BHHM 11

VARDHMAN MAHAVEER OPEN UNIVERSITY, KOTA

Principles of Hospitality &Tourism Management

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BHHM – Principles of Hospitality & Tourism Management

Unit-1

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Structure

1.0 Objectives

After studying this unit the student will able to:

- Understand what tourism is in its many definitions
- Learn the trends and historical development of tourism
- Understand the types of tourists, travellers and excursionist
- Learn about recreation and leisure

1.1 Introduction

The history of travel is a great landmark in the filed of tourism industry. Travel is as old as mankind. From time immemorial, mankind has travelled due to various reasons; may it be economic necessity, or social, cultural and spiritual reasons. Travel in the distant past, however, was not undertaken for pleasure. But the way tourism is taken today is reflected by the growth of industrialization in the late 20th Century and subsequent increase in income. Tourism is alive with dynamic growth, new activities, new definitions, new technology, new markets and rapid changes.

1.2 What is Tourism?

When we think of tourism, we think primarily of people who are visiting a particular place for sightseeing, visiting friends and relatives, taking a vacation, and having a good time. They may spend their leisure time engaging in various sports, sunbathing, talking, singing, taking rides, touring, reading or simply enjoying the environment.
There are four different perspectives of Tourism:-

(1) **The Tourist: -** The tourist seeks various psychic and physical experiences and satisfactions. The nature of these will largely determine the destinations chosen and the activities enjoyed.

(2) **The businesses providing tourist goods and services:** - Business people see tourism as an opportunity to make a profit by supplying goods and services that the tourist market demands.

(3) **The government of the host area:-** Government view tourism as a wealth factor in the economy of their Jurisdictions. Their perspective is related to the incomes their citizens can earn from this business. Government also considers the foreign exchange receipts from international tourism as well as the tax receipts collected from tourist expenditures, either directly or indirectly.

(4) **Host community:** - Local people usually see tourism as a cultural and employment factor of importance to this group, for example, is the effect of the interaction between large numbers of international visitors and residents. This effect may be beneficial or harmful, or both.

Tourism is a composite of activities, services, and industries that deliver a travel experience: transportation, accommodations, eating and drinking establishments, shops, entertainment, activity, facilities, and other hospitality services available for individuals or groups that are travelling away from home.

1.2.1 Definitions and Concepts

According to Hebrew Literature, the word **Torah** is mentioned which means learning studying, searching, etc. In Latin literature, the word **Tornos** is mentioned which means tools for describing a circle or Turner's wheel, representing round tours, etc. Towards 1643 it was used for going around or travelling.

Conceptual Definitions: 'Tourism is the sum of the phenomenon and relationship arising from the travel and stay of non-residents, in so far as it does not lead to permanent residence and is not connected with any earning activities.'
-Hunziker and Krapt
"Tourism is the temporary, short-term movement of people to destinations outside the place where they normally live and work and their activities during their stay at these destinations including day visit and excursions." **- Tourism Society of Britain**

"The study of man away from his usual habitat, of the industry which responds to his needs and of the impacts that both he and the industry have on the host's socio-cultural, economic and physical environments". **-Jafari**

"Tourism may be defined in terms of particular activities selected by choice and undertaken outside the home environment". **(IASET)**

Technical Definition: Technical definition is an attempt to define tourism for statistical or legislative purpose. The first attempt was by the committee of statistical experts of the league of Nations in 1937, with other bodies progressing this work in the 1950s including International Union of official Travel Organizers (IUOTO), the United Nations conference on Travel and Tourism in 1963. It states that, 'a visitor is any person visiting a country or other than that in which he has his usual place of residence, for any reason other following an occupation remunerated from within the country visited, a visitor being either a tourists staying overnight or an excursionist on a day visit'. Among the recent attempts recommend appropriate definitions of tourism was the WTO (World Tourism Organization) International conference of Travel and Tourism in Ottawa in 1991, which reviewed, expanded and developed technical definition and stated that tourism comprises:-

"The activities of a person travelling outside his or her usual environment for less than a specified period of time and whose main purpose of travel is other than [the] exercise of an activity remunerated from the place visited" **(WTO 1991)**

Key Features in defining tourism

- Purpose of travel (e.g. the type of traveller, be he or she a business traveller, holiday-maker, someone visiting friends and relatives or someone visiting for other reasons).
- The time dimension involved in the tourism visit, which requires a minimum and a maximum period of time spent away from the home area and the time spent at the destination. In most cases, this would involve a minimum stay of more than 24 hours away from home and a maximum of less than a year.
- Those situations where tourists may or may not be included as tourists, such as cruise-ship passengers, those tourists in transit at particular points of embarkation/departure and excursionists who stay less than 24 hours at a destination.

Tourism Concepts: The concept of tourism refers to the broad notional framework that identifies tourism's essential characteristics and distinguishes tourism from similar, often related but different phenomena. Essential characteristics of tourism can best be interpreted within a wider concept. All tourism includes some travel but not all travel is tourism, while the temporary and short-term nature of most tourists trips distinguishes them from migration. However, their is a growing body of knowledge in tourism which is beginning to look at the relationship between tourism and migration. Migration Patterns can influence the nature and scale or tourism Patterns especially where migration is related to ethnic populations who travel back to their family in their native country.
The following are key features of tourism concepts:-

- Tourism arises from the movement of people to, and their stay in, various destinations.
- There are two elements in all tourism: the Journey to the destination and the stay, including activities, at the destination.
- The journey and the stay take place outside the normal place of residence and work, so that tourism gives rise to activities which are distinct from those of the resident and working populations of the places through which tourists travel and in which they stay.
- The movement to destinations is of a temporary, short-term character, with the intention to return home with a few days, weeks or months.
- Destinations are visited for purposes other than taking up permanent residence or employment remunerated from within the places visited.

1.2.2 Tourist Destination

The definition of a tourist destination is a geographical area which as in the position to offer a tourism product, which means a broad wave of facilities in transport

-accommodation-food and at least one outstanding activity or experience. The sum of interests, activities, facilities, infrastructure and attraction creates the identify of place the ‘destination’. Interaction, co-operation, networking and social practice are crucial activities, describing a ‘destination’. In most destinations the final product that the tourists experience ,and therefore the memories that they take home with them, is a complex fusion of their exposure to many different phenomena in the destination, for example the local tourism industry, the destination’s resident population and the environment in the destination. This relationship is interlinked because not only do these aspects influence the tourist experience, but the tourists in turn influence these aspects.

1.2.3 Services and Industry

Service can be seen simply as those point of interaction between service providers, normally the employees of an operation, in there customers. Special characteristics of service operations are a intangibility, heterogeneity, simultaneity and perishability. For two hundred years, people in certain roles have been described as tourists, and in those role have use various services supplied by business and other organizations. However the term tourism industry only emerged in 1960s. Tourism industry refers broadly to collections of business firms, organizations and other resources which foster or support activities of tourists, in particular by providing services. While no consensus exists about the precise components, custom has developed for referring to industrial sectors, such as travel services as travel agents, tour operators, transportation, accommodation, food services and attractions (including entertainment and recreational resources).

1.3 Definition & Historical Development

While for many people living in economically developed countries, being a tourist is a regular if still special experience, the concept of a mass participation in tourism is a relatively recent phenomenon. However, the evidence of tourism can be traced back to the ancient civilization of Greece. Although participation in tourism was constrained by the difficulties and dangers of traveling any distance, and also by a lack of financial resources to do so, there was evidence of travel by the Ancient Greeks for the purpose of oracles, festivals and game competitions. In 776 Bc visitors from all over the Hellenic world attended the first Olympic Games at Olympia. In the Roman Empire, the next major civilization of Europe, travel was facilitated by a sophisticated road system stretching 4,500 miles, the need to use only one currency and a common Language of Latin. Roman Empire extended from Britain in the west to Armenia & Syria in the East. Long- distance travel for reasons other than trade and military service were uncommon. The desire of wealthy Romans to escape the heat in Summer time led them to travel to the west coast of Italy and Bay of Naples developed as fashionable Tourist Area. “Naples itself attracted the retired and intellectuals, Cumae become the resort of high fashion, putiole attracted the more said tourist, while Baiae, which was both a spa town and a sea side resort, attracted the down-market tourists, becoming noted for its rowdiness, drunkenness and all-night singing”. In Roman society, travel for the purpose of pleasure was restricted to a class who had both the available leisure time and disposable income to participate in it. It is not unrealistic to expect that this elite class of society would have been conspicuous by its ability to participate in tourism, a situation that existed until the 19th century, when the marked economic social changes associated with the industrial revolution would eventually permit a wider social participation in tourism.

Medieval Tourism: Renaissance period of the 16th & 17th centuries, travel becomes more difficult and limited. This was attributable to a lack of technological development of transport, a poor road infrastructure and an absence of safety from aggression and robbery when traveling opportunities for travel were also restricted by the widespread poverty that existed during this time in Europe. “Middle Ages” travel was arduous and mostly being undertaken out of a necessity to trade or for religious pilgrimage rather than recreation. The three main destinations for pilgrimage were Rome, Jerusalem & Santiago de Compostella in north-west Spain. Middle Ages, religion played an important part in Folk Culture and Celebrating of **“Holy days”** from which the word **“Holiday”** eventually developed, presented opportunities for a change from the typical employment in agriculture and cottage industries. As opportunities for travel were limited “Popular Culture” was locally based “the culture of the non-elite, the “subordinate classes.” As the main threat to security when traveling came from highwaymen who robbed travellers, travel opportunities were subsequently usually restricted to the well-guarded royalty and the Court Circle and a handful of other wealthy citizens”.

