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Role of tourism and hospitality business in economic development

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ABSTRACT

Tourism is critical in creating goodwill among people and, as a result, socioeconomic growth in the country. Tourism as an industry contributes significantly to the country's foreign exchange reserves and provides direct and indirect job possibilities to a broad segment of the population. Furthermore, supporting a nation's handicrafts and fine arts aids in the preservation of nature's beauty, cultural legacy of the country, and soil tradition, as well as strengthening the process of national integration and global brotherhood. For analytical purposes, it is important to distinguish between different forms of tourism. For example, tourism is often divided into two main categories: international tourism and domestic tourism, which is determined by the tourist's permanent residence's territorial limit. There is no minimum duration of travel required to qualify as a tour, and the important component is the movement away from the permanent residence to the destination or locations that are not in the same region. This article discusses the importance of tourism and the hospitality industry in economic growth.
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1. Introduction

Tourism [1] is critical in creating goodwill among people and, as a result, socioeconomic growth in the country. Tourism as an industry contributes significantly to the country's foreign exchange reserves and provides direct and indirect job possibilities to a broad segment of the population. Furthermore, supporting a nation's handicrafts and fine arts aids in the preservation of nature's beauty, cultural legacy of the country, and soil tradition, as well as strengthening the process of national integration and global brotherhood. For analytical purposes, it is important to distinguish between different forms of tourism. For example, tourism is often divided into two main categories: international tourism and domestic tourism, which is determined by the tourist's permanent residence's territorial limit. There is no minimum duration of travel required to qualify as a tour, and the important component is the movement away from the permanent residence to the destination or locations that are not in the same region [2].

Elite tourism and mass tourism are two more types of tourism that we encounter. An elite tourist travels with a self-contained mentality and is always self-contained. He might be an antiquarian, a naturalist, or an adventurer visiting locations that few people visit or are unfamiliar with. Because he is a snob by nature and a nonconformist, if not eccentric, his pleasure of the location is lessened as visitor traffic increases. For that reason alone, he prefers less accessible locations. The nature-loving visitor would frequently go around a mountain or a game sanctuary by himself. The relationship between nature and himself is the fundamental desire of such a nature-loving traveler. He want to share his experience with his friends, relatives, and other group travellers. When visiting a historical place or a monument, the antique lover likes isolation. The difficulties in traveling to a tourist attraction may serve as a challenge for him if he is motivated by the spirit of adventure. He adapts well to local conditions and is unconcerned about accommodations, food, and other amenities [3].

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As a result, tourism, as we know it now, is a worldwide industry. It is a significant economic activity all over the world. It not only directly contributes to the national economy, but it also has important links with numerous other sectors such as agriculture, animal husbandry, handicrafts, building, transportation, entertainment, and so on. Inbound tourism, as a globally traded service, has grown to become one of the world's main trades [4].

Tourism is a major source of foreign money for many developing countries. Tourism Highlights, according to UNWTO (United Nations World Tourism Organization or World Tourism Organization in short): Tourism accounts for 9% of global GDP in 2014, according to the World Tourism Organization. Tourism is expected to contribute 9.01 percent of total jobs (direct and indirect), or one out of every eleven new jobs produced [5].

The huge beneficial effect generated by the tourism industry has compelled many nations to strengthen their efforts in growing their tourism sector and gear up to grab as much of the ever-expanding worldwide tourist market as possible. As economic development accelerates, it will encounter a slew of new obstacles. As governments and corporate sectors in many established and emerging nations strive to minimize their financial commitments, and as global oil and commodity prices rise on a yearly basis, the tourism sector is anticipated to be one of the world's fastest expanding industries. Thus, the importance of travel and tourism as a driver of economic growth is becoming more widely acknowledged, particularly in emerging countries such as India. Tourism will not only create jobs, but will also contribute to long-term development and poverty alleviation by distributing socioeconomic advantages more equally across the population [6].

2. Forms of tourism

Various forms of tourism are discussed in this section [7–11].

