

# Globalisation on the indian hospitality industry tourism essay

[Sport & Tourism](#)



**ASSIGN  
BUSTER**

Abstract of the article: The first section of this article will deal with brief of globalization and Tourism or and hospitality industry and the remaining part of this will contain a discussion on the impact of globalization in hotel and hospitality industry with advantages and disadvantages as well in India. Finally, in the concluding part, the future growth of the hospitality industry will be projected as a summary.

### **An introduction:**

Jayasheela and Hans (2009) suggested about the " globalization" that it is a process that involves better establishment of economic, political, social and technological linkages between the various nations in the world.

Globalization on the other hand can relate deeply with the overall business profit of a particular country. Globalization can be defined as a huge system that establish an interaction amongst the countries of the world so that the development of the global economy may occur and which includes the integration of economies and societies present all over the world. As globalization advances it has mixed the technological, economic, political and cultural factors and made them to be exchanged amongst the nations involves in the global business. The reason behind is globalization advances the communication, transportation and infrastructure facilities which made everything easy going. There are large number of the aspects in the globalization due to which different definitions comes but even then globalization can drive us towards the unexplored world of innovations which made us face and deal with different conditions(Frechtling, 2004). Tourism as a topic which is vast to be understood and it can be defined as an activity that is done by individual or by a group, which leads them in a motion from

one place to another. This movement of individuals generates a great impact on the national revenue in favour of a country(Rivera, 2008). So, tourism is a vast field that increases the employment opportunities for the individuals both local and to the foreign individual. This is why; Tourism is also one of the very important factors as a source of income for countries. Due to its moving nature tourism industry is one of the best dynamic industry to be invested so it can be considered as the growth industry because it is providing the growth opportunities in terms of employment and business. Therefore, Tourism is a global force for any economic or regional developments. Development in this field brings with it a mix kind of benefits along with the costs with the growing field of tourism. Here, economics is also making a very important contribution to the tourism policy along with planning's for a various business and practices. Another industry called as hospitality industry of India is also a one of the fastest growing industries. The duration of between 2009-2010 had increased the Indian tourism and hospitality industry and experienced a growth of 24. 6% . So the industry became the third-largest foreign exchange earner, accounting for 6. 2% of India's GDP and 8. 8% of total employment as the report by the Planning Commission. between the year of 2008-2009. Indian economy had faced the recession period for a short duration, but growth is now going up in the graphs according to recently available data(Rivera, 2008). According to the national report we find that hotel and hospitality industry combine contributes in 6. 4% towards the GDP of India. According to the estimate it is expected that hospitality industry grown from 16. 7 Billion US Dollar to 30. 7 Billion Us Dollar in between the durations of 2008 to 2013; which is going to

be 26% of CAGR, B. (2009). The hotel industry of India have various categories according to which hotels can be categorised as Star Category Hotels, Heritage Hotels and Large number of Uncategorised Hotels. Star hotels can also be further categorised on the basis of stars that is from one to five. according to the survey reports and counting's 165 five star hotels are present all over the country out of total 2195 star category hotels. Another wide category is called as Heritage hotel, some 70 heritage hotels are present in India till yet and more than 7000 hotels come under uncategorised hotel in India. In which 30% of the Hotels are actually included in the organised sector and some around 200000 people are working in such hotels. Therefore there are so many opportunities are present in this industry as well(Sheldon, 1990).

## **NUMBER OF THE FACTORS THAT AFFECTS THE INDUSTRIES IN INDIA IN TERMS OF ORGANAZATION**

As explained above we can understand the nature of hospitality industry that it is an international industry. But today's business environment makes few factors important for the sustained growth of an organization to keep its pace of growth i. e. international linkages although international trade and business expand matters a little less. But when it comes to hotel industry, there are some supportive factors can be taken out from the studies of the present economical state and values for the growth of Indian hotel industry(Pechlaner, 2004). These factors can be classified as: Regulatory drivers, External drivers, Internal drivers. and all the drivers mentioned above get influenced by the process of globalisation (Morrison, 2005). The

Regulatory drivers can be defined as the growth drivers that are nothing but the initiatives that have been taken by the Government to support the tourism and the Hotel Industry for the growth of the states and the nation itself. For this Government has taken many steps like providing the fringe benefits like tax exemptions on facilities like Guest Houses and Crèches. Even Government has also allowed an exemption of Income Tax for the hotels that comes under the category of Two to Four stars. Not even this, but Issue of Medical visas can also be taken into an account for such big initiatives that are very important contribution for the industry (Sheldon, 1990). So as a benefit of " Globalisation" it actually ensured that India has become one of the most important destination for the treatments of patients from different part of the world and as the medical infrastructure and facilities along with the education quality India is quite superb amongst the Asian countries and infact it too cheaper than the Western countries in terms of medical support (Morrison, 2005). Therefore. India has become " Medical Tourism hub" which is beneficial for the growth of the Hotel and Hospitality Industries within the nation along with increasing graph of the growth both locally and internationally (Jogaratnam et al, 2005). Lets consider the External Factors that drives the growth of the Hospitality Industry. Mainly, the GDP growth of India is a primary and supreme driver as an external factor. According to the recent analysis and national report of the country it is found that India has sustained a nice GDP growth of around 9% in previous years over all and the rate growth is going to be projected some around 2016 as according to the analysts and economic scholars (Jogaratnam et al, 2005). This GDP attracted the Globalisation and International Businesses to focus on India as

