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# UNIT 4 MANAGEMENT ISSUES IN TOURISM

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## 4.0 OBJECTIVES

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After reading this Unit you **will** be able to:

- list the characteristics of tourism services,
- appreciate their impact on management tasks in tourism,
- identify certain managerial issues in tourism and understand their significance.

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## 4.1 INTRODUCTION

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The earlier three Units gave you an idea about the management concepts and processes, forms of **organisations** and entrepreneurship. In this Unit we discuss some of the current managerial issues in tourism. As you **will** see, the issues dealt with are not just related to what may be termed as management **in** the traditional sense, but are linked with facing new challenges as well as managing in a socially responsible way. Effective handling of such issues is necessary for providing quality services and also for developing responsible tourism. The Unit starts with detailing the features of tourism services and then takes up the management issues.

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## 4.2 TOURISM SERVICES

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You must **realise** that the management tasks in tourism vary with those of manufacturing industries. This is because tourism is a service industry and **services are** simultaneously produced and consumed. In TS-1 Unit 20, we have mentioned the characteristics of the tourism product or service. However, we would once again like to mention some important features as they have a bearing on the application of management concepts in tourism.

- 1) In tourism the services are consumed and felt on the spot only. The tourist does not buy or take back a manufactured product. It is the memory or the effects of the experience that **are** carried back by the tourist. Unlike the manufactured products which can be repaired, changed or returned, it is not possible in tourism to do any of these things. If consumer expectations are not met you cannot **replace** them. **This** intangible nature of the product naturally makes the management tasks more difficult and challenging. It is the responsibility of the producers to manage the entire experience to the satisfaction of the customers.

- 2) The staff involved in providing the services, in fact, **is a part of the service**. The customer i.e. the tourist **not only observes but also feels the attitude and behaviour of the staff**. Hence, the role and skills of the staff poses a major management challenge.
- 3) In tourism the consumer of the services and products **not only buys them but is actually involved with the product**. In many situations it is an interactive process and the **attitude of one consumer can affect another consumer**. Such situations arise not only in relation to an individual tourist but particularly when a group is involved. For example, in a conducted package tour where each member of the group might be having different attitudes, the spill over affect can be much more. This makes the task of the one managing the tour a difficult one as the sensitivities of **all** are involved. This needs careful handling in the managerial task.
- 4) . An important management task emerges out of the **perishable nature of tourism products and services**. For example, **an** airline seat or a hotel room if **not utilised** at a given time goes waste. This means that adequate planning in relation to the demand and supply situations alongwith the marketing aspects have to be accounted for, by the managers.
- 5) The **environment** of the product and also of the delivery process is a feature of the tourism products and services. This is because, as mentioned earlier, the customer is not only buying the product but is actually involved with the product.
- 6) In service industries the production and consumption of the product are often simultaneous. Hence, there are situations when customer preferences **have to be matched with the product there and then**. This places additional stress on the producer of the service and the manager's task becomes much more responsible.
- 7) For certain destinations **tourism is seasonal** and in certain cases tourism services are also provided only during a **definitetime period**. Fluctuations often occur in the demand pattern and there are times when proper **forecasting is not possible**. Such characteristics make the task of a manager more challenging.

The above listed characteristics have their impact in managing tourism services, products and operations. While performing managerial tasks one should take account of these characteristics. This will give a more professional approach to the services rendered and help in constantly improving the product.

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## 4.3 SOME MANAGEMENT ISSUES

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Today a variety of factors have to be taken into account when we talk of applying management concepts in the area of tourism. We are not going to repeat here the various components and segments of the tourism industry as they have been dealt with earlier in **TS-1**. In the earlier section once before also we have dealt with the characteristics of tourism services. In fact, you have to take into account the various management concepts and processes like planning, **organising**, monitoring, etc. in your managerial tasks. Here we draw your attention to certain specific issues which should be considered while managing tourism services.

