gains had not yet reached the bulk of the population, and new dangers had arisen for the losers, the economically disadvantaged and the rural poor. Non-perennial poor people who had worked hard to get out of poverty were seeing their gains reversed. The balance of power was moving away from elected local institutions and toward unaccountable transnational organisations. Western views, which dominated the global media, did not reflect local perspectives; they promoted consumerism in the face of extreme poverty and threatened cultural and linguistic diversity.

### 1.4 Effects of globalization on Indian industry:

The effect of globalisation on Indian industry began in the early 1990s, when the government formed new economic policies to open the country's economy to foreign investment. Many controls and limitations were also eliminated as part of this new economic strategy. As a result, the Indian industry has experienced significant globalisation. Glass, pharmaceuticals, petroleum, chemical, textile, cement, and retail are among the Indian industries that have experienced globalisation.

#### Globalization's Beneficial Effects on Indian Industry:

The following are some of the many positive effects of globalisation on Indian industry:

#### a) Improving India's economy:

Globalization drew massive amounts of foreign capital into the market, especially in the pharmaceutical, petroleum, and manufacturing sectors. Huge quantities of foreign direct investment poured into the Indian economy, boosting the country's economy significantly.

#### b) Indian jobs and poverty alleviation:

Many foreign companies established industries in India as a result of globalisation in the Indian industry, particularly in the pharmaceutical, petroleum, manufacturing, and chemical sectors, which helped to employ many people in the country. This aided in lowering the country's unemployment and poverty rates.

#### c) Technological progress:

One of the positive effects of globalisation on India's industry is that foreign companies brought with them cutting-edge technology, which enabled India's industry to become more technologically advanced.

#### Globalization's Negative Effects on Indian Industry:

The following are some of the negative effects of globalisation on Indian industry:

#### a) The emergence of unfair competition:

Globalization increased competition between international and domestic companies in the Indian market. Since foreign goods were superior to Indian goods, consumers opted to purchase foreign goods. The Indian companies' profit margins were decreased as a result, and they were forced to lower their commodity prices, further reducing their profit margins. This mostly occurred in the pharmaceutical, automotive, and chemical industries, among others.

#### b) Untrained labourer unemployment:

Another negative effect of globalisation on Indian industry is that as technology advanced, the amount of labour needed decreased, resulting in the layoff of many people. The pharmaceutical, manufacturing, chemical, and cement industries were the most affected.

To summarise, both positive and negative effects of globalisation on Indian industry have been observed. As a result, the Indian government must strive to implement economic policies that promote globalisation of Indian industry in a way that is profitable, advantageous, and positive for a country like India.

### 1.5 Studies on globalisation and tourism

**S. Peter (1987)** associated with WTO, Madrid, Spain traced the gens in function and development of WTO, and brings out forecast for the international tourist arrivals in relation to the main factors, which influence tourism. He stressed that terrorism should not place tourism in jeopardy and leaders of the developing countries should take into account the benefits of tourism. This remark of Shackelford is a note of caution to all countries as terrorism was just beginning to grow in many states during that time. However, today terrorism has taken an ugly turn in many countries including India where innocent tourists are often targeted by the terrorists.

**M. Donald V.L. (2006)** stated that tourism, globalisation and cultural changes are complex by nature and has developed arguments in relation to globalisation, the nature and causes of cultural change, the influence of specific types of tourists, the influence of tourism, the social construction of identity and the importance of individual human agency in the entire process

**Snowdon (2007)** stressed on many controversies relating to the causes and consequences of increasing international economic integration and globalisation, long-run economic growth and development, the rise and the fall of the socialist economies and the problems of transition to capitalism. He also threw light on the major issues like international economies globalisation and economic development.

**G Satyanarayana (2007)** states that globalisation is that most important factor which influences economies of nations the world over in the new millennium. The rapid advancement in information technology and communications has made it not just possible but absolutely essential for tourism industry the world over to adapt or fall the wayside

**S. Sen (2007)** stated that globalisation is a process that cannot be justified by economic logic, by ethical norms or given by political aspects. He rejected the misconceived notions in mainstream theory and policies that liberalised markets under globalisation which can deliver growth by imparting efficiency and that growth can generate people centred development.

