**AFE BABALOLA UNIVERSITY,**

**Department of Tourism and Events Management**

**TEM 424 – International Tourism and travels**

**DEFINITION OF TOURISM**

There number of ways tourism can be defined, and for this reason, the **United Nations World Tourism Organization** **(UNWTO)** embarked on a project from 2005 to 2007 to create a common glossary of terms for tourism. It defines tourism as follows:

Tourism is a social, cultural and economic phenomenon which entails the movement of people to countries or places outside their usual environment for personal or business/professional purposes. These people are called visitors (which may be either tourists or excursionists; residents or non-residents) and tourism has to do with their activities, some of which imply tourism expenditure (United Nations World Tourism Organization, 2008). Using this definition, we can see that tourism is the movement of people for a number of purposes (whether business or pleasure).

**Definition of Tourist**

Building on the definition of tourism, a commonly accepted description of a **tourist**is “someone who travels at least 80 km from his or her home for at least 24 hours, for business or leisure or other reasons”.

The United Nations World Tourism Organization (1995) helps us break down this definition further by stating tourists can be:

1. Domestic (residents of a given country travelling only within that country)
2. Inbound (non-residents travelling in a given country)
3. Outbound (residents of one country travelling in another country)

The scope of tourism, therefore, is broad and encompasses a number of activities.

**DIFFERENCE BETWEEN DOMESTIC AND INTERNATIONAL TOURISM**

Tourism can be classified into different types depending on many factors. Domestic and international tourism are two such types whose main difference is the type of tourists. **Domestic tourism involves residents of one country traveling within that country whereas international tourism involves tourists who are traveling to different countries.** This is the key difference between domestic and international tourism.

**What is Domestic Tourism?**

Domestic tourism involves residents of one country traveling within the country. An example of domestic tourism would be South Indians visiting the Taj Mahal or Chinese visiting the Great Wall. Since domestic tourist doesn’t cross any international borders, they don’t need visa or passport; neither do they need to convert their money into a different currency.

Many people visit different parts of their country during holidays. Domestic tourism has greater scope in countries of large dimension such as India and the U.S as compared to smaller countries. The duration of the tour may also vary, but domestic tourists may only spend one or few days on tour.

Domestic tourism doesn’t create an additional income to the country, but it boosts the local businesses and economies and redistributes money to a new area. It also creates new employment opportunities and gives the tourists an opportunity to learn more about their own culture and history. Domestic tourists may find traveling and visiting places easier because they are more aware of the traditions, customs, rules, etiquettes, etc. of the country.

**What is International Tourism?**

International tourism involves tourists who are traveling to foreign countries. An example of international tourism includes a Chinese tourist visiting Rio de Janeiro. Since these tourists cross international borders, they have to carry a passport and visa and exchange their money into the local currency.

An international tourist may find the local culture strange and new because he or she only has a basic idea about the traditions, etiquettes, and rules of a country. For example, certain way of dressing may be considered immodest in a certain culture. Therefore, international tourists may face some uncomfortable situations.

**Scope and Importance Tourism**

**Overview:** International Tourism has become a popular global leisure activity. With easier air travel facilities and fast communication networks, international tourism has become a multi-billion-dollar business. Tourism is important and for some countries like Kenya, Thailand or Nepal it is the mainstay of the economy. Tourism has a direct impact on the social, cultural educational and economic sectors of most countries and helps build international relations.

The scope of tourism can be briefly described as below:

* **Purpose of Tourism**

These are various reasons why people would like to go on tour e.g. for relaxation, for business discussion, for education, for medical treatment, for sightseeing, for religious purpose and so on.

* **Organisation of Tours**

Organisation involves detailed planning and covers deciding the destinations, mode of to and fro travel, itinerary, accommodation and food arrangements, local travel and guide arrangements at each destination, facilities to be provided and their pre-setting in advance.

* **Financial outlay**

Tourism involves expenditure and organisers or tourist families prepare financial outlays before embarking on any tours.