- *Religious & Spiritual Tourism:*

People throughout the world are more mentally distressed and are looking for consolation in spiritual reading, meditation and moments of celestial bliss. Our country is well known as the spiritual center of the globe for long and its pilgrimage sites are the most representative for its multicultural element. For members of major faiths and sects, religion is essential. Hinduism, Islam, Buddhism, Jainism, Zoroastria and Christianity have been together for thousands of years.

- *Rural Tourism:*

One of the key sectors for Indian tourism growth was rural tourism. Rural tourism. The experience of rural tourism should attract tourists and also be sustainable for the host community. The coordinated efforts of all development organizations are needed to capitalize on the huge potential. The Community will certainly benefit financially and will increase quality of life in the village via well-planted and well-executed development. The success of such expansion depends on the commitment of the local population to provide tourism facilities and to create a tourist-friendly environment. Rural tourism is growing fast, and the hotel and restaurant industry is rapidly increasing. More rural tourist revenues will undoubtedly offer the poor rural people with an enticing source of income. It increases purchasing power at all social levels and helps strengthen the rural economy. The improvement of infrastructure such as trains, electricity, water, health and sanitation would definitely increase the quality of life of individuals.

- *Sustainable Tourism:*

The idea of sustainability is that people need to live in the capacity of the ecosystem they support. Sustainable development has been characterized as "without compromises on the potential of future generations to meet their own demands," which fulfills the needs of the current time. Sustainable development means conservation of resources and future management. The support for sustainable ecological development in the tourism sector is developing significantly, because it is the natural way to combine environmental issues with the expansion and development of the industry. The seriousness of the environmental problems of the globe today requires quick action at the highest level to stop this catastrophic degradation. It is not enough, however, for government agencies to work towards sustainable development. Every individual, each district and every community must assist in any way they can to achieve this goal. Since the Earth Summit, the concept of sustainable development is firmly on the global agenda.

- *Nature Tourism:*

Travelers and suppliers are presently trying to reinvent nature as a tourist resort in the quest of new tourist goods. Modern nature tourism focuses on the meeting of wildlife and plants in their natural settings. Natural tourism focuses on nature and its beauty, so that visitors may enjoy it in its natural environment. Eco-tourism takes untouched natural and socio-cultural attractions into account. The words "nature tourism" and "ecological tourism" are now used interchangeably. The fastest growing segment of the tourist business is presently natural tourism. The total number of international tourists is between 40 and 60 per cent.

- *Adventure Tourism:*

Youth tourism has been considered to be one of both international and local tourism's most significant segments. Young people are primarily seekers of experience, meeting and researching single-child meetings. The behaviour and attitudes of young travelers are influenced by adventure and risk. A growing number of young travelers are driven by a variety of factors, including increased higher education participation, reduced unemployment among young people, increased travel budgets by means of parental support, the desire for a still more exciting and unique experience and cheaper long-distance travel. Young people and adventure tourism want plenty of space to expand. The growth, combined with the decline in travel costs and the expansion of student populations worldwide, especially in poorer countries, has stimulated the demand for some important supplier areas, such as Central and Eastern Europe, Asia and Latin America.

- *Mice Tourism:*

The industry of meetings, incentives, conferences and displays is rapidly developing and is strongly linked to business travel. Examples of mouse-related events are meetings, conferences, conferences, displays, and incentive tours. Each of these subgroups of mice has different characteristics, despite the fact that they are usually referred to as mice. Meeting, incentives and exhibition organizers and service providers are increasingly being supplied by the convention office.

Fig. 1 shows Forms of Tourism

3. Impact of tourism on GDP

Tourism's economic impact has been classified into three categories: direct impact, indirect impact, and induced impact [12]. They are as follows:



Fig. 1. Forms of Tourism.