The Grand Tour: Historical records highlights the influence of the British Aristocracy in travel at this time. Which is attributable to the encouragement by Elizabeth I of young men seeking position at court to travel to the mainland of Europe to study classical culture.” Importance of education as a focus for the Grand Tour referring to “Journeyman’s scholar year” as an essential component of a gentleman’s upbringing. Notably from the perspective of reason to travel, the Grand Tour introduced the theme of education as a new dimension to travel and turned the purpose of touring into a civilizing and cultivating process. The Grand Tour also gave rise to a new profession of the “Travelling Tutor”. “Watch over the morals of the travelling nobleman, act as a guide, see to accommodations, introduce him to the arts, books and learned men, and guage his process in the courtly and literary skills that were increasingly the legitimation of nobility.” Original focus may have been upon Italy, the Grand Tour spread geographically to incorporate other major cultural centers of Europe, the word “Tourism” can be dated to this period. Another significant factor in facilitating travel was political stability in Europe, as a Consequence of the signing of peace of Paris Treaty in 1763 by France, Spain and Britain.

"Refined form of pleasure, a continental Jaunt for those who wanted to keep up with the milords. How do role models and fashion influence where people travel today." Travel for health reasons added a new dimension to the tour, with the south of France becoming a focal point to deal with the ill effects of the north of Europe." Travel for the purpose of amusement and pleasure, to enjoy the cultures and social life of cities like Paris, Venice and Florence, also progressively become part of the Tour, and by the end of the 18th century this custom has become an institution alised component of it. From the mid-18th century, a much greater emphasis also began to be placed upon the viewing of nature, emphasizing its spiritual and romantic qualities. The Grand Tour Progressed during the 17th & 18th centuries a number of themes of travel are evident. These include education, health, enjoyment of culture and visiting nature. The desire of view "wildscape" was marked by a preference for the raw power of nature, as manifested in mountains, gorges waterfall and forests. The increase in the Popularity of wilder landscapes was associated with the development of the "Romantic Movement" which stressed the feelings of emotion, Joy, freedom and beauty that could be gained through visitation to "untamed" landscapes. The romantics were a collective movement of European literary, artistic and musical figures, including Rousseau, Coleridge, wordsworth, chopin, Goethe, walter scott, Hugo, Liszt and Brahms, who highlighted the importance of emotional experiences and feeling about the natural and supernatural world."

"The defining of attractive landscape as wild areas has had a major influence on patterns of contemporary tourism. The influence of Romanticism led to a new found appreciation of not only mountain areas, but also the coastline, the two most important areas for recreational tourism." A further development in tourism during the time of the Grand Tour was an increased popularity in the spa town of Europe. Medicinal qualities of taking the spa water and good health, spas represented an early type of health tourism. During the 18th century spa towns such as Bath in England, Vichy in France, Baden in Germany reached the height of their popularity. The popularity of spa towns also involved a cultural dimension, their cosmopolitan clientle allowing people to bid for status through fashion and achievement, rather than hereditary lineage or known office. By the end of 18th century spa towns were turning primarily into residential and commercial centers, as coastal areas grew in popularity for tourism.

Industrial Revolution: The effects of the Industrial revolution upon society were enormous. These included "Economic, Social Political, technological and cultural changes, the interaction and amalgam of which besides radically changing society, help to explain patterns of contemporary tourism. Industrial Revolution is significant for making a period of change from an agricultural based economy to an industrial one. It origins lie in the mechanization of cotton and wool production in the north England in the last two decades of 18th century.

Industrial revolution influenced the development of mass participation in tourism. Urbanization and increased economic production, the technological advancement of transport and the emergence of a tourism Industry and the development of the seaside as a spatial area for "mass tourism. Industrial revolution was the movement of workforce from rural areas to urban centers and the development of a new social structure, including the new entrepreneurial class called **"Bourgeoisie"** and Industrial working class "Proletariat. The rapid growth of towns and cities and lack of town-planning gave rise to a number of social issues, not least the living conditions of the proletariat. The town of Manchester in the north of England acquired a reputation as the "shock" city of the Industrial revolution, with the poor social conditions. Working men's dwellings of Manchester, no cleanliness, no convenience and consequently no comfortable family life is possible, that in such dwellings only a physically degenerate race, robbed of all humanity, degraded, reduced morally and physically to bestiality, could feel comfortable at home.

Urbanization caused the separation of people from nature and the land for the first time in human history. The work force was also required to work in a manner that was suited to the needs of industry and factories rather than the natural rhythms of the seasons. Factory work required a regular unbroken daily routine, as life became structured around the need to keep industrial production functioning, with men, women ands children working a 6 days. The folk culture of village communities was also lost as people were forced to live in poor conditions, similar to the ones, creating social tensions that had never been experienced before. This pattern of separate spatial and time zones for work and leisure is reflected in contemporary tourism, as we take defined periods of time away from work, and travel away from our home environment to other places and destinations. "How do you think living in a city or town environment influences the desire to participate in Tourism? Consider the kinds of environments people wish to travel to and compare them to the ones they come from." An outcome of major significance of the industrial revolution was the level of productivity that was established in the economy. High level of productivity is the key to the establishment of a leisure class able to participate in tourism. Consequently, people began to have disposable income, extra Income left over after spending on essential items such as housing and food, to spend on leisure activities. A consequences of the availability of income to spend on leisure was the development of the tourism industry. Beside having money to spend on tourism a further requirement is time free from employment. This can be facilitated by legislation from government, as was the case in the UK with the passing of the Bank Holidays Acts of 1871 & 1875, which provided a four day (4) statutory holiday. A watershed was subsequently passed in terms of the recognition of balancing work time with statutory leisure time. Certainly political pressures, including the heightened profile of the Trade Union movement, the founding of the socialist labour party, the social fallout from the First World War and a consequent and a consequent demand for rights for workers, were contributory factors to the passing of the 1938 Holiday with pay act in the UK. In France, government legislation was passed in 1936, making 12 days of paid vacation mandatory in all enterprises. The significance of these acts is that is marks recognition of holidays as being beneficial for individuals and society. The Industrial Revolution was characterized by a technological advancement in travel, notably the Invention of the steam Engine by James Walt in 1784, which led to the development of railway and steamship. A revolution in travel was marked by the in 1840s of the first railway line in the world to Carry Passengers between Liverpool and Manchester in England. The steam engine was also utilized to increase speeds and travel on the seas with the development and use of steamships. The steam engine was also utilized to increase speeds and travel the seas with the development and use of steamships. In 1841, the first steamship crossed the Atlantic from Britain to America. The development of the railway network in 19th century had a marked significance for both society and tourism. 'No innovation of the Industrial Revaluation has fired the imagination as much as the railway'. By 1840s the potential of the railways for tourism was already being realized by Thomas Cook. The seminal event in the beginning of the use of the railway for recreational tourism was the organization of a trip for 570 temperance workers from Leicester to Loughbrough by train in 1841. This trip demonstrate the potential demand for group travel, while cook also realized the potential of his own power as a bargaining agent to capture reduced group prices with the railways and other suppliers of Travel Services. By 1845 he was arranging similar excursions on a full commercial basis using charted trains. Cooks efforts represented the beginnings of the development of the tourism industry. The efforts of cook can certainly be equated with a revolution in travel, simplifying, popularizing and cheapening travel, to bring it with in the reach of the working classes. In this sense, he was instrumental, in combination with the railway, in helping transform society from a largely static one in which the poorer stayed at home, into a more mobile and fluid one. Cook was targeted specifically at the middle classes and had a much stronger commercial orientation.

It is also evident that the target market for these tours was the upper-middle class and the bourgeoisie; the aristocracy would not have considered taking part in a package tour. By the 1860s, cook has already developed tours to Europe and America and in 1869 offered the first escorted tour to the Holy Land. In the first 9 years of business, cook handled more than one million customers. By the beginning of the 20th century, cook and son had started to make arrangements for travelles all around the world, but the bulk of their business remained in Europe. However, not everyone looked favourably upon cook's efforts to democratize travel and encourage a wider participation in tourism. The detonation available for recreation began to increase and diversity as the railways made possible regular and safe Journeys for the first time in history. Industrial capitalism produced two novel forms of pleasure travel: tourism and summer holidays for the bourgeoisie and mechanized day trips for the masses in the Countries such as Britain. In terms of establishing the pattern of contemporary tourism, the railways were instrumental in giving access from urban areas for the masses to the coastline. The first geographical area to become a focus for mass participation in tourism was the coast. The popularity of the seaside was encouraged by royal patronage in the 18th century. The development of coast areas was encouraged by changing landscape taste of romanticism during the 18th century, referred to earlier. The impact of urbanization was also influential in encouraging a seaside culture. "During the 18th century coastal resorts began to rival spa towns as fashionable places for the growing middle class in Europe and America to visit. Demand for the seaside varied internationally, with a sea bathing culture first appearing in Britain in the 1730s, followed by France in the 1780s, Germany in 1790 and Spain in 1830. The ability to "escape" to coastal areas was determined by a mix of economic and social factors. These included possessing the "Cultural Capital" of knowing the qualities of the Coast, having the time to visit, and also having the money to do so. In the 19th century only the wealthy could afford to stay at the cost for long periods of time, and the development of coastal residential resorts offered an exceptional degree of privacy to the new elite, away from the Industrial urban centers and the proletarian masses." Interm of developing a popular seaside culture, it was particularly the development of the railway Network from the cities to the coast, which permitted a middle and working class holiday boom during the late 19th century & early 20th century. Villages & towns on the coastline of industrializing centers were transformed with promenades and piers, providing profits from previously economically redundant areas of cliffs and bays. The coast seemed to exercise an allure that eventually permeated all the social classes. Seaside represented a special place in many people's lives, as the "Geography of Hope". Certainly, the distinctive natural landscape of sea, sky, cliffs, and beach and built resort landscapes of promenades and piers, provided a distinctive sense of place away from the ordinary or the routine. While from the 1870s, it become normal for the middle classes to take a holiday of 2 to 3 weeks at a seaside resort, in England the development of the working-class seaside resorts did not become of major significance until the 1880s. The railway played a major part in this development, moving thousands of working class people from the cities to the coast, for example in 1858 it was estimated that 2,00,000 people left Manchester in England for the Coast during the religious holiday of whit week. The combination of health, natural and created attraction, and the use of the railways for transport helped make coastal areas popular as resorts. The New middle classes & bourgeoisie were instrumental to the development of coastal areas in other industrializing countries in the latter half of the 19th century. Employment in banks and other service industries was created as coastal town took on a growth of their own. It was not solely coastal areas that developed in 19th century as popular areas for tourism.