**A. Deshpande (2008)** argued about globalisation that contains critique of the orthodox neo liberal paradigm. He also suggested policy alternatives drawn from a variety of domestic milieus, thus rejecting the claim that there is no alternative to the standard set of policies that the orthodox approach espouses. The alternatives suggested are multiple and are located in the specific contexts of the countries being considered and thus additionally refute the one size fits all approach.

**D. A. Rondinell and John M. (2008)** analysis that the historic interplay of domestic, international, political and economic forces in the region, whether and how mutually interactive forces, in a period of transition, are serving to alter the pace and characteristics of globalization in the Asia / Pacific border and in the rest of the world. He has focused on arguments over the merits or dangers of globalization, as well as from studies that have examined 'globalization as a phenomenological issue. Instead, he explores how adjustments to globalization in Asia have conditioned international trends in the region.

**D.K. and Vajpeyi R.K. (2008)** Stated that innovations in technology in general and information technology (IT) in particular in recent years have greatly impacted the style and substantive behaviour of bureaucratic governance, Issues related to transparency and accountability have become crucial aspects of the emerging democratic process.

**G. P. and R. Ramesh (2008)** Analysis the visible output of globalization, liberalization and privatization in the Indian context, especially during the past decade, he states that there is also unprecedented migration reported in some of the states of India that are designated as fast adopters of liberalization policies. Similarly, while rural poverty is reported to be on the decline, urban poverty is increasing. The pace of expansion of urban slums, with zero civic facilities, is staggering. As a result there are several different explanations given about the impact of globalization in India.

**R. Kumar and A. Gupta (2008)** states that global financial market conditions are favourable for India, characterised by low risk premium along with the resurgence of flows to emerging markets after East Asian meltdown in 1997. M.K. Bhat (2009) stated that International trade and its financial environment has undergone a sea change in post globalised era, both the developed and the developing countries are flexing their markets to get maximum under the guidance of international bodies like WTO. In the protective setup minuscule population was enjoying maximum share of world trade while the majority of people reaped very little free trade has slowly started to reverse this trend and it has become imperative on the part of all the trading nations to know the current trends in the international trade and structure their policies accordingly.

**A. K. Thakur and M. S. Kalhur (2009)** States that present era of globalisation is essentially knowledge based development. The whole world is interconnected. Connectivity lies in the root of growth and development in the present global scenario. They analysed different paradigms on growth and development in the era of Globalisation. They concluded that the very concept of Globalisation is in equalitarian in character. It is in favour of already developed and industrialised Western World. The Third World countries like India needs an alternative growth model so that the objective of development with inclusive growth as decided in the 11th Five Year Plan could be achieved.

**A.K. Raina, D. Gupta (2010)** analysed the relationship between the tourism industry and various tourism markets, they reflect on how tourism is being organised, run and managed. The basic phenomenon is based on the sustainability. It also explains how tourism industry can be utilized from the various businesses. Emphasis is being given to various segments of operations in the hospitality industry and its increasing dimensions at national and global markets.

**S. Rajiv (2011)** stated that tourism being the world's largest industry has the potential to help to deal with many key issues faced by many parts of the globe and can be seen as a positive and negative force. If the costs and benefits of tourism are understood from the outset, strengths and opportunities can be maximised while weaknesses and threats can be minimised, he also stated that costs and benefits vary from each destination and can change over the time depending on tourism.

**Agnieszka Brelik (2018)**, the economic and social aspects of the globalisation process, which results in the interdependence of world economies, are the most visible. When statistical data on tourism is examined, it can be concluded that globalisation has a favourable impact on the shape and growth of the tourism industry. The method itself is sensitive to crisis situations, taking into account the capital interconnections of the tourism services markets. The importance of presenting tourist traffic as part of the globalisation process could not be overstated. The article is both a review and a concept piece. The goal of the article was to identify the globalisation phenomenon in tourism. A survey of national and international literature on the subject, as well as descriptive and comparative analysis, were used in the study.

