

THE IMPACTS OF TOURISM INDUSTRY ON HOST COMMUNITY

Mansour Esmaeil Zaei

PhD Scholar, Department of Public Administration, Panjab University, Chandigarh, U.T. - 160014, India.

Mahin Esmaeil Zaei

PhD Scholar, Department of Civil Engineering, Indian Institute of Technology, Delhi, 110016, India.

ABSTRACT :*It is a well-known fact that tourism is a sector that can contribute to the economic growth of a region. Moreover, tourism produces social benefits to the region (i.e. small and medium-sized enterprises' development, creation of new jobs, improvement of infrastructure etc.). Culturally, tourism is said to be an element of community enrichment, thanks to the meeting of different cultures. Also tourism can positively contribute to the maintenance of a natural environment by protecting, creating or maintaining national parks or other protected areas. This paper focuses on the tourism sector and its impacts on the economy, environment, politics and the socio-cultural being of the host community. The main aim of this research is to highlight the well-organized and managed economic impacts by host communities on the host community.*

KEYWORDS: Tourism, Economic Impacts, Environmental Impacts, Social and Cultural Impacts

INTRODUCTION

Tourism is not limited only to activities in the accommodation and hospitality sector, transportation sector and entertainment sector with visitor attractions, such as, theme parks, amusement parks, sports facilities, museums etc., but tourism and its management are closely connected to all major functions, processes and procedures that are practiced in various areas related to tourism as a system. Also, tourism industry involves the functions of planning, organizing, coordinating, training and monitoring-evaluating at all levels (international, national, regional, local). Therefore, tourism integrated into the functional unit of the economy (Simoni & Mihai, 2012).

Although people had always travelled not only for leisure purposes or for relaxation, there had also been those who had travelled for entertainment and business purposes, either to a meeting, conference, workshop, event and etc., and these people or tourists had contributed to the growth of the destinations they had visited directly or indirectly, and at large developed the event tourism industry as a whole.

One will agree that tourism whether on a large scale or low scale, in no small measure affects the host community. This is particularly evident during the period of the events and sometimes afterwards. Tourism is an economic sector able to offer a significant contribution to the economic growth of a region and to the labor market, and creates

occupation opportunities directly and indirectly through the supply of goods and the necessary services for tourist activities. Moreover, tourism produces social benefits to the region (i.e. small and medium-sized enterprises' development, creation of new jobs, improvement of infrastructure etc.). Culturally, tourism is considered as an element of community enrichment; this is attributed to the meeting of different cultures. Also, tourism can positively contribute to the maintenance of natural environment by protecting, creating or maintaining national parks or other protected areas.

THE TOURISM INDUSTRY

Defining the tourist industry is difficult. Tourism means different things to different people, because it is an abstraction of a wide range of consumption activities which demands products and services from a wide range of industries in the economy. For example, OECD (1991) observes that "tourism is a concept that can be interpreted differently depending on the context. 'Tourism' may cover the tourists, or what the tourists do, or the agents which cater to them, and so on." Similarly, WTO (1995) defines tourism as "the activities of persons traveling to and staying in places outside their usual environment for no more than one consecutive year for leisure, business and other purposes", while at the same time WTO (1996) states that "tourism is thus a rather general term, which can refer to the consumption of tourists, to the production units supplying goods and services particularly to tourists, or even to a set of legal units or of geographical areas related in a way or other to tourists."

To summarize in more concise terms, tourism can be defined as a set of socioeconomic activities carried out either by or for tourists. Those carried out by tourists correspond to what tourists do, while those carried out for tourists correspond to what other socioeconomic institutions do to support the needs of tourists. What is worth emphasizing is that tourism so defined is neither a pure demand-side phenomenon nor a pure supply-side one (United Nation and World Tourism Organization, 1993).

The tourism industry, in common with many other industries, is made up of a number of sectors. The tourism industry sectors and elements provide in figure 1.

