Impact of Tourism and its Contributions Towards Various Sectors of the Economy

by John Schmidt

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Hotel industry, otherwise called as a hospitality industry, has been a major contributor the world economy in several aspects. This industry is attracting a lot of tourism from different parts of the world and hence this industry is expanding rapidly and has a significant contribution towards the service industry. The service that this industry provides is indeed very spectacular in providing world-class infrastructure and thereby attracting many tourists into their own country. According to the World Class Tourism, the travel and tourism industry has become the leading contributor towards the world and national economies in terms of gross output, value added, capital investment, increasing in employment opportunities and tax contributions.

To substantiate the points mentioned above, the employment in the tourism industry alone numbers about 204 million people in the world, which is approximately 10.6% of the global workforce. When we look at this data, a simple calculation runs into our head and it states that one in every nine workers is employed in this industry. Similarly, the contribution towards the global national product is nearly 10.2% making it the leading economic contributor among various other sectors and also making it the largest industry in terms of gross output.

Today, we have a lot of channels talking about tourism are available on popular cable providers and satellite cable providers like Dish TV, where the viewer can take a sneak peek into a lot of beautiful places in the world. Worldâ€™s best hotels, cruise ships, temples, parks, beaches, lounges, monuments, various other sightseeing places like the mountain ranges, rivers, streams etc. In each of these places, there is a lot of activity that tourists are encouraged to do. A different kind of food habit, the varieties with which each food is prepared also depicts its cultural aspect about a particular place. The monuments that the ancient civilizations have built in various cities and also the traditions that these people have maintained since their forefathers is a splendid sight to see.

People from the hospitality background say that the tourism is a multi-component industry. This fact is really true because this industry is linked to various other sectors worldwide. This industry is linked to other sectors such as airlines to transportation; souvenir shops, concession stands and restaurants to retail or service; hotels and other accommodation to commercial development. The tourism creates job opportunities both directly and indirectly. It provides direct employment for travel and tourism consumer services like airlines, hotels, car rental companies, tour operators, travel agents, restaurants, and retail shops. Indirect employment implies to sectors like agriculture, mining, manufacturing, utilities, construction, communications, finance and business services, and personal service sector, which support this industry with infrastructure, equipment, supplies, and services.

A survey conducted by the World Tourism and Travel, which was published in the Economist magazine offers a following rationale. It says that the size of the travel and tourism business is difficult to comprehend for at least three reasons. First, there is no accepted definition of what constitutes the industry, any definition of what runs the risk of either overstating or understating economic activity. Second, tourism is a business; many of whose activities (like tour guides and souvenir sales people) and much of whose income are well suited to practitioners of the underground economy. In countries with foreign exchange controls, every official figure on expenditure will be wrong. Third, international travel is bedeviled by astounding differences in the data of different countries. While efforts are underway to bring uniformity to data connection and analysis worldwide, it will likely to be sometime before a consensus is reached and the scope and impact of the tourism industry. However, at least two organizations are dedicated to the task of giving travel and tourism itâ€™s due as the worldâ€™s largest industry.

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