### 1.5.1 Studies on effects of tourism on the economy:

Tourism can create jobs, provide foreign exchange, and produce return on investment for emerging economies, bring

technology, and improve living standards. The most prominent benefits used to promote tourism development are the economic benefits that communities can expect to derive from an increase in tourism activity.

**A. Pasricha (2009)** states that tourism is an income generating industry with both public and private sectors working hand in hand and is also concerned with issues of international competitiveness. Tourism industry is very much important to many countries as it generates income by the consumption of goods and services by the tourists.

As noted by **Lundburg (1990)** tourism can cause the price of land to rise rapidly. They found that the cost of land for new hotel construction rose from 1 % to nearly 20% as the site was being developed.

Industry of tourism & hospitality contributes significantly to the economic development of India and for this reason government is prepared to invest public funds for the development of tourism. Public funds are invested in developing infrastructure such as construction of roads, airports, etc. and private investors are encouraged to construct hotels, resorts, and transportation because of the perceived economic benefits of tourism. India's GDP has been growing at over 8% on an average since 2004 and is expected to touch the 9% mark in the coming years. Industry of tourism & hospitality contributes about 5.8% to the Indian GDP. The government is encouraging the private sector to invest in accommodation, entertainment, food and beverage sectors. Tourism promotion can be a very effective tool in boosting economic development of India through creating new jobs, and income generation opportunities. Earning of a substantial amount of foreign exchange from foreign tourists is possible due to globalization. Certain economic costs have to be incurred if tourism has to be developed as an economic activity. The industry of tourism & hospitality in India provides with various important economic benefits.

**According to India tourism statistics 2004, Ministry of Tourism, manpower requirement in hotel industry, tour and travel sector, survey and study, (pp.137-145).** For the growth in tourism and hospitality sector in the country, need for assessing the future requirements of trained manpower was felt. In this context, the Ministry of Tourism, Government of India, commissioned a study through M/s Market Pulse to assess the manpower requirements in the hotel and restaurant sectors as well as the tour and travel operation businesses with the following terms of references:

- To analyze the job opportunities in the hotel sector by assessing the current manpower requirement, and the requirement during 2010 & 2020 of different categories of personnel in star category hotels, heritage hotels, unapproved hotels, restaurants and cafeterias.
- To make an estimate of trained manpower by assessing the number of personnel (category-wise) trained presently, and during 2010 & 2020.
- To analyze the placement scenario (category-wise) of the students and quantify the number of students passing out from various institutes offering courses related to travel and tourism.

The above study covered segments of the tourism sector such as hotels, restaurants, travel & tour operations, hotel management and travel & tour institutes.

**Vijayaragavan (2014)**, the importance of the tourist sector to the Indian economy is highlighted in this study. In a developing country like India, tourism has emerged as one of the most important economic sectors, accounting for a significant share of GDP and job possibilities. Tourism is one of the country's fastest growing service businesses, with huge potential for expansion and diversification. The tourism industry is critical to a country's economic success. It contributes greatly to the country's efforts to create jobs for a vast number of people. Furthermore, with its potential, it is one of the most essential engines for attracting more foreign exchanges. To encourage tourist and foreign investment, we must focus on liberal policies, tax relief, and a comprehensive package, among other things. In order for India to grow in tourism and establish itself in the global market, the government's role must be expanded. For the establishment of the brand, India has a wealth of tourism resources. Of course, Incredible India was created to improve tourism in India.

**Shiji. (2016)**, without emitting any smoke, tourism is the world's largest industry. It employs one out of every nine people on the planet and accounts for 10% of global GDP. It is an area of external economic activity that is rapidly developing. It has an impact on other sectors of the economy due to its rapid growth and progress, large inflows of foreign capital, infrastructure expansion, and introduction of new managerial and educational experiences. It contributes to the country's overall social and economic growth in a beneficial way. It has a huge economic impact, both real and potential. As a result, the purpose of this article is to assess the economic impact of tourism in India. There are currently a plethora of tools available to assess the impact. Input-Output Method, Multiplier Method, Economic Impact Assessment Scale, Tourism Satellite Accounts Method, Impacts of Visitor Spending Method, and Computable General Equilibrium Model are some of the most relevant measurements. The author of this study employs the Visitor Spending Method.

