



Meaning and Characteristics of Tourism Business Environment

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Introduction

The Union Government of India has expressed commitment to give top priority to five 'T's i.e. Tradition, Talent, Trade, Technology and Tourism for overall development of the nation. Tourism is one of the fastest and largest growing industries of the world and is extremely labour intensive. As per statistics, 9.5% of global GDP is contributed from travel and tourism industry and nearly this sector generated 8.95 of total employment (WTTC, Travel and Tourism Economic Impact, 2015). Apart from foreign exchange earnings, economic development, it provides direct and indirect employment to the local people .The term 'business environment' encompasses all internal & external forces, factors and institutions which have a direct and indirect impact on the functioning of an business enterprise. The business environment of a travel company is divided into two parts-

- (1) **Internal Environment-** the internal environment of a travel company is constituted of the components & forces which are present in the organization and has a strong influence on the organizational functions & behavior. Internal environment provides the base and success of an organization. It is the sum of physical & non physical assets of a travel company.

Internal Environment of Travel Company	Implication
<ul style="list-style-type: none">• Values, Mission and Vision of the Travel Company• Business Objectives & Policies• Employees• Financial Resources• Sales & Marketing• Brand Equity and travel Company Image• Technological & Tourism Research Capabilities	The internal business environment of a travel company affects the designing & maintaining the environment of the company with due consideration to Philosophy, Approaches & Objectives of business in long-term, working conditions of employees, emanating all physical & financial resources in consonance with forecasting scientific & strategic planning and policy of the enterprise



(2) External Environment- the external environment is a set of external factors & forces surrounding of a travel company. They have indirect and long-run association & impact with the travel company. The external environment is further divided into micro & macro external environment.

(1) The micro-environment include those participants & forces which has a direct impact on the functioning of an tourism business enterprise. It is related to all the components which has close association & input in the planning and decision- making processes and its business operations. The micro-environment is constituted of tourists, employees, suppliers, resellers, competitors, and the general public.

(2) The macro-environment is seen in a wider perspective of a travel company and has relatively less direct impacts on business & profitability in the long- run. It has an effect on how a business company operate, perform, make decisions, and form business strategies for the future. The factors that make up the macro-environment are economic factors, demographic forces, technological factors, natural and physical forces, political and legal forces, and social and cultural forces. The momentum and success of a tourism enterprise depends upon its adaptability to the socio-cultural, economical, technological, geographical, political, tourism and international environment in the future. A major global population is suffering from poverty, poor physical health conditions of the population, social upheaval & natural disasters. South Asia still remains the most clashed area in the world. 400 million people live below the deficiency line and 71 million are directly affected by assault, corruption or its risk. Health problem, poverty, dowry, sanitation problem, education, child and gender related problems are dragging the south Asian development. (World Bank 2015.)

Characteristics of Tourism Business Environment

1. **Complexity:** Tourism Business is directly affected by closely inter-related & interdependent macro elements like socio-economic, cultural, political and technological and makes it complex phenomenon. First of all, due to the multidisciplinary nature of tourism (William 2004) it cannot be clearly identified which components affect the industry Tourism industry is multidisciplinary in nature. Second of all, once the influential components are identified, the degree by which they influence tourism cannot be measured (Lickorish & Jenkins 1997) Tourism is an amalgam of a number of industries like hospitality, aviation, food,



land transportation, handicrafts and many more. It is very difficult to ascertain the exact influence of a particular factor on the tourism enterprise. For Example-The social pressures of the community at a tourist place against pollution can lead to the enactment of stringent anti-pollution laws.

2. **Dynamism:** Tourism business environment is never static. It keeps on changing due to the volatility in the nature, size, shape and character of tourism industry. The volatility prevails in the environment due to many external uncontrollable factors. For instance, the inbound travel of India had reached to 11.93 million in 2019 but sudden outbreak of Covid-19 , it fell down sharply to 2.74 million in 2020.

3. **Uncertainty:** Business environment for tourism is always uncertain and cannot forecast. New trends, new typology of tourism keeps on emerging at global tourism scenario.

4. **Long term Impact:** It means long term effects or implications. Each tourism enterprise operates in its unique environment and is influenced by such environment the where the growth and survival of the organization comes under scanning. If the organization does not bring the desired changes as per the demand of changed scenario, even the business may come to an end.

5. **Relativity:** Business environment is a relative term from society to society depending upon its social values, customs human rights & dignity. Political conditions & atmosphere in the UK, for example differ from those in China . Similarly, demand for sweets may be fairly high in India whereas it may be almost non-existent in Brazil.



References

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