a the trade partners in various industries, which has increased the FDI and the International tourists. Just as the contribution made by the external factors, the contribution of internal factors should also be considered as a milestone for growth of Indian hotel industry. Lets quote the example of "DLF IPL in cricket" hosts by the country that welcomes a high number of International tourists every year. along with this inaugurated the Formula One Race Track and hosted F1 Championships which have generated foreign tourism in India. so these are the internal factors that directly affects the growth of the industry(Holsapple et al, 1993). There are some other sources as well which contributed to the hotels are like world cup cricket and commonwealth games etc. And the reason behind this all is the impact of globalization that occurred in majorly in various part of the country and changed the business trend and social trends as well(Ferreira et al , 1998). Cultural changes as a result of globalization exposes the variety of the culture including food facilities and hotels which became positive factor on Hospitality Industry(Ryan, 2005). Globalization increases the growth of the cultural dimensions in terms of knowledge of the individuals like the managers of the Hospitality industry who learn about the various culture of the world. As they deal on the global platform and get the chances to mingle with people in various walks of their life (Frechtling, 2004). One important factor is 'Larger Market base'. Again globalization played the significant role in the formation of the customer base which has increased greatly in present times after the year 2000. Now, there are large number of the reasons behind the traveling of people these reason could be personal like holidays and meeting with people they know or purposeful like health,

education, jobs or business related purposes. Thus, these fast growing trends of traveling has increased the market and the customer base for the hospitality industry(Holsapple et al, 1993) . This increases the major income from the international travellers. Thus, the Economy is boosted by the positive impacts of globalization on this particular industry(Svensson et al, 2009). As much as the tourists come in the country and as much money they spend, this spending is directly counted as the increase of the foreign exchange of country. In other words actually globalization is pumping in the money, which helps the country to be strong in economic terms. Along with this the recent Advancement in terms of technology helps it to make this easier for the industry to grow more rapidly and more feasible. According to the need of the environment hospitality organizations constantly upgrading and improving their product and services too (Frechtling, 2004) .

### **NEGATIVE IMPACTS:**

There are some negative impact also that affected the India's hospitality industry. These factors are -Language Barriers, cultural barriers, And some other internal factors and problem in India. Due to globalization, the hospitality industry can give the employment to the people from different parts of the world as it is usually cheaper(Jogarathnam et al, 2005). But language barrier sometimes cause problems in communicating with customers bad communication make the customers irritated. Cultural barriers should not come during the business. People come from various cultures and special precaution should be taken so that they are never offended. The acceptance level of cultures varies from one culture to other. (Ferreira et al , 1998). However, it needs to be kept in mind that the process of Globalisation

<https://assignbuster.com/globalisation-on-the-indian-hospitality-industry-tourism-essay/>

also adds on to the pressures of effective social-cultural management. Globalisation and Internationalisation of trade means that the organisations are working in an unknown environment. Socio-cultural differences and language barriers along with factors such as access to technology can form major barriers for International Businesses. Most of the bigger hotels in India are branded International Chains and have been operating in India because of the business potential that the country offers. Lower infrastructure costs and economies of scale are lucrative factors that have drawn large multinational firms to this country (Ferreira et al , 1998).

### **Summary:**

There is a tremendous growth in hospitality industry in India And Globalisation is one of the best reason in 1990s was perhaps the biggest contributor for success of this industry and boosted economy. The achievement of the potential heights is also go up with the rich culture, heritage sites, exotic destinations although still lacking in infrastructure (Dale et al , 2001). IT boom in India also made this industry as a major business hub. Along with this, the cheap world class medical treatment and well educated youth boosted the medical tourism sector of hospitality industry. The present skills possessed by Indian students and job professional are equally comparable with the west that has encouraged the hotel companies to diversify and make their chain to be present in India. The Hotel bigwigs are also looking to multiply in various cities, with a bouquet of hotel chains along with cater service and to different classes of demographics (Dale et al , 2001). There are many steps taken by the Indian government is also the important point in the growth of this industry like <https://assignbuster.com/globalisation-on-the-indian-hospitality-industry-tourism-essay/>



investment happening from abroad is boosting its infrastructure index which is enhancing the business sentiments to more positive. Though the image as a country is more of a value proposition towards the foreign investment purpose therefore it is slowly increasing in the index for the destination of choice. This is why the role of globalisation therefore has increased, along with capabilities of India as a country in terms to strike the balance and seeking the opportunities when needed exactly(Weaver, 1990). Again Trades across the nations have also increased the overall knowledge that have led to self discovery of improving the standards of the hotels and other tourism sites in India to look for bright future of indian economy along with the bright future of the industry.