**Ramphul (2017)**, this study examines the relationship between tourism and economic growth in India from 1960 to 2014, taking into account the relative importance of financial development. The results of the Bayer and Hanck combination test, which was recently established, show that tourism, economic growth, and financial development are all intertwined. Inbound tourism has been proved to boost India's economic growth in both the long and short term. Furthermore, the research reveals the existence of a long-run one-way Granger causation linking tourism and economic growth. It has been proposed that initiatives aimed at luring more international tourists be pushed.

**Ojasvi (2018)**, in most countries around the world, travel and tourism is a significant economic activity. Indirect and induced effects of the sector are important. Since a few years, the Indian tourist business has been rapidly expanding, demonstrating a large potential for creating jobs, earning foreign cash, and boosting the economy. The study examines the Indian tourist business objectively and depicts its respective strengths and flaws. To assess the impact of tourism on the Indian economy, a comprehensive data-based study is being done. For the same, quantitative tools and secondary data are employed. Foreign Tourist Arrivals (FTA) is the dependent variable, while contribution to GDP by the tourism sector is the independent variable, in a regression study. It is also assumed

that the previous year's tourism industry GDP augments current-year investment, or that GDP earned by the tourism sector is re-invested in the same industry the following year. The paper emphasises the critical necessity to strengthen India's tourist sector. It also provides an overview of current government laws and regulations on the subject.

**Dash et. al.(2018)**, the relationship between tourism and economic growth has recently piqued the curiosity of scholars. The major purpose of this study is to use the Auto Regressive Distributed Lag (ARDL) model to analyse the impact of tourism on India's economic growth from 1973 to 2013. The findings suggest that tourists have a favourable short- and long-term influence on India's economic growth. Furthermore, physical and human capital have beneficial impact on economic growth, whereas exchange rate depreciation promotes economic growth only in the short run, not in the long run. In terms of India, our research backs up the tourism-led growth idea. As a result, policy action is required, with the government framing tourism policy in such a way that it attracts progressive visitor arrivals to India, which will have a long-term impact on economic growth.

### 1.5.2 Studies on effect of tourism on employment

A survey made in Exmoor and Edinburgh by Vaughan Roger and Long Jonathan (1982) analysed employment in tourism industry. According to them tourism industry is primarily labour oriented and therefore employment opportunities are high. However what is lacking in the study is skilled and gainful employment on long - term basis due to seasonal character.

**Sinclair M.T. and Stabler M. (1998)** consider tourism as one of the world's most important activities involving millions of people, vast sums of money and generating employment in developing and industrialized countries. However, many aspects of tourism have been ignored. In recent times, many other aspects such as environmental factors are being considered in almost all countries and particularly the industrialized countries which are formulating plans and policies not only for themselves but at the same time for less developed countries also.

**J. Donald G. and K. Walter (1976)** indicate the importance of tourism industry in Mexican and Puerto Rico in terms of foreign exchange. Besides giving a model to estimate contribution of tourism in economy, they also assessed the mushrooming of multinational hotel chains, positive and negative impacts of economy and the socio-cultural and environmental transformation.

**A.K. Bhatia (2008)** States that tourism makes tremendous contribution to the improvement of social and political understanding. According to him, travel fosters a better rapport between people and different lifestyles. He opines that tourism is a painless procedure for transfer of real resources from industrially capital surplus developed countries to low income developing countries. According to him tourism is an important source for maximising scarce foreign exchange earnings not only for developing countries but for many developed countries of the world too.

**Dayananda.(2014)**, tourism is a powerful business that has the potential to alter the world's sociocultural, economic, and environmental landscape. Tourism is one of the world's largest and fastest-growing industries. It has the ability to affect community life patterns. It is one of the most important avenues

for cultural exchange, breaking down barriers between people from all over the world. It is a collection of activities, services, and industries that provide a travel experience, such as transportation, lodging, eating and drinking establishments of retail shops, entertainment, business, and other hospitality services for individuals or groups travelling away from home. Tourism has become one of the most important sectors of the economy in emerging countries like India, producing a significant amount of national income and creating a great number of job possibilities. It has become the country's fastest-growing service business, with significant room for expansion and diversification. Both skilled and unskilled employees can find work in the tourism business, both directly and indirectly.