1.3.1 Past to 2nd world war

While the trend towards mass participation in domestic tourism was maintained for the first part of 20th century, economic recession in the 1930s combined with two world wars in the first half of the century greatly restricted the opportunities for the growth of International tourism. Bedside the popularization of coastal areas in the 19th century, another landscape to be used for tourism was mountain areas, particularly for the development of winter sports. At the end of 19th century, skiing began to develop as an international activity in the European Alps, St. Moritz in Switzerland; St. Gervais in France, Badgastein or Bad Ischi in Austria were established as health spas by 19th Century. In 1890s a new type of traveller appeared in the Alps more intent upon hedonism than recuperation, with winters sports, including ice-skating or skiing, becoming fashionable or popular. 3 million foreign skiers per annum are attached to Switzerland & Austria. Winter sports! The Swiss delightedly awakened to the commercial possibilities of snow or ice. The post-war French government also acted upon realization that skiing could aid regional economic development. The demand of the emerging "Mass leisure Class" and the opportunities to aid regional economical & social development drove the transportation of mountain landscape in the Alps. A second revolution of Mass tourism began in the 1950s, based upon working-class participation in "International Tourism". The Holiday with pay Act (1938) was introduced. The Education Act of (1944) raised the school-leaving age to 15 in 1947 and resulted in expansion of schools raising the aspiration of a whole new stratum of society, demand for labour created greater bargaining power for workers after the war pushing up wages, the increasing audience for television also influenced the desire to travel and critically, average weekly earnings rose by 34% while retail prices increased by only 15% between 1955 & 1960. Also critical to this expansion of mass travel was the entrepreneurial activity of the Russian emigre to Britain, Vladimir Raitz, who founded the Horizon Travel Company, just as Thomas Cook played a majore role in widening the social participation in travel and tourism in the 19th century, the efforts of Raitz were fundamental in establishing a blue print for mass international tourism. Putting together a package of air transport and accommodation, using the service of an air broker to charter Aircraft rather than buying seats on scheduled flight, Raitz accompanied 32 passengers in May 1950 on a converted Dakota with a top speed of 170 miles per hour from London to Calvi in Corsica. Raitz had put together the first "Package tour" based upon air travel. The use of aircraft was fundamental to expanding the peripheries of tourism from Western Europe. This trend became even more noticeable with the technological development of Jet engine in the 1950s. The "Bulk Buying" of seats on aircraft hotel rooms, the provision of meals & services of a company representative in the destination were to provide an attractive formula in the tourism market. "Not least because foreign travel become competitively priced compared to domestic holidays. There was also the added attraction of environmental factors, notably almost guaranteed Sunshine and a warm sea. There are few places in the world that remain untouched by tourism and with the development of space tourism; the periphery is now set to be expanded beyond the boundaries of the plant. "New Tourists" who are less predictable & homogeneous than the "old Tourists" characterized by being less interested in package holiday and group travel, instead wanting to emphasise their individually and have control of their own experiences "Do-it-yourself" is becoming more of more common, particularly for the mature and experienced travellers, vigorously stimulated by the possibilities offered below-cost airlines and the Internet."

1.3.2 Recent and Current 1945-2002

Tourism and its development are closely interrelated to consumer's purchasing power on the one hand and peace and prosperity on the other. Any domestic or international economic fluctuations or political disturbances result in a temporary setback. Tourism received a setback in the year 1974 when the world's economy was seriously affected by the great energy crisis which occurred at the end of 1973. As a result of energy crises there occurred inflation which was responsible for lower purchasing power which in its wake had brought in a steep fall in tourist movements. As a result of efforts made by governments of industrialized and developing countries to keep inflation within acceptable limits, the tourism activity received a boast once again in the principal generating countries. According to WTO, international tourist arrivals in 2000 were estimated at 710 millions. The principal generating as well as receiving areas for international tourism continues to be Europe and North America accounting for 70% and 20% respectively of international tourist arrivals.

1.3.3 Future from 2002 onwards

According to the World Travel and Tourism Council, India is poised to emerge as the second fastest growing (8.8%) tourism economy in the world over 2005-14. In 2007, around 5 million tourists arrived in India and spent nearly US $ 11 billion. In 2010, this figure was 5.8 million tourists who spent US $ 14.19 billion. A mix of marketing initiatives and revived interest in India as a tourist destination is making India an attractive tourist destination for foreign traveller.

1.4 General tourism trends

The tourism sector holds strategic importance in the Indian economy providing several socio-economic benefits. Provision of employment, income and foreign exchange, development or expansion of other industries such as agriculture, construction, handicrafts etc are some of the important economic benefits provided by the tourism sector. In addition, investments in infrastructural facilities such as transportation, accommodation and other tourism related services lead to an overall development of infrastructure in the economy. According to the world Economic Forum's Travel and

Tourism competitiveness Report, 2013, India ranks 11th in the Asia Pacific region and 65th globally out of 140 economies ranked on travel and tourism competitiveness Index. India has been witnessing steady growth in its travel and tourism sector over the past few years.

1.5 Types of Tourists, visitor, traveller & Excursionist- Definition & Differentiation

The word 'tourists' originated in 1292 AD. Concise oxford Dictionary (2000) defines this world as follows:-

I. A persons who travels for pleasure
II. A member of a touring sports team

Man has been traveling as a tourist since times immemorial. Today, he mixes business with pleasure and still, he is known as tourist.

Definition of tourist

A tourist is a temporary visitor who stays for at least twenty four hours (24) in the country visited ad the purpose of whose Journey can be any one of the following:-

- Leisure (recreation, holiday, health and sports).
- Business
- Family
- Religious obligations
- Studies or training

According to Erik Cohen (Quoted from John Lea, Tourism and development in the Third word, Routledge, London, 1988), "Tourists are the voluntary temporary travellers, travelling in the expectation of pleasures from the novelty and change experienced on a relatively and non-current round-trip". According to the League Committee, "A tourist is a person visiting a country other than that in which, he usually resides." A tourist can visit a part of his own country as well. He would also be deemed a tourist even in such a case as he is new to the place he intends to visit, if a north Indian, to quote an example, visits Bangalore, Mysore and Kanyakumari for the purpose of enjoying the beauty and grandeur of these places, he is also called Tourist. He can also visit these places to meet his business partners or conduct preliminary studies for starting a new venture. In the parlance of tourism administration, however, a tourists is a person who stays for at least twenty-four (24) hours in another country (which is not his own). He can visit a tourist spot within his own county well. He can go for business, recreation, meetings, family work etc to that country, or a place in his own Country, as stated earlier in this section.
The following persons are tourists:-

I. Persons travelling for fun to another country.

II. Persons visiting another country for a family assembly or function.
III. Patients visiting another country for health check-ups or surgical treatments.
IV. Patients visiting a hill spot in another country for the purpose of improving their health conditions.
V. Persons travelling to another country on business trips.
VI. Delegates visiting another country for attending for attending conferences, seminars etc.

The following persons are not tourists:-

a. Persons arriving in a country to take up jobs.
b. Persons migrating from rural to urban areas.
c. Students in boardings.
d. Persons domiciled in one country but working in a neighboring country.
e. Persons passing through a country without stopping.
f. Persons stopping for a few hours at the connecting stops while they move from one country to another.

Types of Tourists:-

(A) Allo-centric, Mid-centric, and Psychocentric

Allo-centric:- Allo-centrics are adventurous by nature. They are always in search of unexplored destinations where nature is in its natural form. The living and surroundings are unspoiled. The allo-centrics are less demanding and easily adjust to the place. They are the fearless travellers and have no reservations in their mind. Most of the time they are researchers. They carry necessary stuff to arrange temporary shelters and unpalatable meals. Exploration of a new destination is credited for these kinds of tourists only. They may travel in groups or alone.

Mid-Centric: Mid-centrics are less adventurous than allo-centric. An allo-centric explores the destination and on returning they describe the destination to their friends and relatives which creates a desire in them to explore the place as well. They make plans to travel in groups to this new destination and make suitable arrangements for travel, food and alternative arrangements for their accommodation. The place is still new. The movement of mid-centric gives scope for the development of tourism business. The business starts rising. Locals find possibilities for some earnings. The outsider businessmen also get interested in the place and the place shows promising business opportunities.

Psychocentric: They are not adventurous by nature. They are primarily always concerned about their safety and security. Psychocentrics travel to only those places which are popular among tourists. They prefer to make their arrangements before hand.

They are mostly family travellers. Every three to four years they travel back to the old destination. Psychometrics travel to those destination which offer highly developed connectivity and facilities. They prefer to be part of package tours and move as per the itinerary.

(B) Excursionist and Drifter

Excursionist: A temporary visitor staying less than 24 hours in the country visited is known as excursionist. An excursion is a trip by a group of people usually made for leisure or educational purposes. It is often an adjunct to a longer journey or visit to a place, sometimes for other (typically work-related) purpose. Short excursions for education or for observations of natural phenomena are called field trips. One day educational field studies are often made by classes as extracurricular exercises e.g. a visit to a natural or geographical feature.