1. 1 Direct impact: Changes in industries that are directly related to tourist expenditure are referred to as direct effect.
2. Indirect effect: It has a multiplier effect due to backward and forward connections. It is about intermediate consumption in the tourist industry for the creation of products and services. These are the goods and services purchased by tourist firms from their suppliers, which comprise the tourism supply chain.
3. Induced impact: It refers to sales, revenue, or employment generated by household spending as a result of tourist spending income (either directly or indirectly). Consumption of businesses that gain directly or indirectly from early investment in the tourist sector is likewise an example of an induced impact.

Thus, the total impact of tourism = direct impact + indirect impact + induced impact.

Table 1 shows impact of tourism on GDP of various countries

Economic impact [13] evaluation assesses tourism's contribution to the economy in terms of money, job creation, infrastructure development, local industry growth, regional development, and changes in people's standard of living. In other words, it provides a better knowledge of the function and significance of tourism in an economy. An economic impact analysis follows the expenditure flows connected with tourist activity in a region to detect changes in sales, tax revenues, income, and jobs as a result of tourism activity (Stynes, 1997). There are several techniques for calculating the economic impact of tourism. Tourism Satellite Account, Input-Output table and model, Social Accounting Matrix, and Computable General Equilibrium Models are among the most important. Currently, more than 60 nations across the world use the Tourism Satellite Account to assess the direct impact of tourism consumption on their national economies.

The concepts and structure of the System of National Accounts are used in this technique to calculate the direct economic effect of tourism. Typically, the World Tourism Organization employs this technique to assess the direct impact of tourism on country economies. The secondary impacts of tourism, on the other hand, may be quantified using the Input-Output model and an Input-Output table. However, the Social Accounting Matrix incorporates survey data on individual income and household spending [14].

Computable General Equilibrium Models is an expansion of the Social Accounting Matrix that addresses how an economy adjusts to increased tourism spending and establishes a new general equilibrium. All of the techniques described above are based on national data, and calculating them with localized data is challenging. So, in order to determine the economic impact of tourism, this study used the "Economic Impact Assessment Scale" approach. The assessment instrument used in this case is a five-point Likert scale. Cronbach's Alpha is used to assess the schedule's dependability; a result of 0.986 indicates that the questions are very reliable [15].

4. Conclusion

Tourism as an industry is a major contributor to foreign exchange reserves in the country, providing a large proportion of the population with direct and indirect work opportunities. In addition, it will promote the arts and crafts of a nation to preserve the beauty of nature, its cultural heritage and the history of land

Table 1
Impact of Tourism on GDP.

COUNTRIES	DIRECTIMPACT	INDIRECTIMPACT	INDUCEDIMPACT	TOTALIMPACT	TOTAL CONTRIBUTION(PER CENT OF GDP)
US	404.0	649.2	296.5	1,349.7	8.8
China	166.7	282.2	116.4	565.3	8.6
Japan	120.1	172.5	84.0	376.6	6.9
Australia	44.7	93.3	37.7	175.7	13.0
France	97.1	84.6	46.2	227.9	9.1
Spain	68.4	84.2	39.1	191.7	14.4
Brazil	68.0	76.6	42.7	187.3	9.1
UK	57.0	73.2	32.1	162.3	6.9
Italy	64.3	71.4	34.8	170.5	8.6
Germany	53.9	64.7	27.1	145.7	4.6
RussianFederation	25.2	55.9	22.3	123.4	5.9
Mexico	65.2	43.7	27.6	136.5	13.0
Canada	23.2	43.6	16.8	83.6	5.0
Indonesia	25.3	32.3	15.7	73.3	9.1
India	34.0	29.4	16.3	79.7	4.5
Turkey	29.2	28.0	14.3	71.5	12.0
Republic ofKorea	19.7	26.8	12.0	56.5	5.1
Argentina	15.8	18.4	9.4	43.6	112
South Africa	19.7	16.2	9.1	45.0	11.4
Saudi Arabia	13.5	11.1	5.7	30.3	6.7

and to advance the process of national unity and global brotherhood. It is necessary to distinguish between various kinds of tourism for analytical reasons. This article examines the relevance for economic growth of tourism and hospitality.

Declaration of Competing Interest

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

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