**Dayananda & Leelavathi(2016)**, the tourism industry is a significant driver of both economic and social transformation. It boosts employment and investment, changes an economy's structure, boosts foreign exchange profits, and keeps a positive balance of payments. The money spent by tourists in a country is multiplied numerous times during the process, resulting in a total income from tourism that is many times more than actual spending. Tourism receipts have a well-known multiplier impact that spreads to the secondary and tertiary sectors of an economy. Tourism contributes to substantial economic, social, cultural, educational, and political development. Due to the competitiveness of the tourist business both within and between tourism-generating countries, marketing and promotion are critical. Direct, indirect, and induced jobs are all created by the tourism industry. It employs a wide range of people, from highly qualified and trained hotel managers to room boys, sales girls, and craftsmen. With its quicker expansion, it opens up new employment opportunities for the young of emerging countries. In developing countries like India, tourism has grown to become one of the most important economic sectors, providing a significant amount of national income and creating a great number of job possibilities. It has become the country's fastest-growing service business, with significant room for expansion and diversification.

**Vijaya & Anumo(2018)**, tourism is defined as the act of going somewhere for pleasure away from one's home. Tourism is more than just a recreational pastime; it is also an industry that attracts, accommodates, and entertains visitors. It also contributes to the country's revenue generation and is a reliable source of cash. It supports and stimulates infrastructure development by paving the way for dams, roads, connectivity, airport renovations, and other activities that make it easier for tourists to visit a location. It's an excellent means of cultural interaction. Tourism also contributes significantly to the reduction of unemployment. It spawned numerous jobs in the hotel, hospitality, service, entertainment, and transportation industries, among others, providing opportunities to attempt new duties and gain new skills. It also raises people's living standards and contributes to the nation's economic prosperity by earning foreign cash. The purpose of this article is to investigate the job prospects and problems in the Indian tourist industry.

### 1.5.3 Studies on Cultural effects of tourism

Culture is one of the major attractions or motives to travel for tourists. Tourists travel to study and experience the culture of different societies. They are attracted by cultural events, handicrafts, traditional dress, religion, dance, music, folktales,

customs, ceremonies, and food etc. Culture includes one's behavior, beliefs, language, and the way of life of a group of people during a particular period of time.

Apart from creating awareness of one another's culture, tourism has a marked influence on various aspects of culture. When tourists visit an unknown destination, and are unaware of local customs and practices, a conflicting situation may arise. Culture-shock results from witnessing a totally different lifestyle or behavior and may be experienced by either the guest or the host. Lack of communication and understanding can cause such situations. Tourists need to recognize and respect local cultures and need to brief on how to behave before they interact with the locals. Knowing and understanding the local culture can help minimize the negative impacts.

**Erik (1978)** has studied the impact of tourism on environment, nature and culture due to misuse or overuse of the resources which have reduced the natural beauty of many places and corrupted the culture of the people. He has rejected the impact with intensity of tourists' site use and development in rural areas, which have negative impact on traditional rural landscape, negative role played by tourist developers for the sake of high profit and therefore he suggests a number of measures for proper management of the environment through legislation. This study by Cohen Erik is the pioneering work and it is of great concern for all. It is generally overlooked that any detraction pleasing the visiting guests may adversely affect the flourishing trade.