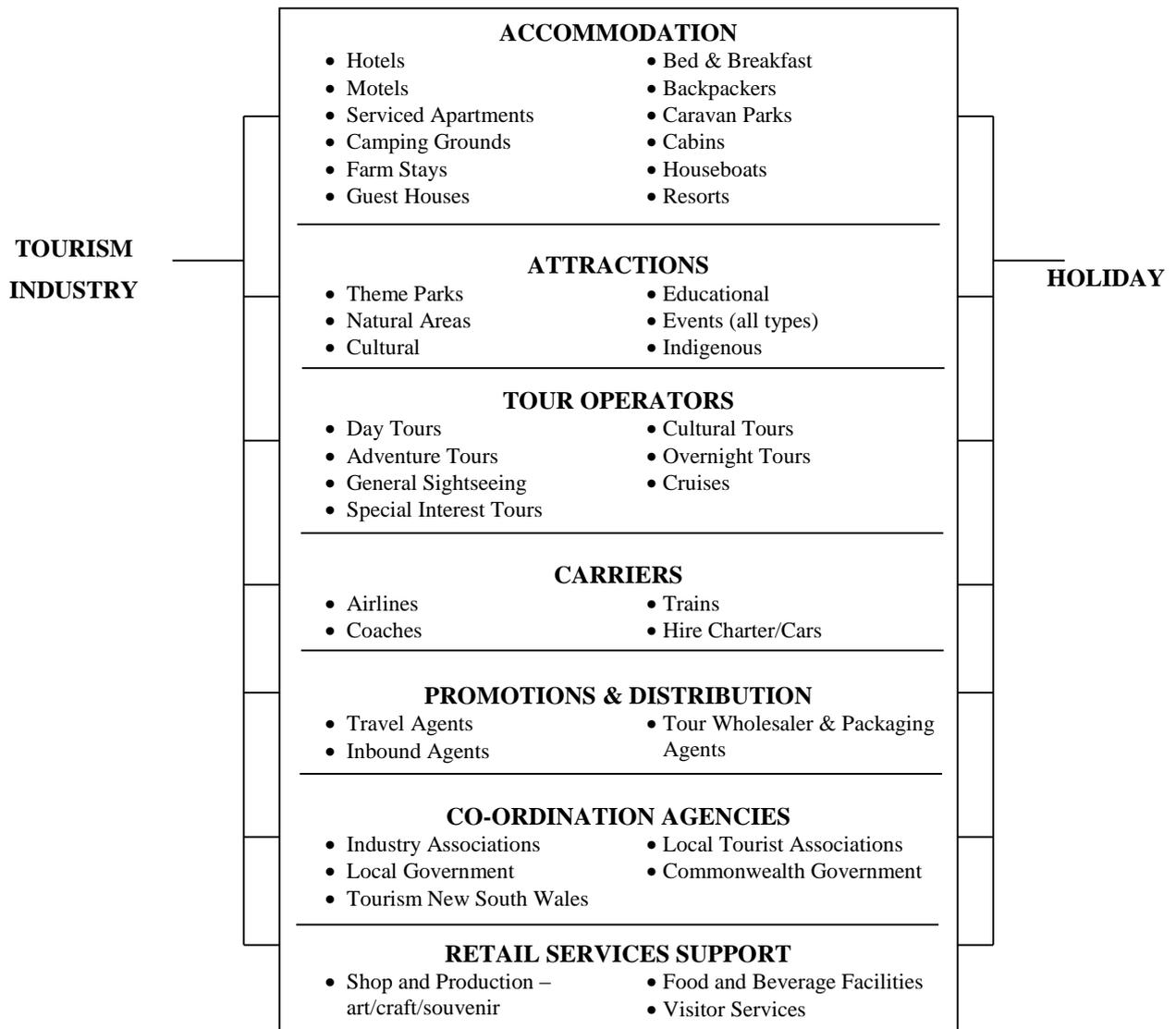


Figure 1. Elements of the Tourism Industry

As well as, there are three main types of tourism: domestic tourism, incoming or inbound tourism and outbound tourism (Cooper et al., 1993).

Domestic Tourism

This is when people take holidays, short breaks and day trips in their own country. Examples would be:

- A couple taking a weekend breaks in their own country;
- The supporters of a football team going to an away game featuring their local team;
- A family visiting relations in another part of the country, even if they live only a few miles away.

Incoming/Inbound Tourism

This describes people entering the country in question from their home country, so it is a type of international tourism. Examples could be:

- A party of Japanese visitors coming to Europe on a trip;
- Teams from different countries entering a country for an international event, such as the Olympic Games;
- Families from Pakistan entering England to visit relations.

