

# Impact of globalization on the accommodation sector tourism essay



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## Introduction

Post World War II had seen a significant boost in the travel, tourism and hospitality industries moreover on cross-national or international boundaries with accommodation acting as a catalyst by providing the tourists a place to stay and rest thus contributing to a major part in the decision-making process and movements of tourists. The accommodation sector is the key element for the tourism development and planning , economy as well with in the destination. As stated by Medlik and Ingram (2000), “ the primary function of a hotel is to accommodate those away from home and supply them with their basic needs”. Globalization is changing the business dimensions in the hospitality industry. Baron and Greenberg (1997) observed a boost in fund injection, affray, and financial strategies over countries. Choi et al. (2000) discerned developing trends of worldwide work exploitation, whereas Wilson et al. (2000) mentioned that information breaches within the agreement policy in accommodation business.

In this scenario, one of the noteworthy views for hospitality managers to realise the significance of global design for the implementation of strategic approach for example, Jones (1999) demonstrated a requirement to intensify vigilance of multi-directional chain management by undertakings for example incorporation, position, arrangement, association, execution, and alteration. Furthermore, in emerging positions hospitality managers are required to designing for increasing globalization.

The World Tourism Organization (2004) outlooks that worldwide tourists will cross over to 1. 56 bn by 2020 through positions for example East and Pacific

Asia, Middle East, South Asia, and Africa posting over 5 % boost in appearances each year.

## **Aim and Objective**

The aim of this study was to assess the prospects for hospitality managers about the influence of globalization on contemporary business subsequently, the sophisticated notion by Thomas L. Friedman (2000) that:

To analyse the structure of the accommodation sector

The progress of contemporary business is much different in the evaluation for the period of time prior to the Cold War era;

Connection methods have expanded and changed;

There is progress in the development of worldwide purchasing, and

Technology has opened the way for changes in the business environment.

In addition, we are involved to validate if passed psychological ramifications of globalization on individuals and organizations, the results are given, and in the context of strategic significance for hospitality managers in emerging locations.

## **Literature review**

The hotel industry is seen as one of the most ' global' in the service part (Litteljohn, 1997; Mace, 1995). In alignment to realise if that likeness is aligned with perform, this paper first examines the forces going by car globalization in the part and then the span to which worldwide hotel chains

really chase global strategies. As the topic of what constitutes ' global strategy' is hotly argued (Prahalad and Doz, 1987; Bartlett and Ghoshal 1989; Zou and Cavusgil, 1996) the construct itself first desires to be explored. Medlic and Ingram (2000) stated " in many years, hotels are important attractions for visitors who bring with them spending power and who tend to spend at a higher rate than they do when they are at home. Through visitor ' s spending, hotel thus often contribute significantly to local economies both directly and indirectly through the subsequent diffusion of the visitor's expenditure to other recipients in the community."

Accordingly, a destination success means more development and growth of the different forms of the accommodation sector. Cooper et al (1998) stated " accommodation typically accounting for around one-third of the total trip expenditure, and Gross-Turner (1996) pointed out that it is also an essential ingredient of the tourism experience". The living publication presents helpful beginning points. Work on internationalization in the hotel part, reconsidered by Burgess et al. (1995), has analyzed a number of matters opposite multinational operators, encompassing application mode strategy (Litteljohn and Roper, 1991 Slattery, 1996) and worldwide marketing strategies (Crawford-Welch, 1991; Alexander and Lockwood, 1996). Particularly pertinent are investigations by Go and Pine (1995), who recount the key components going by car the development of global strategies, and Go et al. (1996) on the procedures of the Four Seasons group. Key outcome are: the significance of a ' balanced' global occurrence engaging both built-up and holiday resort hotels; principles to incorporate worldwide worth

supplemented undertakings in localities like teaching and purchasing, and;  
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an emphasis on developing global brands. However, their investigation furthermore displayed that in numerous operational undertakings, principle is considerably localized.

These investigations are helpful, but there have been no empirical investigations which systematically assess the span to which foremost worldwide hotel chains are incorporating their undertakings on a global basis. In this paper key proportions of globalization are analyzed and hypotheses are then developed pertaining to the environment and influence of the forces going by car global integration in the industry. Practice in premier British-based worldwide hotel chains is then evaluated.