**P.S, P. (2017)**, for many regions and countries, tourism is a significant, if not critical, source of revenue. Increased leisure time, as well as changes in lifestyle and consumerism, have given tourism a fresh lease on life. Traveling outside one's local area for pleasure was mostly restricted to the wealthier classes, who travelled to far-flung corners of the globe to view magnificent buildings, works of art, learn new languages, experience new cultures, and sample different foods. Respect for and preservation of monuments and historic items are also encouraged by tourism." A variety of deep and hard challenges relating to how we cope with concerns of political involvement, social justice, economic transformation, belonging, identity, and meaning exist at the intersection of culture and tourism. Tourism is both a social and a cultural phenomenon. It has an impact on cultures and civilization, as well as being shaped by them. Tourists and tourism have a significant impact on the host country. Tourism is a truly powerful and unique factor for community improvement. The impact of tourism has been most obvious in developing countries, although it is not limited to them. The cultural impact of tourism is concerned with the preservation and protection of cultural assets, as well as other related topics. The purpose of this thesis is to talk about the effects of tourism on Indian culture. This paper's research design will be descriptive in character.

**Jaganathan & M.Mohanraj(2016)**, when it comes to evaluating product/service consumption and the subsequent complaining behaviour when dissatisfaction happens, culture plays a significant impact. The goal of this study is to look into the cultural influences on hotel guests. The consequences of the findings are examined, and future cultural e-complaint study for the hospitality industry is suggested, based on content analysis of 964 individual complaint cases submitted on Trip Advisor and trip travel review websites for Indian hotels. The findings of an empirical study of cultural differences in

Indian communities in a tourism context are presented in this paper. The difficulty for tourist marketers, according to the report, is to comprehend the cultural makeup of the Indian market and design culture-oriented marketing techniques. The report examines the primary causes of India's decline. It also examines and contrasts the Indian and Western cultural orientations. The cultural dimensions revealed through a principle components analysis are then described and interpreted. These findings' ramifications for tourist marketers are examined.

#### 1.5.4 Studies on Environmental Impacts

The environment is a powerful resource for tourism as it plays a major role in attracting tourists to the destination. The environment is composed of different components namely physical, biological (also called natural components), and social (human-made components). **The physical components** or a biotic component of the environment includes the non-living elements in the environment such as latitude, altitude, location, temperature, rainfall, soil, etc. Each of these factors has an influence on the natural environment. **The biological components** include life forms which are classified as producers, consumers, and derivers or scavengers. **The social environment is the third component** of the environment. Early humans had a limited interaction with their natural environments and lived in harmony with nature. Technological advances and political factors have had a great impact on the level of development and the level of interaction with the natural environment under the banner of tourism development. Natural resources have been exploited, artificial resources have been created, and wastes are piling up. All this has resulted in attraction, modification, and degradation of the natural environment.

Before we study the impact of tourism on environment let us understand the meaning of the term 'Environment'. When we refer to the environment we generally mean the natural or physical features of a landscape. Tourism causes both positive and negative impacts on environment.

#### ➤ Positive Effects of tourism on the Environment:

The tourism industry generally pollutes the environment to a lesser extent as compared to manufacturing industries especially if eco-friendly tourism is propagated. Tourist destinations, such as national parks, wildlife and bird sanctuaries, gardens, and hill stations help in maintaining the ecological balance.

- The environment in these areas is kept free from industrial pollutants like smoke, noise, and industrial liquid wastes which help in maintaining ecological balance.
- Historical sites are preserved and restored for the sake of tourists.
- Endangered species are protected in national parks and wildlife sanctuaries, so that those rare species become a center of attraction for the visitors.
- Coral reefs and other forms of marine wealth are protected.
- Forest areas are protected.
- Revenue generated from visitors' charges or donations from visitors can be utilized to help

conserve wildlife and endangered species to attract the tourists.

- Natural attractions help create awareness about the environment and educate the public through wildlife education and interpretation.

Thus, these are some of the important positive impact of tourism on the environment.

#### ➤ **Negative Effects of tourism on the Environment:**

The major negative Effects of tourism on the environment include:

##### • **Environmental Pollution;**

The largest negative impact of tourism is pollution of air, water bodies, land surface, and noise pollution in areas of tourism activity. This pollution is mainly caused by various modes of transportation and construction of tourist accommodation. Transportation pollution is caused by an increase in road and air traffic. These also result in noise pollution, especially if airports are located in the heart of the city. Aircrafts produce toxic nitrogen oxide during take-off and landing. Architectural pollution of the natural landscape is because of haphazard construction of hotels, resorts, and conference centers. Other high rise unsightly concrete structures also gives rise to visual pollution.