* **Facilitators Responsibilities**

Tourist business is based on different kinds facilitators such as transporters, hotel keepers, financial dealers, shopkeepers etc carrying out their jobs efficiently and carefully.

Other important matters covered under scope of tourism are Security of Tourists and revenues accrued for the treasury

**Importance of International Tourism**

International tourism provides an excellent outlet for relaxation, company sponsored tours provides a motivation to employees. Tourism helps build noteworthy monuments and structures, creates many supporting businesses, and earns the country substantial foreign exchange. International tourism helps promote small cottage and handicraft businesses. Thus it adds to the GDP of a Country, raises the standard of living of the population. It also helps preservation of history and heritage in addition to promoting cultural exchange among different people. Excellent tourist sites are a matter of national pride

**Important Motivations of Travel:**

Some of the most important motivations of international travel include exploration of new areas, visiting religious places, travelling for pleasure, relaxation and rest, recovery of health, attending and participating in sports events, cultural exploration and discovery, ethnic and family reasons, professional and business visits, enjoyment of nature for enhancing prestige and status.

**AFE BABALOLA UNIVERSITY,**

**Department of Tourism and Events Management**

**TEM 424 – International Tourism and travels**

**NATURE OF TOURISM**

Tourism is a multi-facet activity. It touches nearly all the sectors of life. Rapid and continuous growth has been the key-note of tourism.

The present day, a traveller comes from a wider social background and his tastes and desires are much more varied and his leisure time is much more restricted. Now a days people have started moving for exciting and exotic activities of mountaineering, water skiing, under water swimming, pony tracking, etc. to utilise their leisure time.

They like riding, boating, shooting, etc. organised by large private groups, constructing their own specially designed low-priced accommodation and very often providing their own entertainment and other services.

Tourism is, in fact, a composite phenomenon which embraces the incidence of a mobile population of travellers who are strangers to the places they visit.

**COMPONENTS OF TOURISM**

Tourism does not exist in isolation. It consists of certain components.

The basic components of tourism can be classified into the following broad groups:

i) Attraction

ii) Transport

iii) Accommodations

iv) Supporting facilities

v) Infrastructure

**i) Attraction**

There may be different attractions due to which a tourist wants to visit a particular area or he wants to spend his holidays in a specific region. These attractioins have been classified in a variety of ways.

Firstly, distinction is usually made between natural features such as land forms, flora & fauna, and between man-made objects- historic or modern in the form of cathedrals momuments, historic buildings or amusement parks, etc. A second general category embraces man and his culture as expressed through language, music, folk lore, dances and cuisine and so forth.

**ii) Transport**

Historically, the development of tourism has been closely associated with development and advancement in transport technology.

Different modes of transport like a motor car, a coach, an aeroplane, a ship or a train enable a traveller to reach the pre determined spots. In addition to increasing the volume of tourist traffic, the advancement in transportation has also changed the pattern of tourist flows and hence the pattern of growth of tourism.

**iii) Accommodation**

Accommodation is one of the most important components of tourist services required at the tourist complexes. Different types of accommodations are available now-a-days to the tourists. There are mainly two sectors so far as forms of accommodations are concerned. One is commercial sector consisting of hotels, motels, boarding houses, holiday inns, etc. The other is the private sector providing private permanent residences used for hosting friends and relatives.

**iv) Supporting Facilities**

Besides the provision of immediate facilities like transportation and accommodations, a great many supporting services are also required| by the tourists. A variety of shops is needed to serve the tourists with sporting goods and other general range of goods. Hair dressers, food stores, chemist shops, sport activities, banks and medical centres are among the other services required for development of tourism.

**v) Infrastructure**

An adequate infrastructure will be needed to support the facilities and services mentioned above. Both transport infrastructure like roads, parks, railway lines and airfields and public utilities in the form of electricity arrangements and sewerage disposal arrangements are necessary for successful tourist development.