Drifter: A vagabond or 'drifter' is an itinerant (one who has no permanent home) person. The word is derived from the Latin adjective **Vagabundus,** 'inclined to wander,' from the verb vagor, 'Wander'. It does not denote a member of a nomadic tribe but and individual who follows a wandering lifestyle within a sedentary society. Such people may be called drifters, tramps or rogues. A vagabond is characterized by almost continuous travelling, lacking a fixed home, temporary adobe or permanent residences.

(c) International and Domestic Traveller:

International Traveller: Those who undertake international travel will be considered international travellers. From the perspective of the Country of reference, international travellers are either inbound or outbound travellers.

Domestic Traveller: Similarly, those who travel within the country of residence are domestic travellers.

(d) Inbound and Outbound Travller:-

Inbound Traveller: They are the non-residents of a country visiting a country other than their own. In other words, they are coming into a country, for example in the case of India, a Chinese visiting India as a tourist.

Outbound Traveller:- They are residents of a country visiting a country other than their own. In other words, they are going out of the country, for example, in case of India, Indian resident visiting china as a tourist.

Visitor:- A visitor is someone who has left their residence to spend time in a destination. Distance travelled, length of stay or other criteria may be used to define the term operationally. The world Tourism organization considers 'Visitor' to be the basic unit for collecting tourism statistics. Visitors consists of tourists (overnight visitors) and excursionists (same day visitors). Some researchers use the visitor and tourist terms interchangeably.

Traveller: A person, who covers a reasonably large distance within or outside the country of his residence, is called Traveller. Normally, a tourist is a person who visits a country other than his own. So, a traveller may not be a tourist. But a tourist is essentially a traveller. Further, a traveller may touch many transit stops while he leaves his starting point and arrives at his destination after a long journey. But he is only a traveller for those stops where he disembarks for brief periods.

Excursionist: He is a temporary visitor who stays for less than 24 hours in the country visited. Thus, an excursionist is not a tourist because he does stay for more than 24 hours at the point/station of excursion. They resemble tourists but, because of their brief stays, their use of tourism facilities is more limited. Today, excursions between neighbouring countries are a common and significant phenomenon, and are often listed separately in tourism statistics.

1.6 Tourism, Recreation and Leisure, their inter-relationship

Tourism: Tourism is the practice touring and/or travelling for getting pleasure or for recreation. The art or science of managing the factors, resources, equipment and human being related to tourism is called Tourism Management. Thus, tourism management is the set of activities that manage all the processes of the most lucrative industry in the world that is better known as tourism. That is primarily because humans are curious and adventurous by nature. Further, economic needs of the nations of the world have prompted these nations to find some niches on the tourist's map of the world. Obviously, those nations that offer the best hotels, tourist resorts, travel facilities, archeological sights, theme parks, food and cultural variety would certainly win the crucial race for supremacy in the global tourism markets. Hence, the activities related to tourism would have to be managed by these nations in a professional and cost effective manner. Tourism has also become a part of the vast gamut of management. It is an art as well as a science. It involve several component which are: (a) human beings (tourists, tour managers, tour guides, operative staff, chefs, bartenders, dancer, transport staff etc); (b) machines (like buses, luxury coaches, cruise boats, ships aircraft, taxis etc); (c) tools and equipment (like aircraft servicing machines, container transport vehicles, workshops for maintaining taxis and coaches, hotel equipment etc); (d) technologies (like the Net); and (e) efficient MIS system (like online CRS programs and airline ticketing systems). Successful implementation of all activities related to tourism is a Herculean task. Only professionally trained people can join the tourism industry and succeed in one or two of its gargantuan fields.

Recreation: According to concise Oxford Dictionary (2000), recreation refers to "an enjoyable leisure activity." Its origin is in the word recreare, which means "Create again" All the human beings indulge in recreation. It is required to renew their vigour and give comfort to their tired minds. Note that recreation is an activity.

Leisure: According to concise Oxford Dictionary (2000), leisure refers to "the time spent in or free for relaxation or enjoyment." It has been derived from a phrase licere, which means "be allowed." It also has a connotation that is similar to the word 'recreation'. However, it is the time spent or available for enjoyment.

Interrelationship of tourism, recreation and Leisure

Tourism is an activity through which, a tourists gets enjoyment during the time at his disposal. He can undertake a tour in his own country (which means that he is a domestic tourist). He can also undertake a tour in another country or a group of countries (which means that he is an international tourist). He travels to a distance that is away from his place of residence that is why; he is called 'Tourist.' He must have a passion for enjoying an activity that could give him pleasure. He must also have free time to do so. He must also have adequate resources to become a tourist. Every human being is an individual. He has a background that is the sum total of the social, family, political, economic and academic factors that all active around him. He has some basic needs- physiological, security and affiliation. He has some higher order needs like esteem and self-actualization. His profession, work environment, family background and curiosity motivate him to explore the world. But such motivating factors are different for different people. He also has some perceptions, which become a part of his habits and lifestyle over a period of years. A young person has immature (or crude) perceptions while an old man has mature (or refined) perceptions. Curiosity is the birth right of every human being. In Fact, it is present in his perception set. Finally, some persons have curious minds to the extent that they start undertaking various research projects to know the unknown in this world. For example, Magellan and Hiuen T' sang had the urge to carry out research in other worlds, which were far away from their respective countries; the former wanted to conduct business or geographical research activities while the latter was a religious research scholar. Note that research and curiosity are related to each other. In modern day tourism, people go to other countries to look for data related to particular topics. Basic sciences, Medicine, Engineering, Psychology, mental diseases, tourist sports, Information Technology (IT), History, Political Science and Geography are the key research areas nowadays. Many scholars and researchers undertake example, if an anthropologist wishes to study the Aborigines of Australia, he ought to visit Australia to meet those people and collect data related research project taken by him. He would become a tourist and his aim would net be leisure but research. All these factors groom an individual. So; he makes up his mind to explore the unknown parts of the world. Any one of the factors described earlier could be proponent. This proponent factor as well as its degree of prepotency could vary from individual to individual. Now, the individual is mentally ready to the tour a distant place. He needs time, an interest in the targeted place (where he wants to go) and resources. These resources could be various forms of money, land cruiser, car, van, carry-away home (with an attached automobile, as in the cases of tourists who move in the USA), clothes, baggage and accessories, medicines, personal effects and so on. He could also be going to attend a conference or seminar for the purpose of completing his research project; such an invitation from the organizers of that conference or seminar is also a resource for him. Further, ATM Cards, credit cards, debit cards and medicines would also prove to be assets for him, just like water and foods of various types, which he may like to carry along with during his tour.

The individual becomes a tourist as soon as he sets out from his home. He can either be a domestic tourist or a foreign tourist. But he can also choose to stay at home and entertain himself along with his family members. The choice is his; he can always cancel the air tickets and we know that it happens many times! Finally, he can collect data for his research project or studies by sitting at home or from his office. He can use the Net, to quote an example, to download such data. Again, in this case, he would not become a tourist of any type. Thus, we conclude that the individual:

(a) Starts the process of tourism only when he leaves his usual place of residence;

(b) Becomes a domestic tourist if he goes anywhere within the country of his usual residence;

(c) Becomes an international tourist if he leaves the boundaries of his country by any mode of transport;

(d) Uses free time at his disposal to enjoy the trip, this free time is called Leisure Time and is synonymous with leisure, and

(e) Enjoy the trip during his leisure time to travel to far off place preferably visits the place of his interest (for leisure or research) and also, buys food, gifts, wine etc.

If the tourist undertaken a tour for leisure, all the activities undertaken by an individual fall under the gamut of recreation. If he collects data, he is a researcher, though he remains a tourist in the strict sense of the word. If he goes to meet his friends and relatives, he is a tourist. But the objective of his tour may not be undertaken for leisure; it could be the marriage of his friend. He may combine this personal tour with leisure and go to visit a monument other completion of the marriage ceremony.

Check Your Progress

Q-1 Define Tourism?

……………………………………………………………………………………………

Q-2 Explain the general tourism trends in short?

……………………………………………………………………………………………

Q-3 Discuss recreation and leisure?

……………………………………………………………………………………………

1.7 Summary

Early explorers, traders, and shippers, laid the groundwork upon which our modern age of travel is based. Human needs to arrange trips and facilitate movements have not change over the ages: building roads, vehicles, and ships and providing overnight rest accommodations go back into antiquity. The above brave explorers who went into the unknown made available to their contemporaries knowledge of what the world was really like. Over the centuries inventions like train, aeroplains and ships added convenience of location and services.

1.8 Glossary

Attractions: Facilities developed especially to provide resident and visitors with entertainment, activity, learning and other forms of stimulation that make a region or destinations a desirable and enjoyable place.

Excursionist: A traveller who spends less than 24 hours at a destination

Tourist: A tourist is someone who stays for more than over night and less than a year. Business and convention travel is included. This thinking is dominated by balance of trade concepts. Military personnel, diplomats, immigrants & resident students are not tourists.

Tourism: Tourism is a social movement with a view to rest, diversion & satisfaction of cultural needs.

Travel Industry Services: Includes those organizations, firms & individuals that provide a diverse range of services that enable and facilitate travel, as well as make it more convenient and less risky.

1.9 Check Your Progress- Answers

Ans- 1 Tourism is a composite of activities, services, and industries that deliver a travel experience: transportation, accommodations, eating and drinking establishments, shops, entertainment, activity, facilities, and other hospitality services available for individuals or groups that are travelling away from home.