##### • **Depletion of Natural Resources:**

Natural forest resources are lost through deforestation i.e. when forest land is used for the development of buildings for tourism or when trees are felled for fuel and camp-fires. Careless behavior by tourists like throwing lighted cigarette stubs or not extinguishing camp-fires can cause forest fires. Many locals earn their livelihood through medicinal plants and herbs collected from forests. Deforestation deprives them of this activity.

##### • **Land Erosion:**

Mass tourism and reckless behavior on the part of the tourists often result in this problem which is seen mainly on nature trails, hill stations, and coastal areas. Deforestation for construction of new facilities or to clear vast stretches of land on hill slopes for winter sports and construction of ski-lodges is one of the major causes of erosion of the rich soil cover. Construction of hotels and other tourist facilities on the beach can erode sand dunes and affect marine life.

##### • **Loss of Natural Habitats:**

Indigenous plants and animals may lose their natural habitat by damage resulting from tourism activities. Animals in jungles are not used to the noise of vehicles or passengers and may get stressed out by the disturbance caused by insensitive tourists on safari tours. Presence of a large number of visitors may affect the food habits and breeding of animals. Marine creatures and coral reefs get damaged by propellers of boats.

##### • **Traffic Congestion:**

This is a common problem encountered at many destinations due to a large number of tourist vehicles ranging from cars to tourist coaches and caravans. Vehicles parked in a haphazard manner on narrow roads and no parking zones can mar the beauty of scenic drives and popular destinations creating traffic jams, inconvenience to both locals and tourists,

damage to roads and pavements/footpath and an increase in road accidents as well as air pollution.

##### • **Garbage Trails:**

Garbage is a common cause of land and water pollution and the presence of improperly disposed waste at any destination is not only aesthetically unappealing but also damages the plants and animals in that area. Non-biodegradable waste builds up in the environment and is an eye-sore. Biodegradable waste can alter the soil and attract animals into tourist areas. The use of the oceans to dispose of untreated water from beach resorts or cruise liners is a big issue that environmentalists are aware of, and clean-ocean laws are being implemented in certain regions. Tourists are issued natural-material bags in which to hold their belongings and are paid a refundable deposit.

To sum up, although tourism has many positive aspects, it also has negative aspects, especially in terms of the climate. As a result, the Indian government should take precautionary steps to make the tourism industry more environmentally friendly, some of which have already been addressed in previous sections.

**Jonathan R (1987)** discusses the ecological impact of tourism on the Heritage coasts of the UK. The recreational activities, which are responsible for damage, are off road vehicles, camping, caravanning, tampering, path erosion, horse riding, diving, etc. He suggests need for planned recreation policies, management and cooperation of both the private and public organizations. The study has immensely contributed to general awakening among the policy makers to look at tourism not only as an instrument for economic benefit, but at the same time forced them to frame policies for further enrichment by way of eco-friendly measures like development of eco-tourism.

**G. Williams C. (1987)** highlights environmental impact of tourist development particularly by the seasonal owners and recreational lot owners who are found to be in greater majority than permanent home owners in three countries of Michigan State and recommend the proper use of recreational assets without damaging environment and adversely affecting the residents as well. As such the suggestions by Gartner are worthwhile as they talk of planned tourism development through eco-tourism.

Lankford and Howard's (1994) study showed that the majority of respondents felt that tourism brings more littering and waste problems to the population as well as the environment at large.

**Godwin (1995)** defined as travel which is sensitive to ecological, economic and social conditions of the area being visited and which is managed so as to minimize the negative impact on the environment. Environmental aspects are the core part of the investigation by the author and suggest measures to ensure proper environmental protection.

**Adjaye (1999)** opines that the effect of economic activity on the environment has been a subject of considerable debate for a long time and the environmentalists blame unbridled economic growth on the world's environmental problems. However, economists believe that economic growth is a necessary precondition for achieving a cleaner environment.