Above mentioned components must be properly developed for efficient functioning of tourism. For this a wide range of development agents are required.

**AFE BABALOLA UNIVERSITY,**

**Department of Tourism and Events Management**

**TEM 424 – International Tourism and travels**

**SCOPE OF TOURISM**

The tourism phenomenon has attracted almost the entire world. It is not only the economic compulsion to earn foreign exchange, but a sense of social obligation that makes for a sound tourism policy. Tourism industry has taken rapid strides in the recent years as an instrument of all round economic growth. The wide ranging achievements in this field have led to a marked improvement in general standard of living.

Being a service industry, it creates employment opportunities for the local population. It is a major source of income and employment for individuals in many places deficient in natural resources which cannot readily contribute to the economic prosperity of the local people except through the medium of tourism. Tourism has become a significant factor in redressing regional imbalances in employment and income. This aspect of provision of more employment becomes more important in a developing country where the level of unemployment and underemployment tends to be high.

Tourism is a highly competitive industry and includes the following segments:

i) Hotels, motels and restaurants.

ii) Carriers such as Airlines, Railways and Road Transport.

iii) Travel agents, tour operators and tour guides.

iv) Central and state Govt, departments and corporations concerned with tourism.

Tourism, in fact, is an important human activity with great scope.

The complex nature of tourism phenomenon implies that various academic disciplines are involved in its study. Some basic disciplines such as economics, psychology, sociology, authoropology and geography contribute a great deal to this field. Certain newer disciplines such as Business Management and Public Administration have also introduced diploma courses for developing tourism.

**CAUSE OF RAPID GROWTH OF TOURISM**

The basic causes of this rapid growth of demand for tourism in the recent decades are economic, social and technological in nature. Rising per capita income leading to higher purchasing power and an increase in discretionary income have made tourism accessible to a large majority of people. Today people in every country can afford an annual holiday. In fact many can even afford to take second holiday.

Increased mobility as a result of use of latest means of transport is another important factor responsible for growth of tourism. The principle factors responsible for the phenomenal growth in tourism during the last three decades are as follows:

i**) Industrial Development and Urbanisation**

Large scale industrial development coupled with pollution and over crowding in the cities has led to the people's search for sun, sand and the pure mountain air during annual holiday.

**ii) Education and Culture**

The spread of education and culture among people has created a natural curiosity in them to travel and discover how others live and work.

**iii) Rising Standard of Living**

The rapid economic growth has raised the standard of living of people in India with sizeable disposable income. A part of this income is now spent on travel and fun making by the people.

**iv) Technical Advancement**

Development in means of transport and communication, advancement in accommodations facilities and other sectors accelerate and facilitate tourism, travel, stay and enjoyment.

**v) Foreign Exchange Earnings**

Since tourism has a great potential for earning foreign exchange, international tourism is given a boost in India to redress our adverse balance of payment. India is becoming more and more interested in the development of international tourism to increase its foreign exchange earnings. Tourism has substantially contributed to the foreign exchange earnings of many nations in Africa and the world at large.

**vi) Political Stability**

Tourism has been developed mainly after independence simply because tourism is a peace elastic phenomenon and prospers best in peace. Through the development and promotion of tourism there has been political stability and relations with other countries of the world could be developed. International understanding and cooperation have accelerated travel and tourism in most of the countries of the world.

**vii) Publicity and Promotion - Govt.'s Interest**

Governments of various countries have actively been promoting tourism like any other product. This has resulted in the current travel boom.

**viii) Social Causes**

Besides economic causes, certain social causes like new attitude towards travel, leisure, entertainment, and recreation improved health condition and population growth have also been responsible for rapid growth of tourism in the country.

**AFE BABALOLA UNIVERSITY,**

**Department of Tourism and Events Management**

**TEM 424 – International Tourism and travels**

**TOURISM IMPACTS**

Tourism impacts can be grouped into three main categories: economic, social, and environmental. These impacts are analyzed using data gathered by businesses, governments, and industry organizations.