Outbound Tourism

This term applies when people travel away from their home country to visit other international countries for leisure or business. Examples of this could be:

- A family from Belgium going on holiday to Austria;
- Business people from the UK travelling to America to visit a major exhibition;
- A day tripper from southern Malaysia visiting Singapore.

IMPORTANCE OF TOURISM

Tourism has of late made fast strides in the country. The primary purpose of promoting tourism in developing countries has been to earn foreign currency. The avenues of employment by way of promoting tourism comes the next.

It also serves as a potent instrument for eliminating poverty, for ending unemployment, for promoting dialogue among civilizations and for providing channels in which streams of different culture could meet and mingle and create a new ethic-scope on which a fair, just, humane and enlightened order could be built for the entire human race."

Tourism plays an extremely important role in the economic and social development of most countries in the world. It is the largest generator of employment and its services range from travel, accommodation, catering and maintenance of culture and traditions especially the handicraft industry and to preservation of eco-system.

SOCIAL AND CULTURAL IMPACT OF TOURISM

Tourism may have many different effects on the social and cultural aspects of life in a particular region or area, depending on the cultural and religious strengths of that region. The interaction between tourists and the host community can be one of the factors that may affect a community as tourists may not be sensitive to local customs, traditions and standards. The effect can be positive or negative on the host community (Mathieson & Wall, 1982).

- Local communities can mix with people from diverse backgrounds with different lifestyles which through 'demonstration effect' may lead to the development of improved lifestyles and practices from the tourists' examples;
- There can be an improvement in local life through better local facilities and infrastructure (developed to sustain tourism) which could lead to better education, health care, employment opportunities and income;
- More cultural and social events available for local people such as entertainment, exhibitions etc.

- Improved sports and leisure facilities created for the tourists which local people may use, particularly out of the tourist season;
- Conservation of the local cultural heritage of an area and rebirth of its crafts, architectural traditions and ancestral heritage;
- Urban areas which may be in decline can be revived and the movement of people from rural areas to urban areas for employment may be reversed as jobs will be available in the tourism industry;

Increase in youth exchange programmers, village tourism, home swap programmers and voluntary work overseas.

ECONOMIC IMPACT OF TOURISM

The major benefit of tourism for a region or country is economic as it provides an opportunity for job creation and generation of revenue at international, national, regional and local levels. Tourism can also benefit economies at regional and local levels, as money comes into urban and rural areas which in turn stimulates new business enterprises and promotes a more positive image in an area (Cooper et al., 1993).

Impact of Tourism on Income Creation

One of the important economic features of the tourism industry is that an income earned in places of residence is spent in places "visited" (Holloway & Robinson, 1995). Tourism is an instrument in transferring a vast sum of money from "income generating" countries to "income receiving" countries. The money spent by tourist does tend to percolate through many levels.

Tourism as a source of income is not easy to measure at least with any degree of accuracy. However, the most common method for estimating the income generated from tourism is to determine the "multiplier effect" in a destination. The flow of money generated by tourists by tourist spending, multiples, as it passes through various segments of the economy. A tourist makes an initial expenditures into the society, which is received as income by local tour operators, shopkeepers, hotels, taxi drivers etc.

Thus, money spent by tourists generates income in multiple times than the original spending. This is called "multiplier effect". Tourism; particularly international tourism helps the economy of a country with a number of multiple of the tourist's original dollar. The multiplier effect of tourism can be measured by the following aspects:

1. Sales multiplier
2. Output multiplier
3. Income multiplier
4. Employment multiplier.

Tourism as a Source of Foreign Exchange Earning

The tourism in India is of crucial importance in relation to its critical position of balance of payment problem and as an important source of foreign exchange earnings. It is the most convenient way of earnings in foreign exchange, when compared with the export of manufactured goods. The problem of packing and transport does not arise in this industry.

The department of tourism, government of India works out quick estimates every year by multiplying the number of tourist arrivals by the estimated per capital expenditure

of a foreign tourist. The tourist has to spend in India whether traveling by air, railway, roadways, houseboats etc., while making his tour in any part of tourist interest in India. The tourism experts have universally accepted that as soon as a country is able to earn foreign exchange from the tourism, which is a minimum of 10 percent of the merchandise exports, that country can be called a "tourism country".

Employment Generation Effects of The Tourism

Another major direct economic effect of tourism relates to employment (Inskeep, 1991). The unemployment impact of tourism is diffused widely over the economy affecting almost all parts of the services and other sectors.