Ans-2 The tourism sector holds strategic importance in the Indian economy providing several socio-economic benefits. Provision of employment, income and foreign exchange, development or expansion of other industries such as agriculture, construction, handicrafts etc are some of the important economic benefits provided by the tourism sector.

Ans-3 An enjoyable leisure activity. All the human beings indulge in recreation. It is required to renew their vigour and give comfort to their tired minds. Recreation is an activity in which the time spent in or free for relaxation or enjoyment. It also has a connotation that is similar to the word 'recreation'. However, it is the time spent or available for enjoyment.

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1.12 Terminal Question

Q-1 Why is tourism so popular?
Q-2 Who is an excursionist?
Q- 3 Defined tourism and tourist in details?
Q-4 What are the types of tourism? Define.

Unit – 2

Tourism Policy

2.0 Objective

- Students know about the Concept of Policy.
- Students know about the Formulating tourism policy.
- Students know about the Role of government, public and private sectors.
- Students know about the Role of international multinational.
- Students know about the state and local tourism organizations in carrying out tourism policies.
- Students know about the Study of National Tourism Policy 1982 and 2002.
- Students know about the National Action Plan on Tourism, 1992.

2.1 Introduction

In 1982, the Indian Government presented its first tourism policy. In retrospect one could argue that the novely of the subject, its low priority and the belief in its potential as a social engineering tool (in keeping with Indian public ideology at that time), contributed to a rather simplistic piece of work. It took the government until 2002 to present an updated policy document. Those expecting a clear line of thinking and plan must have been quite disappointed by the new policy. It is based on a number of incompatible perspectives, of which those of the international development community and the international lobby group of tourism and travel related industries (the WTTC) are the most pronounced. As a result, it starts from the idea that tourism is both a threat and an engine of growth. By means of this paper, we want to focus on some of the central ideas and starting points of the Indian tourism policy. We will argue that there is something fundamentally wrong with the public ideas concerning the economic (growth) potential of (international) tourism and the role of tourism as a development tool. We will also contend that, even after all these years of tourism development, very little is known on who the tourists in India actually are and what they want. Our reflections are based on our own experience as tour operators and travel guides in India as well as on our (limited) reading of public documents and research papers. As research scholars, our fields of specialisation lie elsewhere. Nonetheless we think that our observations could provoke a fruitful discussion on central policy issues. This paper starts with a brief description of the history of tourism and tourism policy development in India, which concludes with a summary of the most important objectives of the latest (2002) policy. Section two addresses the impact of the development community on the tourism policy. It focuses on the idea of tourism as a threat. Apart from analyzing the possible meaning of this concept in the context of Indian reality it briefly describes a concrete project which can be regarded as an implementation of the idea. Section three deals with the rather confusing impact of (inter)national tourism industry lobby groups which, among other things, resulted in unrealistic definitions, statistics and ideas with respect to the potential role of tourism in India. Towards the end of the section, we will address the relative neglect of domestic tourism and its potential role in future development

2.2 Concept of Policy

Technological progress which is lowering the costs of international transportation, and the globalization of information which is turning the earth into a global village are just two of many reasons that make tourism one of the most important industries in the world. It is expected that in the 21st century the global economy will be driven by three major service industries: information technology, telecommunication and tourism. According to the estimations of the World Travel and Tourism Council (WTTC),1 the global travel and tourism industry (businesses producing goods and services directly for visitors) gross domestic product (GDP) will reach 2,492.3 billion USD in year 2010, that is 4.3% of total global GDP at that time; and, at the same year the total travel and tourism economy (goods and services produced for visitors and other activities strongly dependent on travel and tourism spending) GDP will reach 6,771.3 billion USD, that is 11.6% of estimated global GDP in year 2010. The WTTC estimates that about 86.4 million people will be working in travel and tourism industry, with 253.7 million people working in travel and tourism economy in 2010. Those two simple examples show the importance of tourism's impact on the economy.

Certainly, tourism also affects other areas: the socio-cultural, environmental and political. This overall impact demonstrates the necessity of establishing a kind of public policy to guide, direct, or even control the development of tourism, in order to minimize its negative impact and maximize its benefits. Tourism Policy Policy refers to an overall, high-level plan that includes goals and procedures. Policies are generally found in formal statements such as laws and official documents and statements. Tourism Policy is generally considered to be an area of a nation's overall economic policy. It is a public policy designed to achieve specific objectives relevant to tourism established at the municipal, state or federal level. 2 More generally, tourism policy should reflect the overall development policy of the country or region so that tourism is well integrated with it. Policy also evolves from the survey and analysis of present tourism development patterns and infrastructure, tourist attractions and activities, and the tourist market.

2.3Formulating tourism policy

Defining tourism policy as a public policy… means that it is formulated by the public sector, which comprises central government and local authorities (general government), together with the nationalized industries or public corporations. 3 And although tourism is an activity sustained mainly by private initiative, governments have traditionally played an essential role in its development and in the promotion of their countries as a tourist destination through the activities of National Tourism Administrations (NTAs). 1.1. National Tourism Administrations (NTAs): Tourism is typified by its multidisciplinary nature and, hence, by the need of interministeriality in its official organization. The economic importance of the tourism industry would obviously justify the existence of a strong and structured administration, similar to that of transport, agriculture, foreign affairs, etc. This structure is known as National Tourism Administration (also referred to as National Tourism Office NTO), and can be defined as follows: 4 A central government body with administrative responsibility for tourism at the highest level or, Central Government body with powers to intervene directly in the tourism sector. All administrative bodies of national government with powers to intervene in the tourism sector. 1.2. The Need of NTAs: The use for NTA does appear through the need to:5 Coordinate many national policies that are vital for tourism (taxation, consumer protection, social and labour legislation, environmental policy, general education policy, etc.) Maintain a close link between tourism development policy and promotion abroad. Avoid the over-supply of private or public facilities (marinas, hotels, etc.) which leads to the proliferation of competing projects and which results in lower occupancy rates and smaller profits. Provide backing for certain innovations (new tourism product policy) so as to facilitate their distribution nationally and their placement on the market. Gather statistics and monitor economic activity nationally for purposes of international comparison and domestic comparison with other sectors and, if need be, for directing policies in the right direction. Deal with and manage tourism crises (of either human or natural origin). Represent its country in trade and consume shows and expositions. 1.3. The Structure of NTAs: NTAs vary in terms of their structure and relationship to other branches of government. The three basic forms of a NTA are:6 The state tourism secretariat, which is a high-level office either on its own or within a ministry, with representation at, and access to, the highest executive levels of the government. For example, the Lebanese Ministry of Tourism. The government agency or bureau located within a department (such as a department of commerce or economic development), and reporting to that department. The Taiwan Tourism Bureau, for example, is located within the Ministry of Transportation and Communication. The quasi-public tourism authority or corporation, which often includes representation of members of the private sector and receives private funding and which is run more independently of the government than the other types of NTAs. The Canadian Tourism Commission is an example. In addition, there is also a type of governmental entity that, while not an NTA, fulfills a role similar to that of a NTA. This is a centralized coordinating body which is comprised of representatives of other departments, and acts as a forum in which the major departments involved with a nation's tourism industry can address issues that affect them. However, the types of NTA structure must be adapted to the particular circumstances in each country or region. The types of structures may also be changed through time as situations change. Before deciding on organizational structure, a basic decision to be made is determining the respective roles of government and the private sector in the development and management of Tourism.