**(I) Economic Impacts**

According to a UNWTO report, in 2011, “international tourism receipts exceeded US $1trillion for the first time” (UNWTO, 2012). UNWTO Secretary-General Taleb Rifai stated this excess of $1 trillion was especially important news given the global economic crisis of 2008, as tourism could help rebuild still-struggling economies, because it is a key export and labour intensive (UNWTO, 2012).

(ii) **Social Impacts**

In addition to the economic benefits of tourism development, positive social impacts include an increase in amenities (e.g., parks, recreation facilities), investment in arts and culture, celebration of First Nations people, and community pride. When developed conscientiously, tourism can, and does, contribute to a positive quality of life for residents.

However, as identified by the United Nations Environment Programme, negative social impacts of tourism can include:

* Change or loss of indigenous identity and values
* Culture clashes
* Physical causes of social stress (increased demand for resources)
* Ethical issues (such as an increase in sex tourism or the exploitation of child workers)

(iii) **Environmental Impacts**

Tourism relies on, and greatly impacts, the natural environment in which it operates. Even though many areas of the world are conserved in the form of parks and protected areas, tourism development can have severe negative impacts. According to UNEP, these can include:

* Depletion of natural resources (water, forests, etc.)
* Pollution (air pollution, noise, sewage, waste and littering)
* Physical impacts (construction activities, marina development, trampling, loss of biodiversity)

The environmental impacts of tourism can reach outside local areas and have an effect on the global ecosystem. One example is increased air travel, which is a major contributor to climate change.

**AFE BABALOLA UNIVERSITY,**

**Department of Tourism and Events Management**

**TEM 424 – International Tourism and travels**

**THE CONCEPT AND ROOTS OF GLOBALIZATION**

Globalization is a complex and multidimensional process. There are five key related definitions of globalization that significantly highlight different elements. According to Scholte (2000), globalization should be defined in terms of internationalization, liberalization, universalization, Westernization or modernization, and deterritorialization.

Globalization has powerful economic, cultural, social, environmental, political, and technological dimensions, and as such should be viewed from different perspectives.

However, most definitions refer to globalization in economic terms as the process that merges national economies into an interdependent global economic system. This process includes forming regional economic trading blocs, growing local internationalization through developing economic ties, deepening multinationalization by multinational firms, introducing global norms and standards, developing global markets and strategies, and growing firms with no specific national operational base. The phenomenon of globalization has increased interconnectedness between societies in various areas of life.

The concept of globalization has often been used in the past. For decades people referred to the process of globalization in terms of decentralizing production to different countries, and internalizing capital and labor markets, export, and imports. The concepts of modernization, capitalism, and economic interdependence have also often been used to understand the precursors of globalization. However, today, the form of globalization has changed. While in past decades globalization has been described as flows of goods and population, now globalization is described by the movements of services and flows of information and capital. Today, societies are services oriented and embrace new elements of globalization, such as information technology and experiences. Globalization is not just about modernization or Westernization and liberalization of markets; it is more than internationalization and universalization. Today, globalization is about an intensification of worldwide economic, socio-cultural, political and environmental relations. These relations link distant places in such a way that local events are determined by international events, or in other words, what is happening locally is determined by what is happening globally.

**BENEFITS AND CRITICISM OF GLOBALIZATION**

Several benefits of globalization have been identified, such as:

* Increased spread and connectedness of production and communication technologies across the world.
* Diffusion of ideas and practices around the world.
* New developments and technological improvements.
* Development of the knowledge economy.
* Growth and expansion.
* Increased economic and cultural activity.
* Gains in productivity and efficiency.
* Increases in revenues, profits and returns on investment, and raised incomes.
* Job creation.
* Growth in economies of scale achieved by centralizing the marketing and production activities.
* The rise of global brands and products that can be sold everywhere (e.g., Coca Cola, Nike, and Sony have become part of the lives of large numbers of people).
* Increased understanding of geography and experience of localness.
* Increased understanding of the world.