**Burgenmeier (1999)** considers environmental protection to be conceptually inspired by the theory of internalization

effects, and the design of an operational policy implies not only an interdisciplinary approach but also an explicit reference to ethical principles. This is extremely important approach considering the fact that it calls for an interdisciplinary reference to the issue of environmental conservation in an open manner.

**Agarwal S.B. (2003)** states that tourism growth coincides with the destinations prevailing value system and cultural integrity and satisfies the needs of its local population. He adds that tourism should lend itself to the concept of sustainable development as the growth of tourism is dependent upon the maintenance of the natural environment and natural processes for its own survival.

**Rout et. Al.(2016)**, tourism's usefulness as a tool for economic growth and job creation, particularly in distant and backward areas, has long been acknowledged around the world. In terms of gross revenue and foreign exchange earnings, it is the world's largest service industry. Tourism plays an important role in reaching the equitable goals that we've set for ourselves. The existing tourist literature implies that expanding the tourism sector can help developing countries improve their long-term macroeconomic performance. India's significant potential for tourist expansion can serve as a driver for long-term socioeconomic prosperity. As a result, we looked at the impact of tourism on India's economic growth from 1990 to 2015. The findings indicate that a long-run equilibrium link between tourism and economic growth is possible. This justifies the identification of the indicators that should be prioritised when developing tourism-related strategies and policies. According to the results of the long-run regression model, metrics such as foreign exchange earnings, international tourist spending, domestic tourism spending, and capital investment by all travel and tourism-related companies are crucial in making the tourism industry a growth engine.

**Pramanik & Ingkadijaya (2018)**, this study looked at how tourism affected the people who lived in the village around them. This study focused on the "economic, socio-cultural, and environmental" components of the impact. Hotel, villas, and tourism destinations are being created in Pasir Angin Village, which is close to Puncak. Puncak is a popular weekend destination for people from Jakarta, Tangerang, Depok, and Bekasi. This tourism activity has an impact on the people who live in the Puncak area. These bring up both the negative and beneficial aspects of the economy, society, and environment. This was a descriptive analytical and quantitative research project. The study was place in the community of Pasir Angin. This study included 99 members of Pasir Angin hamlet as participants. According to the findings of this study, there are benefits to expanding tourism sites in their immediate vicinity.

Economic, socio-cultural, and environmental factors all had advantages and downsides.

## 2. Conclusion

To conclude, globalisation is viewed as a global phenomenon that affects all aspects of society. Globalization aims to forget about local cultures and customs in order to conform to regional or national cultures. This causes barriers to vanish, making it simpler to do business with people from various nations or cultures. In terms of benefits, globalisation contributes to a more financially integrated globe. Geographical disparities are lessened as a result of globalisation. When one country's unemployment is high, it might search for work in another nation where unemployment is lower. Furthermore, as shown in the tourist business, a rising number of individuals are travelling throughout the world, resulting in an increase in hotel occupations.

Globalization, on the other hand, has a number of drawbacks for many countries as well as the environment. The free trade economy benefits developed countries more than underdeveloped nations. Because wealthy nations have greater resources to use, it might be regarded as unfair competition. Furthermore, firms may opt to outsource a department to another nation as a result of globalisation. Environmental restrictions in poor nations may differ from those in industrialised ones, and may be less stringent. As a result, globalisation might be considered as a victim of the environment. The division of labour is viewed as a negative as well. Nations may find it challenging to retain their finest skilled personnel, while other countries compete for the best performers by paying greater compensation.

As a result, the tourist industry is affected by globalisation to varying degrees. As previously said, globalisation leads to an increase in the number of people working in hotels all over the world. In order to succeed in a worldwide society, the tourist business must adapt to other cultures and religions. Knowledge and information may be exchanged between countries and cultures, making dealing with various cultures simpler. Different hotel brands cater to different demographics.

Finally, globalisation might be defined as a global process with the goal of eradicating local cultures. More emphasis is placed on regional or national cultures. Globalization has both benefits and drawbacks. However, when considering the drawbacks, globalisation is unfavourable to the environment and poor nations. Globalization has a variety of effects on the tourist business. People are increasingly travelling throughout the world. It is critical to adapt to various cultures in order to maintain visitor happiness.

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