The conceptual base taken up is drawn from (Malone, 1998, 98), which has been recounted as ' the most broadly utilised structure for considering the span of, and promise for, industry and market globalization' (Rosenzweig, 2000, 220). The primary benefit of Yip's set about is that it is eclectic, drawing upon multiple conceptualizations of the ' global strategy' construct. Thus account is taken of the decrease of costs through standardization and centralization (Levitt, 1983; Bartlett and Ghoshal, 1989); the span of worldwide market participation (Ohmae, 1995); cross-subsidization (Hamel and Prahalad, 1985); configuration of value-added undertakings (Porter, 1986); and globally incorporated marketing.

In Yip's form, ' global strategy' is construed as the span of world-wide coordination and integration in esteem of five strategic ' levers' namely: the scope of overseas participation; uniformity of goods and services; position of activities; marketing policy; and comparable moves. The antecedents to the

adoption of global strategy are recounted in periods of four groups of ‘drivers’, involving: markets; costs; authorities, and; competition. These drivers render it money-making to make larger or lesser use of the global strategy “ levers” which can be conceptualized in periods of a continuum. At one end lies a ‘ multi-domestic’ strategy, where the undertakings in each overseas position are very resolute without quotation to situation in other markets. At the other end, ‘ global’ strategy is characterised as an set about “ that incorporates and manages for worldwide business leverage and comparable advantage” (Yip, 1992, p. 7).

## **Cost drivers**

Three promise localities where hotel chains may gain cost finances through integration of worldwide undertakings were identified. The first was purchasing, where amount buying may permit for ‘ sourcing efficiencies’. However, savings in this locality were glimpsed as limited. One professional summarised the consensus.

I wouldn’t anticipate, if Hilton had a good European supplier of furnishings, for them to be utilising that identical supplier in the Far East because; you start running into transport costs; they like to give their hotels a minor local feel; and, a high percentage of worldwide hotels are functioned under management agreement or where the hotel operator has only a part share in the inherent equity. It is the hotel proprietor who does rather many of the buying...

The second locality anxieties the engrossment of ‘ back-office’ services, for example the position of accounting services in a low-wage environment.

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Arthur Andersen (1999) proposed that most of these purposes are inefficiently duplicated on a hotel by hotel cornerstone, and that ' the hospitality industry bears a disproportionately high cost for its investment and accounting methods in evaluation to other industries, far overhead best perform benchmarks', with consolidation savings in the district of 2% of hotel incomes feasible. The professionals, although, proposed that achievement of such finances was problematic on a worldwide cornerstone, with savings more associated to dimensions other than global reach.

The third locality where cost components favour incorporated set about worldwide anxieties visitor booking and data systems. Where these can be leveraged globally, worldwide chains can develop cost savings, while advancing incomes through yield management systems which can furthermore direct promise clients to other hotels inside the chain where appropriate. The high cost of the systems, and the significance of all hotels in a chain co-operating for effective presentation, shows the requirement for integration when developing a lone worldwide system.

## **Market drivers**

Hotel chains require balancing the provision of a normalized grade of service and amenities with customers' concern in some stage of localized adaptation. The response affirmed that visitors, particularly business travelers, anticipated a alike variety of services. Thus in-room worldwide direct dialling (IDD), internet services, a business centre, 24-hour room service and a gymnasium, are glimpsed as ' minimum application standards' for a worldwide business hotel. One professional suggested:

As other businesses have become more global and as travelers have become more global...if a famous person rolls up in the Far East and they roll up in the States then there is just that anticipation that the merchandise will be consistent...

However the professionals furthermore glimpsed responsiveness as significant, particularly for leisure travelers, on the requirement for localized differentiation, it was documented that the function of hotels inside nations differed. Hotels in western nations normally depend on places to stay charges for the most of their sales, while in Asia nourishment and beverage charges often make up the bulk of hotels ' revenues. Asian hotels thus require focusing on supplying more and bigger bistro outlets, aiming at localized diners as well as overnight guests.

Many ' global customers' purchase hotel services centrally and multinational companies often assign specific hotel chains as ' preferred' suppliers for their employees. This has significances for global participation as numerous business clients will only deal with chains having ample geographic coverage. Second, the chains require incorporating marketing assets to deal the worldwide chain where the clients are producing decisions.

## **Government drivers**

The professionals glimpsed little clues that government principle restricts the proficiency of hotel chains to elaborate internationally or constrains foreign ownership, as the fragmented environment of the industry restricts anxieties over market domination. There is couple of cost and marketing controls and, exception from demonstrations of alcoholic beverage restrictions, couple of



restricts on the variety of services that hotels can provide. Additionally, it seems that authorities had couple of anxieties about the influence of worldwide hotels on the localized heritage or competitors and the chains are usually met due to tourism and employment benefits.