Some of the major benefits of globalization, such as the new developments in the life sciences and digital technology, have opened vast, new possibilities for world production and exchange. Innovations such as the Internet have made it possible to access information and resources across the world. Access to knowledge and the knowledge itself have become the most important factors determining the standard of living, beyond labor and capital of production. Knowledge generates new ideas, turns them into commercial products and services, and increases revenues and incomes of those who know how to use it. Those who have knowledge can develop, grow, and succeed. All technologically advanced economies are knowledge based.

Knowledge makes the nations and their economies truly competitive and successful.

Unfortunately, not all nations and economies can benefit yet from globalization, developments in new information technology, and access to knowledge. Globalization is perceived by some as discriminatory and moving against human rights.

**AFE BABALOLA UNIVERSITY,**

**Department of Tourism and Events Management**

**TEM 424 – International Tourism and travels**

**CRITICS OF GLOBALIZATION CLAIM THAT GLOBALIZATION BRINGS**

* **Decline in the power of national governments and an increase in the power of multinational corporations and supranational organizations**. National economies become dependent on activities of the major multinational corporations that have the capital and technical expertise.
* **An increased polarization of the world in favor of the stronger economies**. Poorer countries become dependent on activities in major economies, such as the United States. The gap dividing rich and poor nations is rapidly increasing. Rich and powerful nations have capital and technology; poor and powerless nations do not have access to capital and information technology. Those with capital and technology do not allow for generating and spreading information and knowledge equally among the other nations. Large corporations claim intellectual property rights over new discoveries in physics, chemistry, biology, for example, in genetic research, and receive large profits from licensing their knowledge to others. There are doubts whether modern economies are indeed knowledge economies.
* **Supraterritoriality**. Although most employment is local or regional, the strategic activities have been spread around the world. What happens in a local neighborhood is increasingly dependent upon the activities of people and systems operating in different countries and on different continents. People’s lives and their activities across the globe have become increasingly interdependent and interconnected.
* **Negative impact on local communities**. The big multinational companies usually operate in regions where they can exploit cheap labor and resources. Although profits flow into the local communities, the local industries are taken over by multinational corporations. This generates social and economic inequalities, large unemployment, low wages, and generally poor working conditions. Since children and young people represent the cheapest source of labor, they are economically exploited. Also, multinational companies have significant influence on the provision of infrastructure, such as hospitals, roads, and housing, which are built mainly to meet corporate demands rather than public needs.
* **Delocalization and outsourcing**. Many of the activities that were previously local are now being performed across great distances and national borders. Banking, telecommunication, and retailing have adapted new technologies that allow them to operate in different parts of the world with less customer-seller face-to-face interaction and thus reduce the cost of their operations. They serve local clients on different continents. Similarly, local bakeries, restaurants, and boutique shops have been closed in favor of opening big, cost-effective shopping malls. The result of economic and social activities leaving local regions and cultures in pursuit of cheap labor over the border has been this: a significant de-localization in world operations.
* **Separation of work from the home.** Technology has allowed people to communicate and make transactions between different places, spaces, and communities. As a result, the work place has been separated from the home place. People move between cities, regions, states, countries, and continents in search of jobs. They relocate to different geographic and time zones.
* **Decline in social capital and civic community**. A large segment of tourism activities has been converted into commercialized and privatized activities. Many public parks, outdoor recreation areas, land where children could play, beaches, fields and plantations have been purchased or rented by developers to build new housing complexes, apartments, or shopping malls. These events have seriously decreased the quality of life and sense of well being within communities. The features that first attracted people to a local community, such as isolation, natural beauty, and peacefulness of landscape, have been gradually eroded by new developments and a faster pace of life.
* **Imitation of Western culture**. A large number of consumers, mainly from developing countries, have developed an interest in and demand for products and services that reflect the standards of the developed countries. They seek to imitate Western consumption patterns to enhance their social status and self-esteem.
* **Standardization of the tourism product and disappearance of local standards**. The process of globalization has led to the homogenization of consumption of such globally marketed goods and services as food, clothing, music, and travel products. Many communities follow global ideas and demand global products, in turn losing their local consumption patterns, distinct qualities, and sense of being different.
* **Environmental degradation**. The global industry has exploited the natural environment and radically changed its quality. The land, sea, and air have acquired commercial value. Many farming and fishing centers have been converted into new developments, resorts, shopping malls, or entertainment centers. These changes have often been irrevocable; they have turned the environment into places that cater to developers rather than local communities, causing alienation of locals and loss of their distinct qualities.
* **Considerable risk**. Technological and economic progress has generated high production risk across the globe. New diseases, viruses, and substances that threaten life on Earth are produced every day. They can quickly spread beyond their immediate context. The more that dangerous goods are produced on this Earth, the more peoples’ lives, properties, and commercial interests will be put at Risk