### 4.3.1 Human Resource Training and Development

Today, in India we are making all kinds of efforts to attract a maximum number of foreign tourists as well as encourage domestic tourism. The entire emphasis is on creating infrastructure and attractions. It's time that one should also take into account the **training of human resources and the upgradation of skills** of the **personnel** involved in manning the infrastructure or providing services. The development of a trained manpower must be taken as integral to infrastructural development. In a service industry the **calibre of the staff is a major determinant for its success**. Hence, not only recruitment and **training** but also constant upgradation of skills is necessary. **It should be remembered here that howsoever competent or well trained the top executive might be, unless the middle and grassroot level personnel have a professional approach alongwith the skills needed to handle the job requirements of the positions they hold, the enterprise may not succeed**. **It is** for this reason that greater attention should be paid towards the **training and upgradation** of the personnel at these levels. In many cases, because of its small scale nature, the tourism enterprise is a family managed show with less wages offered to the employees. The attitude is that since a

lot of tips and commissions are involved why pay higher wages? This attitude is not only harmful but can also be suicidal for any enterprise. In today's **world** of intense competition a thorough professional result oriented approach is required in this area. **The success of any tourism enterprise will depend on the knowledge, skills and attitude of the staff keeping in view customers' expectations and working for their satisfaction.** For developing the right kind of attitudes among your staff or employees you have to devise ways to motivate them for providing quality service. (Details regarding HRD will be dealt with further in Unit-13).

### 4.3.2 Destination Planning and Management

It must be remembered that **proper maintenance and management** at a destination is essential not only for the long life of the destination but for encouraging responsible tourism. Generally, the attitude of travel agents, tour operators, etc. is that destination planning **and** management is the responsibility of the government. No doubt the government has a major role to play in this, but **it is equally the responsibility of those who are making profits out of the destination to contribute towards its maintenance, etc.** Such an attitude is necessary because if the destination is not properly maintained or managed the ultimate loss will be of those providing tourism services. It is suggested that **a close interaction should be there between the local bodies and the tourism industry.** Not only this, another major issue is **keeping in view the needs and aspirations of the local community at the destination.** At many destinations a sort of hostility is emerging between the locals, tourists and the tourism industry. This is because of a variety of factors like sudden price rise, water and electricity shortage, locals being deprived of the economic benefits and cultural erosion, etc. Generally, these issues are ignored in tourism planning and management, but we emphasise that these are vital issues and should be taken account of.

Another important aspect in this regard is **determining the carrying capacity of a destination** or of any tourism product or service which has to be determined much in advance. (For capacity see Unit 34 of TS-1, Block 9).

### 4.3.3 Changing Expectations and Tastes

Every tourist has his or her own expectations while visiting a place and has certain expectations and tastes. The biggest **challenge is to make every tourist feel that he or she is special.** To meet this **challenge** one has to have a deep **understanding** of the tourist expectations and tastes. This is also linked to the **type** of tourism one has opted for. At the same time one must **realise** that **tastes are not stationary, nor are the expectations.** This places additional demands on the managers and they have to handle **situations** very tactfully. **Understanding customer needs**, thus, becomes very crucial because they have to be matched with the supply. At the same time in certain cases the intake of tourists is also **determined by the suppliers on their own terms.** In such situations you have to decide what kind of tourists you will like to cater to or take in. But such situations generally emerge when the demand over takes the supply. Here you must also appreciate that the tourists you cater to (whether foreign or domestic) come from different cultural backgrounds and it will be useful if you have an understanding of their cultural background **and** diversities. In TS-2 Block-1, we have already dealt with the profiling of tourists which is a useful exercise while assessing the changing expectations and tastes of the tourists.

### 4.3.4 Linkages

A crucial issue often ignored while managing or running tourism services is that of establishing proper linkages within the trade. For example, you may develop a very good tourism product or service say, a restaurant providing the best local cuisine of your area along with folk music, etc. Unless you establish contacts with tour operators to include your restaurant in the package they offer, you may not get good business. Hence, **establishing the right kind of linkages with the right kind of people at the right time is a vital issue while managing tourism services.**

### 4.3.5 Product Improvement

Very often a product is developed but no further efforts are made for its improvement or for further innovation. This, at times, may bring stagnation. **Infact**, a vital challenge before the

tourism industry is to improve the product and provide high quality services. Constant monitoring, establishing controls and regular feedback help in **product** improvement.