2.4 Role of government, public and private sectors

Tourism is the world's largest industry in the second half of the twentieth century (HallJenkins, 1995), and is often used as a key for economic growth in both developed and developing countries (Font-Ahjem, 1999). Tourist industry is a major economic, environmental and socio-cultural force (Hall-Jenkins, 1995), and "a highly political phenomenon" (Richter, 1989:2). In order to attract tourists, countries are choosing to develop and promote their resources, thereupon; there is increase of the competition and the creation of new challenges to prospective destinations (Font-Ahjem, 1999). Over the past decade, there has been increasing recognition of those controlling development. Developers in the tourism industry fall into three categories, public sector, private businesses and non-profit organisations (Font-Ahjem, 1999). Tourism is a special industry in the sense that several decision-makers are involved in delivering the tourism product. Private businesses provide most services that the tourist needs to get to the destination and the products consumed while on site. The public sector owns and manages the destination's infrastructure and is concerned with the overall country's well-being and finally nonprofit organizations monitor and overlook a large number of the attractions at the destination. Public sector defined by Lane (1995:15) as "the governmental activity and its consequences". This definition recognises the importance of legislation and regulations and the authority to carry them out, together with the consequences they might have (Ostrom, 1982). On the other hand "private sector" is defined as "the part of a country's economy that is not owned by the government or public corporations, but by independent companies and individuals" (Oxford Dictionary, 1994:322). Both sectors are contributing to the added value in the community, but in different ways owing to diverse interpretation of what is considered as important or not regarding for example planning and development. The role of the public sector in tourism has changed over the last 40 years. In the early years of tourism development public sector played a pioneering role. This was happening because huge investments were required to provide the basic facilities and infrastructure to create destinations and attract growth (WTO, 2000). "The purpose of public sector is to establish the framework by which a country can develop and foster the good of all its citizens, while protecting the rights of the individual" (Doswell, 1997: 86). A country's institution generally defines human rights and the good of the citizens. Then the political party in power has to develop a tourism policy always in respect to the institution. Consequently, after developing tourism policy the public sector is also responsible to implement those policies and plans (Doswell, 1997). As the tourism started to grow the private sector become increasingly interested in the business opportunities it offered. This had as a result the development of hotel industry, the rapid expansion of tour operators and travel agents (WTO, 2000). There are five main areas of public sector involvement in tourism, and these are: coordination, planning, legislation and regulation, entrepreneur, and stimulation (IUOTO, 1974; Mill & Morrison, 1985). Coordination is one of the most important roles of public sector in tourism and this is because the implementation of all others roles is dependent on the ability of the public sector to coordinate and balance it's various roles in tourism development process (Hall, 1994). Coordination is vital to all the levels of public sector in order to avoid duplications of resources between public and private sector, and also to develop effective tourism strategies (Hall, 1994). As, Span (1979: 411) mentions, "coordination usually refers to the problem of relating units or decisions so that they fit in with one another, are not at cross-purposes, and operate in ways that are reasonably consistent and coherent". Tourism is an industry, which a lot of decision makers are involved, and that's why public sector is crucial to participate by coordinating all this process of the tourism development. To this effect, the participation of public sector in tourism development process is essential. Planning is widely recognized as an important element in tourism development. "Planning for tourism occurs in a number of forms (development, infrastructure, promotion and marketing); structures (different government organizations); and scales (international, national, regional and local)" (Hall, 1994: 34). However, when planning mentioned in tourism literature is tends to be an amalgam of economic, social and environmental considerations, which reflects the diversity of the factors that influence tourism development (Heeley, 1981). In many ways planning may be regarded as going hand in hand with tourism policy, therefore tourism planning reflect the economic, environmental and social goals of government and public sector (Hall, 1994). Nevertheless, public sector participation in tourism development is essential because tourism planning has to include environmental considerations, social impacts of tourism and demands for greater community participation something that is grueling for the private sector to do so. Thus, Lickorish (1991: 70) argued, "Without public sector's involvement in tourism planning, development of the industry will lack cohesion, direction, and short terms initiatives might well jeopardize longer-term potential." Therefore, public sector is the conciliator between the competing interests of the tourism planning process. The legislative and regulative powers of the public sector, directly or indirectly impose on the tourism industry. Public sector involvement ranges from policies on passports and visas, environmental protection and taxation policy will significantly influence the growth of tourism (Hall, 1994). In practice this consists of administrating the laws, collecting revenues, operating social services, allocating funds and generally running the country (Doswell, 1997). Moreover, the nature and scope of governmental regulatory and legislative powers will depend on the national political system within which a government is situated. The role of public sector as entrepreneur in tourism development is closely related to the concept of the "devalorisation of capital" (Damette, 1980). This is the process by which the state subsidizes part of the cost of production, for instance by assisting in the provision of infrastructure or by investing in a tourism project (Damette, 1980). Public sector could also contribute in the marketing process of the destination. Something which is very crucial because for example if marketing and promotion was let entirely to the hands of the private sector, then just some specific areas of the destination could be promoted. But by the contribution of the public sector to the marketing process, different kind of areas could be promoted such as rural and mountainous areas. Therefore, public sector could be the mean of equal distribution of tourism development in a destination, something that would be almost impossible with just the private sector enterprises (WTO, 2002). And this is because private sector mostly be concerned about profit and not the social good. Moreover, tourism development in a destination requires infrastructure and superstructure (for already developed areas), which means that only with the participation of the public sector these investments would equally distributed to the destination (Hall, 1994). For example, in the island of Crete without the public sector involvement to the tourism development process, just the coastal areas would have transport networks while the mountainous and rural regions would not receive any infrastructure investments. Tourism development could be stimulated from the public sector. Firstly with financial incentives such as low interest loans, subsidizes and depreciation allowance on tourist accommodation. Secondly, sponsoring research for the general benefit of the tourism industry rather than for specific individual organizations and associations (Mill & Morrison, 1995). These two elements are important to give a boost to the tourism development in a destination in order to attract investments by the individuals. Therefore, public sector involvement is essential for stimulating the tourism development. Another role of the public sector is the social tourism, support. “Social tourism involves the extension of the benefits of the holidays to the economically marginal groups, such as the unemployed, low-income households, single parent families, pensioners and the handicap” (Hall, 1994: 43). Social tourism is a crucial element of today post-modern western society (Murphy, 1988), and public sector is that who can develop this concept. Social tourism is, also a form of tourism development in a region (Hall, 1994). Considering, that holidays is not a privilege of the wealth people anymore, and that tourism is a psychological need of the western world citizen, someone have to develop the concept of social tourism, and that is public sector. There are several examples in the western societies where the public sector has developed a tourism policy about social tourism, such as Switzerland, Germany and Greece (Hall, 1994). Therefore, social tourism is one more reason why tourism development could not be let entirely to the hands of private sector. One more role of the public sector is that of interest protector (Hall, 1994) and such a role may have major implications for the nature of tourism development. “The defense of local interests has traditionally occupied much public sector activity, particularly as public sector has the role to balancing various interest and values in order to meet national rather than narrow sectional interests such as that of specific industry like . Therefore, once more the participation of public sector in tourism development is vital. Therefore, tourism development cannot be left entirely in the hands of private sector. Tourism industry is depended upon public sector to provide a stable and secure environment and infrastructure. Tourism is a diversified industry, which requires cooperation, and very good relations between public and private sector in order to survive and flourish. Relations between the two sectors need to be close, incessant and well balanced. A flexible tourism policy is vital, in order to respond to the needs of market and the industry overall. The ideal relationship of public and private sector is based on partnership and exchange. This relationship should be “dynamic and not static” (Elliot, 1997: 210). Therefore, tourism development process is a responsibility of various stakeholders, which have to cooperate each other in order to have efficient results. Private sector is important in tourism development but without the cooperation and involvement of the public sector, the process of development would conclude to a failure even in short term or in long term period.

2.5 Role of international multinational

International tourism industry as an important economic sector has many of social, cultural and economic impacts on the economy of destination. This study investigated the role of international tourism income in economy of selected countries. The distribution pattern of international tourism income within OECD
Since 2008, international tourism accounts for 8% of total export receipts and 5% of GDP of different countries around the world (Lau et al.2008). It has been regarded as one of the most important sectors providing an opportunity for economic growth. Tourism industry has become a major economic sector that generates foreign exchange earnings in most countries. Thus, in perspective of a policy-maker, the impact of international tourism on economic growth is extremely considerable. On the other hand, it should be mentioned that on average, the countries that are specialized in tourism demonstrate more rapid growth than others. Tourism specialization is defined as the proportion of tourism receipts in exports (Sequeira, Nunes 2008).Tourism Led Growth hypothesis was a major issue in previous studies (Katircioglu2009). Also, it has been studied in many case studies related to this issue, the hypothesis has been studied as well (Katircioglu2009) .The Third World tourism industry is growing rapidly, but it has also encountered many problems (Lafferty,Fossen2001). Although the developed world is the destination of the majority of international tourism trends, tourism has recently taken on great importance in the developing world. According to the World Travel and Tourism Council data, the contribution of the travel and tourism sector to Gross Domestic Product and employment in many developing countries exceeds the global average. The success of economic development attributed to the tourism sector depends on different aspects. For example, as Bernardina Algieri found out, tourism can be a tool to drive economic growth, when the elasticity substitution between manufacturing goods and tourist services is less than one(Algieri2006). With particular emphasis on the scale of the countries that are specialized in tourism, Brau also proved that small tourism countries perform much better than other small countries (Brauet al.2007). Moreover, the extent of a country's specialization in tourism may have various effects on economic growth (Changet al. 2010).The main objective of this study is to examine the relationship between international tourism trends and economic growth. In doing so Gross Domestic Product (GDP) growth rate was used as one of the economic growth indices. Furthermore, this study follows the distribution pattern of tourism income within two groups of countries; Organization for Economic Cooperation and Development (OECD) and the Group of 77 (G77). According to the definition of the World Bank, the Organization for Economic Cooperation and Development is an organization that coordinates policy among developed countries and the Group of 77 is a group of developing countries set up in 1964 at the end of the first UNCTAD (United Nations Conference on Trade and Development

2.6 State And Local Tourism Organizations In Carrying Out Tourism Policies

Tourism carrying capacity is a now antiquated approach to managing visitors in protected areas and national parks which evolved out of the fields of range, habitat and wildlife management. In these fields, managers attempted to determine the largest population of a particular species that could be supported by a habitat over a long period of time.[1] Many authors, such as Buckley, Wagar, Washburne, McCool, and Stankey have critiqued the concept as being fatally flawed in both the conceptual assumptions made and its limited practical application. For example, the notion of a carrying capacity assumes the world, such as the social-ecological systems in which protected areas and tourism destinations are situated, are stable. But we know they are dynamically complex and impossible to predict. We know that to implement a carrying capacity on a practical level, assumes a level of control of entries into a destination or protected area not usually found in the real world. We know that a carrying capacity, if one could be determined, requires considerable financial and technical resources to administer; and we know that when demand exceeds a limit, the ways in which scarce opportunities are allocated are contentious.

"Tourism Carrying Capacity" is defined by the World Tourism Organisation as “The maximum number of people that may visit a tourist destination at the same time, without causing destruction of the physical, economic, socio-cultural environment and an unacceptable decrease in the quality of visitors' satisfaction”. Whereas Middleton and Hawkins Chamberlain (1997) define it as “the level of human activity an area can accommodate without the area deteriorating, the resident community being adversely affected or the quality of visitors experience declining” what both these definitions pick up on is carrying capacity is the point at which a destination or attraction starts experiencing adverse as a result of the number of visitors.

Unfortunately, there are no studies which support this notion of visitor management. For example, in areas which have an objective of maintaining pristine conditions, any level of visitor use creates adverse or negative impacts, suggesting that the carrying capacity is zero. Fundamentally, acceptable conditions are a matter of human judgment, not an inherent quality of a particular site. There are number of different forms of carrying capacity referred to in tourism, however this article will focus on the four most commonly used. However, these conceptions are useful only to the extent they focus discussion and discourse, not practical application.