**AFE BABALOLA UNIVERSITY**

**Department of Tourism and Events Management**

**TEM 424 – International Tourism and travels**

**GLOBALIZATION AND THE TOURISM INDUSTRY**

Tourism is one of the world’s largest multinational economic activities. It ranks among the top five export industries for 83% of countries. Tourism involves the greatest flows of goods, services, and people on the surface of the earth, and it is, therefore, the most visible expression of globalization. Although the role and share of tourism in international trade is constantly increasing in importance, trade in tourism services has been concentrated mainly in the developed countries, such as North America and the European Union. The share of developing countries in total world tourism is comparatively low, although rising significantly.

**The influence of globalization on tourism**

Globalization has opened new opportunities for developments in tourism. Globalization has facilitated growth in tourism through developments in electronic technology, communication, and transportation. It has affected worldwide suppliers and computerized information and reservation systems, which have become more flexible and cost-effective; decreased costs of air travel; and offered easier access to destinations.

The rapid spread of information technology has improved the efficiency of the industry’s operations as well as the quality of services provided to consumers. It has also generated increased demand for new travel services, such as computerized hotel and car bookings, online reservation services, teleconferencing, video brochures, smart cards, and electronic funds transfer. The increasing use of the Internet in destination marketing, direct sales, and bookings has given rise to electronic tourism markets.

The development of sophisticated websites has allowed for the direct dissemination of travel information to potential clients. The Internet has made travel products globally accessible at much lower costs. As a result, customer demand has become more technology- and Internet-driven. In fact, the Internet has become the most sought-after amenity in hotel rooms, airports, travel information and entertainment centers, and educational institutions. The impact of technology and the Internet has dramatically affected all operations of the travel industry and significantly reduced the need for travel intermediaries.

**Forms and examples of globalization in tourism**

Globalization in tourism has taken many forms. The examples of globalization in the airline sector have included the liberalization of air transport that allowed for market access for private carriers, the formation of international alliances, privatization, restructuring of government-owned airlines, investment in foreign carriers, airline consolidations at the national level, joint ventures between airline companies or between airlines and equipment manufacturers, and outsourcing.

These alliances have cooperated in marketing and promotion; standardization of equipment, services, and suppliers; development of a common brand; and sharing of frequent-flyers programs . Large air carriers developed computerized reservation systems, such as CRS and GDS, which facilitated the flight reservations process and became the main distribution and marketing tools in international tourism.

Examples of globalization in the accommodation sector have included hotel cooperation and chain creation, joint ventures, franchising, management contracts, and consortia of independent hotels. Major international hotel groups include Intercontinental Hotels (the United Kingdom); Accor (France); and Cendant, Marriott, and Starwood Hotels and Resorts (the United States). These hotel corporations are involved in various countries worldwide. For example, Marriott International bought more than 50% of Renaissance Hotel Group and is presently managing more than 1300 hotels of different brands worldwide. Examples of globalization in the retail sector include partnerships, integration, and franchising. Tour operators and travel agencies entered into partnerships and/or integrated with hotels, charter airlines, retail distributors, and cruise companies. American Express developed a range of products in various sectors of the industry. Since it focuses on the activities of 3200 travel agencies, it has become the largest tour operator in the United States, Australia, Canada, Mexico, and France.