### 13.6 Role of Technology

There is a tendency to depend on the conventional methods. This is not wrong and in many cases it is appropriate also but in certain services like ticketing, hotels and reservations, etc. one has to accept the role of technology. At the same time people are not familiar with the application and usage of technology. This is another aspect which has to be considered in order to keep pace with technological development. For example, computers have come in a big way for travel and hotel reservations and any agency using them will be better placed in the market.

### 13.7 Understanding the Market

In many areas where tourism is in a developing stage it has been observed that the development goes on without having a proper understanding of the market. The developers get carried away by developments in other regions without taking into account the environment or the needs in their own area. For example, today there seems to be a trend for developing golf courses or facilities for hang gliding. This is **in spite** of the fact that there may be no takers for these among the tourists visiting that region. Moreover, besides negative environmental effects the maintenance costs may also be on the higher side, eating into the profits. Hence, a proper understanding of the market is necessary while developing the tourism product.

### 13.8 Social Responsibility

A major issue very often ignored by the tourism industry is the concept of social responsibility. Tourism planners and developers must take into account the **impact their actions have on the environment and the local community. Preservation of ecology and environment are integral to tourism development and this should not be lost sight of.** The negative effects of tourism must be studied and efforts initiated to either uproot them or **minimise** them. Managers of tourism **services** should be **sensitive towards the sentiments of the local community** and establish cordial relationships. Similarly, the economic benefits **should not be over projected** to the local community.

### 13.9 Crisis Management

Dealing with crisis situations is something not uncommon to **tourism. Many** a times a crisis situation emerges with no fault on the part of those managing the **service** but because of external factors. There can be **many** examples cited in this regard: You are handling a group of tourists and suddenly you **find** that the flight has been cancelled; there is a break down of the coach and your group has to catch the train, some epidemic has broken and suddenly you find cancellations; civil disorder has broken and your group can't move; the hotel has cancelled your reservation etc. Similarly, because of the influx of the business traveller, you find that no rooms are available for the tourists in the metropolitan cities which also happen to be the gateways for international tourists. Another situation, particularly in the accommodation and transportation sectors is that of handling rejections. **All** these are issues which are to be handled with great tact and sensitivity according to the situations which emerge.

#### Check Your Progress

1) Discuss the characteristics of the tourism product.

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- 2) **Dicuss** the importance of human resource development in tourism services.

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- 3) What kind of social responsibilities should be taken up by the tourism professionals.

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## 4.4 LET US SUM UP

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Tourism products **and** services have their own distinct features which have a reflection in the managerial process. **While** performing the managerial tasks you must always take these features into account. The management concepts and functions are applicable in tourism services not only in a general way but also keeping in view specific situations **alongwith** the nature of the **services** being developed or provided. This Unit also drew your attention towards certain specific issues which have to be dealt with while performing the managerial tasks. These issues are equally relevant in the case of an entrepreneur because an entrepreneur also performs the managerial tasks.

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## 4.5 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

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1. Your answer should include the features mentioned in **Sec. 4.2**.
2. The calibre of the **staff plays** a major role in delivering quality services. Read **Sub-section 4.3.1** for your answer.
3. Tourism Professionals should take into account the sensibilities of the local community. **Analyse** the impact of their operations on the ecology and environment of the area, etc. See **Sub-sec. 4.3.8** for your answer.

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## SOME USEFUL BOOKS FOR THIS BLOCK

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H.A. Rogers and J.A. Slinn		<b>Tourism: Management of Facilities,</b> London, <b>1993</b>
<b>G.R. Terry</b> and <b>S.G. Franklin</b>	:	<b>Principles of Management, Delhi, 1995</b>
<b>J.A.F. Stoner</b> and <b>R.E. Freeman</b>	:	<b>Management, New Delhi, 1992</b>
<b>IGNOU Management Courses</b>	:	<b>MS-1, Management Functions and Behaviour</b> <b>MS-93, Management of New and</b> <b>Small Enterprises</b>

**Small Industry Management Development Training Modules, All India Management Association, New Delhi.**

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**ACTIVITIES FOR THIS BLOCK**

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**Activity 1**

If possible interview the following in relation to the managerial tasks **they** perform:

1. Manager of a travel agency
2. Tour Operator
3. Tourism Department Officer
4. Restaurant Manager
5. **Personnel** Manager of a Hotel

**Activity 2**

Make a list of the agencies you will approach for raising a loan in case you have to start an enterprise.