2.7 Study of National Tourism Policy 1982 and 2002

National Tourism Policy 1982 -Tourism planning in India started quite late with the first tourism policy being announced by the Government of India in November, 1982 after tourism was recognized as an industry by the Planning Commission of India in June, 1982. In July, 1986 the Planning Commission of India set up the National Committee on Tourism in order to formulate plans for this sector. The government's initiatives of incorporating a planned tourism sector in India went a long way in boosting Indian tourism. In May, 1992 the National Action Plan for tourism was announced. The objectives of this landmark plan for tourism planning in India were:

- To improve the economy category domestic tourism
- To develop the tourist areas socially and economically
- To preserve the environment and the national heritage
- To encourage international tourism
- To improve in world tourism India's share
- To increase opportunities for employment in this sector

India tourism planning increased with the seventh five year plan India (1985-1989). The various polices advocated by the seventh plan for tourism planning in India are:

- To promote aggressively domestic tourism It laid stress on creating more beach resorts
- To conduct conferences, trekking, conventions, and winter sports so that various options are available to the foreign tourists

These polices of the seventh five year plan gave a boost to the tourism planning India. To further encourage tourism planning in India, the eighth five year plan (1992- 1997) mentioned that the private sector should increase its participation in the sector. The various polices advocated by the eighth plan for tourism planning in India are:

- To develop the tourists places
- To develop winter sports, beach resort, and wildlife tourism
- To restore the projects of national heritage
- To provide in tourists centers economy class accommodation

Tourism planning in India has increased by leaps and bounds in the last few years and the government and Department of Tourism needs to make continuous efforts to ensure that tourism planning in India takes the tourism sector of the country to greater heights on a sustainable basis.

National Tourism Policy 2002-

The Government announced a National Tourism Policy-2002 with an aim to project India as a worldwide brand so as to ensure benefits from escalating travel and trade globally and the infinite potential in India that has not been tapped as a tourist destination. So as to enhance the rate of tourism development in India, focus has been laid on following aspects during the Tenth Five Year Plan-

- Placing tourism as a main economic growth engine;
- Harnessing multiplier effects of tourism besides direct effects for generating employment, development of economy providing momentum to rural tourism;
- As a main tourism growth driver, more focus is being laid on domestic tourism.

- Placing India as a worldwide brand so as to benefit from escalating travel and trade globally and the infinite potential in India that has not been tapped as a tourist destination;
- Private sector's critical role is acknowledged with administration working as a catalyst and pro-active facilitator;
- Developing and creating integrated circuits of tourism on the basis on heritage, culture and unique civilization in India in partnership with private sector, states and other agencies; and
- Ensure that tourists coming to India get mentally rejuvenated, physically invigorated, spiritually elevated, culturally enriched and "feel India from within".

Scheme for Product/Infrastructure and Destination Development

This scheme focuses on bringing about an improvement in the existing tourism products and ensuring development of new products that matches global standards. For development of product and infrastructure, the Tourism Ministry is offering state governments, Central Financial Assistance during the tenth 5-year Plan. As a result of this assistance, the infrastructure strengthened considerably and ensures development of products in India. During this plan, the scheme restructuring has been done so as to meet the present day requirements of infrastructure. According to earlier experiences, several small projects were funded by this scheme thereby thinly spread resources and at times, this also did not resulted in creating an anticipated impact. Thus, tenth Plan's focus is on funding large projects thereby developing infrastructure as well as product in a streamlined and integrated manner. Careful selection of destinations is done under revised scheme on the basis of tourism potential. Destinations are developed under careful master planning so as to ensure tying up of linkages, backward and forward, taking care of considerations related to environment. The significance of the development of destination has been realized and as such the sector's total outlay has increased to a considerable extent. Every state's prominent tourist destinations are taken up for development after consulting State Governments. A wide array of activities encompasses master plans preparation to their implementation under this scheme.

Scheme for Integrated Development of Tourist Circuits

Indian Government's Ministry of Tourism has launched Central Financial Assistance scheme that has been offered to all States for tourism infrastructure development. As past experiences clearly indicate that a huge array of small and large projects has been funded under this scheme and is spread throughout the country thereby resulting in thinning of resources. Little impact was seen in projects and the results that were expected could not be received. Thus, so as to gain substantial and quick impact, a new scheme was introduced- Integrated Development of Tourist Circuits, under 10th 5-year plan. The focus of the scheme was identification of tourism circuits annually in the country and ensures their development matching global standards. Within these identified circuits all necessary infrastructural facilities that are required by a tourist will be provided.

Resources convergence and through coordination of activities, expertise is imparted to the States and Union Territories sector by Tourism Ministry.

Scheme for Support to Public Private Partnerships in Infrastructure

Large investments are required for infrastructure development and this cannot be done only through public financing. Thus, private capital is attracted besides technical and managerial expertise associated with them to ensure development takes place in a smooth manner. The government also commits to promote PPPs or Public-Private Partnership for developing infrastructure. The scheme has been implemented so as to fulfill financial support that is required to fill the gap regarding infrastructure projects that are taken up under Public Private Partnerships.

Scheme for Market Development Assistance (MDA)

Indian Government's Tourism Ministry also administers a scheme known as MDA or the Marketing Development Assistance Scheme that offers financial support to tourism service providers who have been approved, for instance, hoteliers, tour operators, travel agents, tourist transport operators etc. Foreign exchange is also included in their turnover when they undertake activities pertaining to tourism promotion abroad as following:

- Participation in exhibitions/fairs
- Sales-cum-study tour
- Publicity using printed material

2.8 National Action Plan on Tourism, 1992:

National Action Plan for Tourism was presented to the Parliament in May 1992. It outlined the importance of the industry in the global context and in the national context, its effect on employment generation, foreign exchange earnings etc. it recognized the great potential, which existed in the country for the development of tourism and the tremendous scope for accelerated growth.

Following were some of the main objectives of the National Action Plan of 1992:

I. Socio-economic development of the area.

II. Increase in the employment opportunities.

III. Preservation of national heritage and environment.

IV. Optimization of foreign exchange earnings through international tourism.

V. Increase in India's share of world tourism.

The National Action Plan, 1992 summarized following recommendations:

i. Creation of Special Tourism Areas as notified zones for intensive investment and development.

ii. Starting the Scheme for giving Assistance for Special Tourism Areas (ASTA) for providing finances for tourism and tourism related industry in specified areas/circuits.

iii. Special category of Heritage Hotels/Health Resorts to be created and provided.

a. Technical/consultancy help

b. Loans for financial institutions

c. Interest subsidy

d. Marketing and operational expertise.

iv. Tourism trains to be started on important tourist routes based on the success of Palace-on-wheels.

v. River cruises to be operated in specified circuits.

vi. Revamping of foreign offices to make them more accountable in terms of specified targets.

vii. Information revolution; information system to be revamped to provide positive projection of India in all leading markets.

viii. Special airline/hotel packages for selected tourist destinations.

ix. Provision of information counter for airlines, trains, hotels, tourist information at major international airports.

Tourism development in India has passed through many phases. At Government level the development of tourist facilities was taken up in a planned manner in 1956 coinciding with the Second Five Year Plan. The approach has evolved from isolated planning of single unit facilities in the Second and Third Five Year Plans. The Sixth Plan marked the beginning of a new era when tourism began to be considered a major instrument for social integration and economic development.But it was only after the 80's that tourism activity gained momentum. The Government took several significant steps. A National Policy on tourism was announced in 1982. Later in 1988, the National Committee on Tourism formulated a comprehensive plan for achieving a sustainable growth in tourism. In 1992, a National Action Plan was prepared and in 1996 the National Strategy for Promotion of Tourism was drafted. In 1997, a draft new tourism policy in tune with the economic policies of the Government and the trends in tourism development was published for public debate. The draft policy is now under revision. The proposed policy recognises the roles of Central and State governments, public sector undertakings and the private sector in the development of tourism. The need for involvement of Panchayati Raj institutions, local bodies, non-governmental organisations and the local youth in the creation of tourism facilities has also been recognised.

The other major development that took place were the setting up of the India Tourism Development Corporation in 1966 to promote India as a tourist destination and the Tourism Finance Corporation in 1989 to finance tourism projects. Altogether, 21 Government-run Hotel Management and Catering Technology Institutes and 14 Food Craft Institutes were also established for imparting specialised training in hoteliering and catering.

Tourist Attractions

India is a country known for its lavish treatment to all visitors, no matter where they come from. Its visitor-friendly traditions, varied life styles and cultural heritage and colourful fairs and festivals held abiding attractions for the tourists. The other attractions include beautiful beaches, forests and wild life and landscapes for eco-tourism, snow, river and mountain peaks for adventure tourism, technological parks and science museums for science tourism; centres of pilgrimage for spiritual tourism; heritage trains and hotels for heritage tourism. Yoga, ayurveda and natural health resorts also attract tourists. The Indian handicrafts particularly, jewellery, carpets, leather goods, ivory and brass work are the main shopping items of foreign tourists. The estimates available through surveys indicate that nearly forty per cent of the tourist expenditure on shopping is spent on such items.

Growth

Domestic tourism is as old as the Indian society. According to available statistics, domestic tourism has grown substantially during the last one decade. It increased to 167 million in 1998 from just 64 million in 1990, thus registering a compound annual growth of 12.8 per cent.The growth of inbound tourism since Independence has been quite impressive. It was just around 17 thousand in 1951. From this level it rose to 2.36 million in 1998. Tourism receipts on the other hand have grown at a phenomenal rate of 17 per cent to Rs.11,540 crore in 1998 from Rs.7.7 crore in 1951.