Franchising and management contracts are used as management strategies by foodservice companies. Another example is the German group TUI, leisure tourism world leader. This integrated company owns travel agencies, tour operators, airlines, cruise ships, and hotels in more than 30 countries.

Large firms have exerted their influence on the operations of local firms by, for example, obliging local authorities to comply with certain laws and imposing conditions on local suppliers. Some tour operators have exerted a strong influence on the ways hotels operate and the prices they charge. For example, one adventure tour operator from the United Kingdom, strongly committed to protecting the environment of the destinations it features, ensures that local suppliers comply with environmental protection rules and use environmentally friendly equipment, products, and materials.

**AFE BABALOLA UNIVERSITY**

**Department of Tourism and Events Management**

**TEM 424 – International Tourism and travels**

**THE GLOBALIZING CONTEMPORARY TOURISM INDUSTRY**

Globalization is a fundamental consideration for all tourism businesses. Globalization can be thought of as *boundarylessness* and the various organizational responses to it. Also responses that are characterized by speed, flexibility integration and innovation In other words, globalization not only reduces borders and barriers for trade between nations, but it also renders these boundaries permeable both within and between organizations.

Globalization therefore demands both a different perspective and position to be taken on the management and a operation of tourism businesses. Of course, whilst tourism businesses themselves are affected by globalization, so too they themselves enhance and sustain the process of globalization.

**Contemporary drivers of globalization**

There are a number of drivers of globalization that impact upon the tourism industry, although these are often outside the control of individual businesses. We can identify six interrelated drivers of globalization:

**1 *Technological drivers***- Globalization has been facilitated by two technologies:

(a) Transport technology has reduced both the monetary and the time-related costs of travel and acted as a ‘space shrinking’ technology, in turn breaking down geographical boundaries and constraints.

(b) Communication technology with the synergy between the processing power of computers and the transmission capabilities of digital media has boosted both the speed and capacity of communication. Here, tourism has certainly been influenced by the revolution in global communications, allowing international communication, the development of global distribution systems and increasing the reach of small businesses.

**2 *Economic drivers***- Economic drivers of globalization include the shifting patterns of production and consumption across the world which is challenging traditional economic assumptions of world trade and markets.

**3 *Political drivers***- Political events have fuelled globalization, creating a new world order. As the traditional core-periphery pattern no longer explains the location and success of businesses and nations. For a multi-polar economy with three economic regions dominant: North America, the European Union and the economies of South East Asia. The resultant trade tensions in the global marketplace between these ‘mega-markets’ has prompted a response by the World Trade Organization to draw up the General Agreement on Trade in Services (GATS). The GATS has a range of impacts upon tourism businesses including:

(a) Promoting free movement of labour globally.

(b) Enabling the international development of, and access to, computer reservation systems.

(c) Removing barriers to overseas investment.

**4 *Cultural driver****s*- The rise of global culture impacts significantly upon tourism.

Many resorts are criticized for their uniform landscape of fast food restaurants, international hotels and chain stores. This *coca-cola-isation* or *McDonalds-ization* of destinations is a consequence of the globalization process, converging business practices and communication of both ideas and brands through the media.

**5 *Environmental drivers***- The natural environment is a global resource for tourism and non-sustainable practices in one destination impact upon others. Whilst globalization does have positive consequences for the environment, there are also a number of problematic issues:

(a) The reduced effectiveness of governments acting unilaterally weakens those who regulate and prevent pollution.

(b) In an increasingly market-based economy, externalities will not be addressed.

(c) Environmental problems do not respect traditional political boundaries, and there will be a blurring between economic and environmental boundaries.

(d) Rapid tourism growth in South East Asia means that governments are grappling with the impacts upon both environments and cultures.