**Activity 3**

Interview a businessman who is a sole proprietor of his firm. Try to find out what kind of managerial tasks he performs and whether he applies the management concepts and functions in his business operations.

**Activity 4**

Observe the **types** of tourism services being offered in your area. Make suggestions for improving these services. Also find out whether some new services are required.

**Activity 5**

Suppose you want to start your own enterprise. Make out a plan for the same.

**TOURIST ARRIVALS IN INDIA BY COUNTRY OF NATIONALITY  
DURING JANUARY TO DECEMBER 1996-1998  
(INCLUDING NATIONALS OF PAKISTAN AND BANGLADESH)**

NATIONALITY	1996 (January - December)	1997	1998	PERCENTAGE CHANGE	
				1997/196	1998/197
<b>NORTH AMERICA</b>					
Canada	74031	78570	80111	6.1	2.0
U.S.A.	228829	244239	244687	6.7	0.2
Others	34	55	122	61.8	121.8
<b>Total</b>	<b>302894</b>	<b>35864</b>	<b>324920</b>	<b>6.6</b>	<b>0.6</b>
<b>CENTRAL AND SOUTH AMERICA</b>					
Argentina	2839	3202	3776	12.8	17.9
Brazil	5194	4821	6498	-7.2	34.8
Mexico	2400	2364	3462	-1.5	46.4
Others	8913	6624	9965	-25.7	50.4
<b>Total</b>	<b>19346</b>	<b>17011</b>	<b>23701</b>	<b>-12.1</b>	<b>39.3</b>
<b>WESTERN EUROPE</b>					
Austria	17084	16369	18211	-4.2	11.3
Belgium	22160	21532	22658	-2.8	5.2
Denmark	13326	14203	16370	6.6	15.3
Finland	16057	12127	9844	-24.5	-18.8
France	93325	91423	97898	-2.0	7.1
Germany	99853	105979	93993	6.1	-11.3
Greece	5567	4182	5494	-24.9	31.4
Ireland	5835	5257	7062	-9.9	34.3
Italy	49910	53854	54058	7.9	0.4
Netherlands	40246	44843	54227	11.4	20.9
Norway	8205	8046	8769	-1.9	9.0
Portugal	7020	6855	8004	-2.4	16.8
Spain	24419	22903	25309	-6.2	10.5
Sweden	21192	19772	19563	-6.7	-1.1
Switzerland	34989	31717	33364	-9.4	5.2
U.K.	360686	370567	376513	2.7	1.6
Others	1348	1700	2074	26.1	22.0
<b>Total</b>	<b>821222</b>	<b>831329</b>	<b>853411</b>	<b>1.2</b>	<b>2.7</b>
<b>EASTERN EUROPE</b>					
Czechoslovakia	2800	2330	4244	-16.8	82.1
Poland	6241	5996	7873	-3.9	31.3
C.I.S.	41085	32190	29493	-21.7	-8.4
Others	5547	4581	6633	-17.4	44.8
<b>Total</b>	<b>55673</b>	<b>45097</b>	<b>48243</b>	<b>-19.0</b>	<b>7.0</b>