Some lawful constraints limiting the possibilities for standardization and integration of worldwide procedures were identified. Labour legislation sways employed hours and salary rates producing, for demonstration, in higher employees to visitor ratios in some countries. Stringent blaze and security guidelines in more developed markets, and distinct measures considering kitchen and assisting amenities, influence hotel conceive and cost levels. Finally, zoning guidelines alter between nations, producing it tough to take up benchmark hotel concepts that help the consignment of a consistent likeness and service.

## **Competitive drivers**

The professionals noted that there is ' multi-pronged' affray with chains founded in North America, Europe and Asia competing in most of the world's biggest markets. Country procedures are glimpsed as interdependent in that hotels inside a chain share marketing and other centralized costs affiliated with visitor data and booking systems. Furthermore, the visitor know-how in one homeland leverages the propensity to stay with the identical chain in other countries. The presentation of hotels in each homeland thus sways the incomes and costs of other hotels inside the network.

It was furthermore documented that in localities for example pay, booking and data systems, worldwide chains that did not take up consistent worldwide systems would find it tough to compete.

## **Methodology**

Travel bosses as characterised in this study mentions to a expert accomplishing a management function pertaining to journey and tourism. This delineation encompasses persons committed in projects for example journey bureaus, journey study and conferring, journey technologies, hotels and holiday resorts, hospitality management, journey newspapers, airlines and aviation, vehicle rental, trip operators, tourism planks, conference and public displaying bureaus, journey distribution systems, journey and tourism learning, journey newspapers, place travelled to management, and place travelled to buying into companies.

Survey types were dispatched out to 1, 000 members of the Pacific Asia Travel Association (PATA). There was 118 legitimate reviews accomplished and returned. Of the respondents, 35 percent were in the journey services class, 34 percent in tourism, 7 percent in Airline, and 24 percent in hospitality.

The respondents came from 35 nations, namely: Austria, Australia, Bahrain, China, Canada, Cook Islands, Fiji, France, French Polynesia, Germany, Hong Kong, India, Indonesia, Japan, Korea, Macau, Malaysia, Mongolia, Nepal, New Guinea, New Zealand, Pakistan, Philippines, Saudi Arabia, Singapore, South Africa, Sri Lanka, Switzerland, Thailand, Tonga, Turkey, Turkmenistan, USA, UK, and Vietnam.

## **Result and Discussion**

Respondent profiles may be farther trained as follows: 73 percent were male and 27 percent were female; 50 percent owned a Bachelor's stage, 47 percent with a Masters, and 3 percent with a Doctorate; and, 88 percent had not less than 11 years of industry work experience.

We have assembled facts and numbers considering the respondents' insights on the assured influence of globalization on business, connection, accounting and investment, expertise, and one-by-one psyche. Statements were suggested through a corresponding five-point Likert scale. The quantitative and qualitative levels were 5 for Strongly acquiesce (SA), 4 for Agree (A), 3 for Undecided (U), 2 for Disagree (D), and 1 for Strongly contradict (SD). Since the reason of the study was to work out the centered inclination of the answers to each statement, the weighted signify of each statement was calculated. In alignment to reach at a decisive understanding of the respondents' centered inclination, we have allotted the next hypothetical signify variety to the levels in each item (se Table I).

## **Review of associated literature**

We postulates that globalization sways business management in not less than five localities and issue out applicable study pertaining to:

1. Evolution of business practices;
2. Changes in connection patterns;
3. Broadening of accounting and investment approaches;

4. Technological enhancements; and
5. Impact on one-by-one and organizational psyche.

### **Business practices**

There live certain business stresses conveyed about my larger market integration. Rosenzweig et al. (2000) demonstrated that for the past 50 years, falling tariffs and the emergence of local dealing blocs had a tremendous influence on world trade and buying into and boosted businesses to gaze at business in a global perspective. Haynes et al. (1999) documented the limitation of merchandise life circuits in a data age, while Cateora and Graham (1999) emphasized the requirement to supply intensified vigilance to heritage particularly in the realm of worldwide marketing and the segmentation of markets.

### **Communication patterns**

Breakthroughs in connection technologies have helped worldwide communication. Kotler and Armstrong (1999) contended the requirement to utilize global connection adaptation strategies when broadcasting over boundaries, while Lussier (1996) alluded to the relevance of non-verbal connection in worldwide business. Friedman (2000) discerned the “democratization of information” in a global natural environment that permits persons to come to out to other ones in a much quicker, deeper, and lower manner.