**6 *Business drivers***- Creation of a global society means that tourism businesses have the ability to operate globally and many have opted for a competitive strategy of internationalization.

Global businesses view the world as their operating environment and establish both global strategies and global market presence. Changing business practices in response to the drivers of globalization in turn, sustain, extend and facilitate the process of globalization, and reshape the very boundaries that previously constrained them. In tourism, these boundary-breaking processes include:

(a) Creating global brands, products and personalities.

(b) International tourism education and training transmitting global concepts and approaches.

(c) Reduced transport costs through innovations such as the low cost carrier business model.

(d) International communication mechanisms such as global distribution systems.

**AFE BABALOLA UNIVERSITY**

**Department of Tourism and Events Management**

**TEM 424 – International Tourism and travels**

**TOURISM AND THE SERVICE SECTOR**

Many of the forces and consequences of globalization are creating new forms of service company, not only the large trans-national companies such as Disney, but also the small niche specialist that can take advantage of the Internet, international communications, and market positioning and targeting. Whilst much of the writing on globalization is focused on manufacturing, the service sector’s response to the challenges of globalization is quite different. Researchers have argued that there needs to be a clear recognition of the distinctive characteristics of services as they drive the strategy adopted for internationalization. For example:

● Service businesses can use economies of scale in the marketing area and in particular train personnel to market the product whilst it is being experienced.

● It is more difficult to separate the businesses delivery of the service from marketing as the service is ‘produced where it is consumed’. This enhances the role of responsiveness at the national and local level, whilst ensuring strict quality control through head office marketing and quality management procedures.

● The intangibility of the service product underscores the importance of a business’ reputation and thus creates a real pressure to choose credible and legitimate partners in any alliance. Also, the enhanced scope for the delivery of all elements of the service product through alliances is heightened. Here networking flexibility is a typical service sector strategy, allowing the business to develop networks of relationships at different levels.

International strategy for service sector businesses may be done in two stages:

**1** Development of a strategic capability to allow national responsiveness or centralized innovation.

**2** Development of an administrative structure to allow networking flexibility. Poon (1993) terms this approach the new ‘post-Fordist’ tourism characterized by a more flexible delivery system of loosely linked worldwide-acting businesses and purchased by the ‘new’ tourist who is experienced and discerning, seeking valuefor- money, customized quality-controlled products, but not necessarily low prices. Here, delivery of the product is ‘just in time’, flexibly produced, customer-designed and uses technology to extend the ‘value chain’. By this stage, the labour force is functionally flexible and technically skilled. This post-Fordist ‘new’ tourism is characterized by a number of key features in direct response to the forces of globalization.

These include alliances and partnerships and internationalization strategies:

**Internationalization strategy**

Globalization is both a consequence of, and an influence upon the internationalization strategy of businesses. Internationalization models are based on businesses slowly acquiring and using knowledge about overseas markets and competitors and increasingly committing to operating internationally. Internationalization strategy is seen in trans-national corporations where strategies have three key components:

**1 *Cost leadership***: lowest cost producer.

**2 *Differentiation*:** differentiation from competitors.

**3 *Focus*:** applying these two components to a market.

This discussion shows that for tourism, the competitive landscape is changing and driving businesses to rethink their strategies and organizational structures to allow them to operate successfully in a boundaryless world. Globalization therefore raises a number of key questions for tourism businesses:

● How do businesses transfer their corporate practice, culture and operations internationally and maintain their quality standards, particularly given that the tourism product is delivered locally?

● What should be the balance between local or national practices and the international approach?

● How can the public sector develop policies to protect tourism SMEs and workers threatened by global competition, given that businesses can operate across national boundaries and so evade responsibility?

Globalization also demands that tourism creates the ability to balance a global vision (including international standards) with local demands and needs, and can meet the material needs of a global community without increasing inequalities and without destroying the environment. In part, this will require a knowledge-based approach to managing businesses, an approach that we now turn to.