The tourism industry is highly labor intensive service industry and hence, it is a valuable source of employment. It provides employment several times more than normal manufacturing industries. Several type of business firms such as hotels, motels, restaurants, transport agencies, travel agents, tour operators, gift shops, car and rickshaw drivers, guide etc. flourish from tourism.

It employs large number of people and provides a wide range of jobs, which are intended from unskilled to highly specialized one. Then, there are other supporting industries, small and large, which in turn, cater to the needs of tourism industries directly, or indirectly providing and supplying the requirement of the tourists. The following list ranks various businesses, with the highest employer at the top:

- Food service
- Entertainment
- Accommodation
- Automobile transportations
- Public transportations
- Travel arrangers.

Tourism Impact on Balance of Payment

It is not only developing countries but also some developed countries that need to improve their balance of payments through tourism. Tourism is one of the most important export industries of Europe and America. It can make a vital contribution to narrow any trade deficits of any country.

Developing countries having a deficit balance of payments find it to their advantage to receive foreign tourists to compensate for negative trade balance (Mill, 1990). So tourism industry can play an important role in economic development for a developing country like India. It helps in improving the countries adverse balance of payment position because the tourism industry is the second largest export earner industry in the world.

Infrastructure Development and Tourism

Tourism necessities help in creation of infrastructure utilities and amenities, which are not only used by the visitors but become valuable to the local population as well. The economic importance of tourism in national economy can be appreciated with reference to its contribution in infrastructure development (Mathieson & Wall, 1982).

Tourist arrivals in a country increase effective demand for the infrastructure facilities. The government must encourage the private sector to put up tourist infrastructure. An attempt must be made to develop infrastructure in a planned manner so as to avoid

congestion, overcrowding and damage to the environment. That is where the role of the government is important.

Contribution of Tourism to National Income

Tourism gives impetus to national income. International tourism and domestic tourism both have the same effect on the national income (Mill, 1990). Tourism has to pay for different types of services and goods in the host country. So tourism constitutes a demand for services and that of consumer goods.

The construction of accommodation, urbanization for tourist purpose, infrastructure installation, increased tourist transport and equipment etc. are the examples of how tourist transport encourages investment opportunities within the state. When tourists pay for goods and services in another country, these amounts are reflected as national travel receipts for such country.

Instrument of National Integration

National integration is a very important aspect for any country of the world rather than any other economic and social aspect. It is a very significant instrument for India, especially which is the largest secular democratic country of the world believing in the concept of "unity in diversity" domestic tourism increase the national integration.

Increases In Investment Opportunities

As per the studies of the WTO and other related studies tourism is one of the fastest growing industry in the world with various multiple activities. These, the inputs are the basic incentives to the traders for the expansion of their business or for launching new products in this segment.

Helpful to Balanced Regional Development

Balanced regional development is an important factor for optimum, smooth and overall development of a country (Inskip, 1991). The tourism industry can develop particular tourist areas in each district. Tourism can develop all these regions of the country. As a matter of fact tourism has helped in the regional development of the various districts of India including the surrounding towns and markets.

Helpful in Reduction of Poverty

Almost all the developing countries are trapped in vicious circles of poverty with low per capital income and low national incomes. Tourism activities can reduce the poverty through the increase in national income, employment generation; foreign currency earnings, regional development, promotion of local handicrafts and many more (Mill & Morrison, 1992).

Expansion of Literacy and Education

Tourism also helps in expansion of education and literacy in a big way. It helps us to broaden our mental attitude by interacting with various people their languages and cultures. Hotel management institutes, food craft institute, fashion design schools, colleges and university departments run these tourism-related courses.

Tourism and Tax Earnings

Tourism activities increase the tax-revenue of the centre and the state governments (Gee et al., 1989). Many types of taxes are included in tourist-related goods and services. All tourist earnings increase many economic activities in the countries and these economic activities are a big source of taxable earnings for the governments.

Increase in The Standard of Living

Due to numerous economic benefits of tourism and its potential growth it helps in the increase of standard of living of the people by offering new and better jobs, which in terms helps them to improve the quality of life and their families.

Improvement in Health and Family Welfare

Tourism helps in the improvement of health and family welfare by adopting the direction of the advance countries in this direction. Health conference, convention, seminars, exchange of views of the leading experts "helps in this" regard.