## **Accounting and investment approaches**

The internet has made economic data and worldwide transactions easier. Malone and Laubacher (1998) mentioned to the emergence of “electronically attached freelancers” (e-lancers) that function virtual organizations that help the flow of economic transactions from any location in the world. Friedman (2000) emphasised that the entire world functions like Wall Street because global buying into has become more befitting and accessible to numerous individuals.

## **Technological enhancements**

The global natural environment may need technological adaptation and adjustments. Bishop (1999) suggested undertaking worldwide expansions evaluations pertaining to telecommunication infrastructure, digital capabilities, and online resources. Buss (1982) articulated the challenge of management of data and expertise over boundaries due to:

Divergence of gear, programs and methods from one venue to another;

Changing costs of staff, hardware, and facts and numbers connection inside and between distinct countries;

Increasing interdependence of firms’ affiliates;

Fast-changing regulatory environments;

Unionizing of facts and numbers processing department personnel; and

The expanding rate of change of data technologies.

## **Individual and organizational psyche**

The global natural environment has the proficiency to sway the mindsets of individuals. Fan and Mak (1998) discerned that it is likely that worldwide participants who need communal abilities and aptitude may conclude to remove from the method and favour to stay inside their solace zones and combine with co-ethnic or like-minded members. Gudykunst and Hammer (1988) alluded to the detail that persons revealed to cross-cultural environments and are unfamiliar with changing heritage ciphers may know-how a high grade of stress in communal comes across, and bear from interpersonal disquiet and self-doubt.

Theoretical publications propose that business practices may change as a outcome of globalization. Insights of journey bosses worldwide are accumulated in alignment to recognise viable strategic approaches.

## **Survey outcomes and findings**

Table II presents chosen response of the journey bosses on business matters pertaining to globalization.

An outcome of the review proposes the following:

Modalities of business have been changed in a global natural environment needing strategic changes from area practitioners in the journey industry.

There lives intensified convenience in operational undertakings conveyed about by globalization.

Business circuits have accelerated and need befitting responses.

Opportunities for inter-organization connection efficiencies can be accomplished as global connection technologies are enhanced.

Realignments in buying into strategies are taking place.

There are seen advantages in the creation of worldwide economic alignments and standardization of practices worldwide.

Technological discovery along with corresponding organizational structure changes are seen as avenues for construction efficiencies.

Country infrastructure for example bandwidth is probable a position consideration.

The global natural environment has the promise to form one-by-one and organizational mindsets and attitudes.

The intensified demands of globalization need that vigilance is put on promise doubts of change that live in organizations.

## **Conclusion**

Approximately one-quarter of the respondents in this study pertains to the hospitality industry. The outlooks and insights conveyed on the globalization matters; while the respondent number restricts generalize ability of deduction the outcome is possibly precious in assisting management approaches. Based on the review outcome, five advances for hospitality managers in emerging positions can be suggested here:

Prepare for globalization, the outcome propose that one-by-one and organizational doubts of the stresses of globalization live in business organizations worldwide. Hospitality managers in emerging positions require addressing these doubts through organizational evaluations, strategic designing, and the formulation of a global vision.

Enhance cross-border information flows. The outcome issue to the convenience of cross-border connection flows in a global environment. Communication efficiencies can be farther increased by hospitality managers through the improvement of worldwide data flows, use of innovative discovering and teaching advances, and the broadening of marketing efforts.

Plan for economic perform modifications. In the review, journey bosses documented changes in economic buying into strategies in a global natural environment, and glimpsed the requirement for the standardization of accounting practices. Hospitality managers in emerging positions should be arranged to attempt changes in their economic operational systems and methods for the sake of perform uniformity and commonality of standards.

Speed up business development efforts. The review outcome show larger conveniences in operational undertakings and the acceleration of business cycles. Regardless of position, hospitality managers are in a place to tap into the pace and trade conveniences conveyed about by globalization.

Marketing and developmental efforts require be intensifying and modifying in conjunction with new possibilities that arise.

Utilize expertise strategically. Technology is examined as an intermediate for effectiveness enhancement and bandwidth has become an significant <https://assignbuster.com/impact-of-globalization-on-the-accommodation-sector-tourism-essay/>



business consideration. Hospitality managers in emerging positions should utilize expertise in a strategic kind in their organizations. Forming innovative technological linkages with government and personal enterprises in both localized and worldwide venues paves the way for technological enhancement and effective organizational integration.

In a global natural environment, journey bosses worldwide have constructed comparable benefits by strengthening efficiencies in business and connection practices, economic management, and technological usage. As hospitality managers in emerging positions face invigorated development prospects, incorporating these practices in their development agenda can become anchors for future success.