NATIONALITY	1996	1997	1998	PERCENTAGE CHANGE	
	(January - December)			1997/96	1998/97
<b>AFRICA</b>					
Egypt	3485	3451	4663	-1.0	35.1
Ethiopia	5138	5273	5784	2.6	9.7
Kenya	19248	18993	21537	-1.3	13.4
Mali	4525	14626	13774	223.2	-5.8
Mauritius	9684	11518	13632	18.9	18.4
Nigeria	3721	3972	3710	6.7	-6.6
South Africa	19328	22218	20397	15.0	-8.2
Sudan	2375	3071	2406	29.3	-21.7
Tanzania	11083	8794	8245	-20.7	-6.2
Zambia	1355	1480	1402	9.2	-5.3
Others	9206	8965	15158	-2.6	69.1
<b>Total</b>	<b>89148</b>	<b>102361</b>	<b>110708</b>	<b>14.8</b>	<b>8.2</b>
<b>WEST ASIA</b>					
Bahrain	10835	11547	10251	6.6	-11.2
Israel	18387	20162	21103	9.7	4.7
Jordan	2306	2616	2334	13.4	-10.8
Kuwait	2604	2302	1974	-11.6	-14.2
Oman	17020	16185	13695	-4.9	-15.4
Qatar	2416	3718	4552	53.9	22.4
Saudi Arabia	17688	15390	12256	-13.0	-20.4
Syria	1200	1731	1467	44.3	-15.3
Turkey	2139	2135	1778	-0.2	-16.7
U.A.E.	21404	19828	14992	-7.4	-24.4
Yemen Arab Republic	15103	13909	8310	-7.9	-40.3
Others	3163	3084	2877	-2.5	-6.7
<b>Total</b>	<b>114262</b>	<b>112607</b>	<b>95589</b>	<b>-1.4</b>	<b>-15.1</b>
<b>SOUTH ASIA</b>					
Afghanistan	12943	3151	3605	-75.7	14.4
Iran	12171	11338	9828	-6.8	13.3
Maldives	1083	1217	2119	12.4	74.1
Nepal	43426	43155	38199	-0.6	-11.5
Pakistan	41810	45076	44057	7.8	-2.3
Bangladesh	322355	355371	339757	10.2	-4.4
Sri Lanka	107351	122080	118292	13.7	-3.1
Bhutan	2828	2318	2915	-18.0	25.8
<b>Total</b>	<b>543967</b>	<b>583706</b>	<b>558772</b>	<b>7.3</b>	<b>-4.3</b>



NATIONALITY	1996	1997	1998	PERCENTAGE CHANGE	
	(January - December)			1997/96	1998/97
<b>SOUTH EAST ASIA</b>					
Indonesia	7701	7756	5728	0.7	-26.1
Malaysia	53370	60401	47496	13.2	-21.4
Myanmar	2306	2681	3022	16.3	12.7
Philippines	5152	5756	5527	11.7	-4.0
Singapore	47136	52004	54328	10.3	4.5
Thailand	16188	16494	16368	1.9	-0.8
Others	955	1113	1055	16.5	-5.2
<b>Total</b>	<b>132808</b>	<b>146205</b>	<b>133524</b>	<b>10.1</b>	<b>-8.7</b>
<b>EAST ASIA</b>					
China (Main)	5613	7369	4312	31.3	-41.5
China (Taiwan)	8066	5721	6754	-29.1	18.1
Hong Kong	8560	10209	9562	19.3	-6.3
Japan	99018	99729	89565	0.7	-10.2
Korea (South)	16173	15392	16321	-4.8	6.0
Korea (North)	6560	8259	2064	25.9	-75.0
Others	276	201	788	-27.2	292.0
<b>Total</b>	<b>144266</b>	<b>146880</b>	<b>129366</b>	<b>1.8</b>	<b>-11.9</b>
<b>AUSTRALASIA</b>					
Australia	48755	50647	57807	3.9	14.1
Newzealand	11289	11409	14720	1.1	29.0
Fiji	1584	1379	1917	-12.9	39.0
Others	1435	1952	5768	36.0	195.5
<b>Total</b>	<b>63063</b>	<b>65387</b>	<b>80212</b>	<b>3.7</b>	<b>22.7</b>
Stateless	1211	647	183	-46.6	-71.7
<b>Grand Total</b>	<b>2287860</b>	<b>2374094</b>	<b>2358629</b>	<b>3.8</b>	<b>-0.7</b>

Source : Department of Tourism, Government of India