ENVIRONMENTAL IMPACTS OF TOURISM

An attractive environment appeals to tourists, whether natural or built, and the development of tourism in a locality will relate to the surrounding area. The term 'environment' refers to the physical setting in which tourism takes place – this could be coastal resorts, historic cities, mountain ranges, picturesque villages, sites of cultural interest including museums and national monuments – and which provides the stimulus for travel.

Tourism itself will affect the environment in both positive and negative ways. The following lists summarize these effects:

- Increased investment in the area (may improve facilities, access and enable development);
- Conservation of features encouraged (buildings, wildlife, countryside);
- Increased income for upkeep and preservation of facilities.

There are pressure groups that campaign to preserve the environment and try to prevent over-development, such as Friends of the Earth and Tourism Concern. Government departments in many countries aim to achieve sensitive tourism development that is respectful of local environments and customs.

The more involved a local community is with the development of tourism in an area, the less damaging the impact of tourism may be on that area. However, the local community may see the benefits of tourism development without being fully aware of the negative effects or costs to the community. Or they may focus on the threats to the environment without seeing the positive aspects. This is where local tourism forums (such as regional tourist boards) can help focus the issues and provide an opportunity for discussion and analysis as well as raising public awareness.

CONCLUSIONS

Nowadays tourism is one of the dynamic economic activities in creating socio - economic changes across the world which has been increasingly important. Since, in the world present circumstances, diversifying the economy, enhancing human development indicators, reduce the problems of industrialization and pollution excessive cities, employment, cultural exchanges, environmental protection and ultimately sustainable development including the challenges facing the country are considered, importance of desired topic is completely clear. On the other hand, The tourism sector is probably the only service sector that provides concrete and quantified trading opportunities for all nations, regardless of their level of development. However, it is also a sector where there is clearly an uneven distribution of benefits, which is threatening the social, economic and environmental sustainability of tourism in some developing countries. For many developing countries tourism is one of fundamental pillars of their development process because it is one of the dominant activities in the economy, while for others, particularly by islands and some small economies, it is the only source of foreign currency and employment, and therefore constitutes the platform for their economic development. Therefore, Tourism planners must realize that these three concepts, 'the environment, the economy and the society are inextricably linked... like a spider's web- touch, one part of it and reverberations will be felt throughout' (Spanou, 2007).

References

- Simoni, S. & Mihai, D. (2012), "Tourism Organization and Coordination in Australia and the Managerial Strategy for Tourism Development", *Journal of Knowledge Management, Economics and Information Technology*, Issue 5, Available at: www.scientificpapers.org/.../1319_Simoni_Mihai_Tourism_Organization...
- OECD (1991), "*Manual on Tourism Economic Accounts*", Paris.
- United Nation and World Tourism Organization (1993), "Recommendations on Tourism Statistics", *Statistical Papers Series M*, No. 83, New York.
- World Tourism Organization (1996), "Draft Manual of a Satellite Account for Tourism". Available at: statistics.unwto.org/sites/all/files/docpdf/parti.pdf
- World Travel and Tourism Council (1995), "*Travel & Tourism: A New Economic Perspective*", the 1995 WTTC Report - Research Edition.
- Mathieson, A. & Wall, G. (1982), "*Tourism: economic, physical and social impacts*", Longman: Harlow, UK.
- Cooper, C., Fletcher, J., Gilbert, D., & Wanhill, S. (1993), "*Tourism: principles & practice*", Longman: Harlow, UK.
- Inskeep, E. (1991), "*Tourism planning: an integrated and sustainable development approach*", Van Nostrand Reinhold: New York.
- Gee, C. Y., Makens, J. C., & Choy, D. J. L. (1989), "*The travel industry*", Van Nostrand Reinhold: New York.
- Holloway, J. C. & Robinson, C. (1995), "*Marketing for tourism*", Longman: Harlow, UK.
- Mill, R. C. (1990), "*Tourism: the international business*", Prentice Hall International: Englewood Cliffs, New Jersey, USA.
- Mill, R. C. & Morrison, A. M. (1992), "*The tourism system: an introductory text*", Prentice Hall International: Englewood Cliffs, New Jersey, USA.

Spanou, E. (2007), "The Impact of Tourism on the Sociocultural Structure of Cyprus",
Tourismos: an International Multidisciplinary Journal of Tourism, Vol. 2, No. 1,
pp. 145-162.