Economic Impact

Tourism has emerged as an instrument of employment generation, poverty alleviation and sustainable human development. During 1998-99, employment generation through tourism was estimated at 14.79 million. Foreign exchange earnings from the tourism sector during 1998-99 were estimated at Rs.12,011 crore. Tourism has thus become the second largest net foreign exchange earner for the country.Tourism also contributed Rs.24,241 crore during 1998-99 towards the country's Gross Domestic Product (GDP).

Thrust Areas

In order to speed up the development of tourism in the country several thrust areas have been identified for accomplishment during the Ninth Five Year Plan (1997-2002). The important ones are development of infrastructure, products, trekking, winter sports, wildlife and beach resorts and streamlining of facilitation procedures at airports, human resource development and facilitating private sector participation in the growth of infrastructure.

Organisation

The organisations involved in the development of tourism in India are the Ministry of Tourism with its 21 field offices within the country and 18 abroad, Indian Institute of Tourism and Travel Management, National Council for Hotel Management and Catering Technology, India Tourism Development Corporation, Indian Institute of Skiing and Mountaineering and the National Institute of Water Sports.

Boosting Tourism

Some of the recent initiatives taken by the Government to boost tourism include grant of export house status to the tourism sector and incentives for promoting private investment in the form of Income Tax exemptions, interest subsidy and reduced import duty. The hotel and tourism-related industry has been declared a high priority industry for foreign investment which entails automatic approval of direct investment up to 51 per cent of foreign equity and allowing 100 per cent non-resident Indian investment and simplifying rules regarding the grant of approval to travel agents, tour operators and tourist transport operators.

Celebrations

During the Golden Jubilee celebrations of India as a Republic, the Ministry of Tourism made special efforts to publicise the tourism potential of India. The first-ever Indian Tourism Day was celebrated on January 25, 1998. Bauddha Mahotsav was organised from 24th October to 8th November 1998. The Year 1999 was celebrated as Explore India Millennium Year by presenting a spectacular tableau on the cultural heritage of

India at the Republic Day Parade and organising India Tourism Expo in New Delhi and Khajuraho.

Constraints

The major constraint in the expansion of international tourist traffic to India is non-availability of adequate infrastructure including adequate air seat capacity, accessibility to tourist destinations, accommodation and trained manpower in sufficient number. Poor visitor experience, particularly, due to inadequate infrastructural facilities, poor hygienic conditions and incidents of touting and harassment of tourists in some places are factors that contribute to poor visitor experience.To sum up, Indian tourism has vast potential for generating employment and earning large sums of foreign exchange besides giving a fillip to the country's overall economic and social development. Much has been achieved by way of increasing air seat capacity, increasing trains and railway connectivity to important tourist destinations, four-laning of roads connecting important tourist centres and increasing availability of accommodation by adding heritage hotels to the hotel industry and encouraging paying guest accommodation. But much more remains to be done. Since tourism is a multi-dimensional activity, and basically a service industry, it would be necessary that all wings of the Central and State governments, private sector and voluntary organisations become active partners in the endeavour to attain sustainable growth in tourism if India is to become a world player in the tourist industry

2.9 Question

1. What is the Concept of Policy?
2. How to Formulating tourism policy in India ?
3. What is the Role of government, public and private sectors in tourism?
4. What is the Role of international multinational tourism?
5. How to state and local tourism organizations in carrying out tourism policies?
6. Write a short note on National Tourism Policy 1982 and 2002?
7. Write a short note on National Action Plan on Tourism, 1992?

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Unit-3

Understanding Tourism Planning

Structure

3.0 Objectives

After studying this unit, the student must know:

- To understand the factors which interact to shape the tourists experience.
- To identify the importance of tourism planning.
- Outline the tourism planning process.
- Analysis the development of Buddhist circuit.

3.1 Introduction

There is a growing interest within the tourism sector on a development of concepts and mechanism by which to understand how destinations and business can plan for the growth and sustainable evolution of tourism. Need of tools and approaches which the public sector use to evaluate the best route to control and develop tourism at the destination level. Some localities have used visitor management tools to control sites and arrears. What is needed is an integrated planning process which brings together different stakeholders and interests groups.

3.2 Conceptual meaning of Tourism Planning

In the field of tourism, the need for planned development is of paramount importance. Many countries in the world, especially the developing countries, have lately realized the importance of tourism and the benefits, which it brings out. The use of macroeconomic planning techniques for tourism sector are however relatively new. The planning methods for national economic development which have been largely utilized since early fifties do not always cover tourism development as a particular field. The increasing significance of tourism as a source of income, employment generation, regional development and as a major factor in the balance of payments for many countries has been attracting increasing attention on the part of many governments as well as other with an interest in economic development. Thus, tourism development become more and more a particular field of research in the economic planning undertaken by many countries. Tourism planning is the process leading to tourism development as it is through the planning process that the set developmental goals are achieved. Tourism planning is also a tool for addressing the various choices associated with tourism development. It fosters achievements of tourism objectives and goals and also the assessment of tourism benefits and costs. Tourism development on the other hand is broader term which incorporates the planning, tourism infrastructure, management of tourism attractions and facilities and accommodation and transport services. Tourism planning is a continuous and long term process of preparing a destination for receiving tourists and also continuously upgrading and improving a destination's attractiveness for the tourists. Community involvement in the entire process of tourism planning and development is crucial. In fact communities are the basis element of tourism. In recent times, communities have become proactive and responsive in their approach to tourism. Tourism depends heavily upon the good will and acceptance of the local host communities. It is therefore necessary that planning must consider the desires and preference of the local community whose participation is vital in tourism planning. Good tourism planning must be based on sound understanding of those factors that fundamentally determine the success of a tourism destination. The framework includes major components, each of which contains a number of subcomponents.

1- **The Core Resources and Attractors:** The fundamental reasons why prospective visitors choose one destination over another. These factors fall into seven categories: physiography and climate, culture and history, market ties, mix of activities, special events, entertainment, and the tourism superstructure.

2- **Supporting Factors and Resources:** Whereas the core resources and attractors of a destination constitute the primary motivations for inbound tourism, the supporting factors and resources, as the term implies, provide a functional foundation that facilitate tourism and enhance its contribution to destination well-being. These factors are physical infrastructure, accessibility, resident/industry hospitality, the entrepreneurial efforts of tourism operators, political support for tourism, and facilitating resources such as a trained and welcoming customs/ immigration staff.

3- **Qualifying and Amplifying Determinants:** The potential success of a destination is conditioned or limited by a number of factors. This group of factors might alternatively be labeled **situational conditioners** because their impact on the success of a tourism destination are to define its scale, limit or potential. These qualifiers and amplifiers moderate or magnify destination success by filtering the influence of the core groups of factors. They may be so important as to represent a ceiling to tourism demand or potential, but are largely beyond the control of the tourism sector alone.

4- **Destination Policy, Planning, and Development:** While unfortunately, not all destinations have a formal tourism policy, a strategic or policy-driven framework for the planning and development of a destination, with particular economic, social, and other societal goals as the intended outcome, can help ensure that the tourism development that does occur promotes a successful and sustainable destination while meeting the quality-of-life aspirations of those who reside in the destination. This core component is comprised of eight subcomponents: a formal *define* of the tourism system; an explication of a *philosophy* of tourism- or how tourism should serve the community flowing from the philosophy is a vision, which is a formal statement describing the ideal future state of the tourism destination some 20, 50, 100 years into the future; a *positioning/ branding strategy* defining how the destination should be perceived relative to competitors; a detailed *development* plan; a *competitive/collaborative analysis* providing an evaluation of how the destination relates to and compares with other destinations and the international tourism system; the *monitoring and evaluation* of policies, programs, and their outcome; and finally, all the foregoing needs to be brought together into a rigorous destination audit, which identifies the destination's strengths, weaknesses, problems, challenges, and opportunities.

5- **Destination Management:** This component of the model focuses on the activities that implement the policy and planning framework on a daily, operational basis. These nine activities involve effective *organization, marketing* of the destination, ensuring a high-quality *visitor experience,* gathering and disseminating *information , human resource development,* obtaining adequate financing and venture capital, effective *visitor* *management,* ongoing resources *stewardship*, and being prepared to manage unexpected crises.

6- **Comparative versus Competitive Advantage:** An important characteristic of this model is the distinction it makes between comparative and competitive advantages of destinations. The former refers to the resources with which the destination is endowed, and which enhance its chance of success, while the latter refers to the effectiveness with which a destination's resources are utilized or deployed, thus enhancing its relative probability of success relative to competing destinations.

7- **Global (Macro) versus Competitive (Micro) Environment:** A final important dimension of the Ritchie crouch (R/C) framework is the distinction it makes between the impact of macro versus micro forces on destination success. Global/macro forces refer to the vast array of phenomena that broadly effect all human activities, and which are therefore not specific to the travel and tourism industry in their effect. By comparison, the competitive, or micro, environment is part of the tourism system, and the forces it contains concern the actions and activities of entities in the tourism system that directly affect the goals of each member of the system, whether they be individual tourism firms or the collection of organizations that constitute a destination.

Interactive Planning Vs. Conventional Planning

Interactive Planning	**Conventional Planning**
-Includes information feedback, consultation and negotiation	- Mostly information feedback; may be some consolation
- Interaction occurs early on and throughout the planning process with full range of stake holders.	- Early interaction with implementers; affected interests not involved until late in the process.
- Assumes that open participation leads to better decisions.	-Assumes that better information leads to better decisions.
- Planner as value committed advocate	- Planner as value neutral expert.
- Focuses on mobilization of support	- Focuses on manipulation of data.
- Plan = what we agree to do	-Plan=what we agree to do
- Success measured by achievement of agreement on actions and by resulting change.	- Success measured by achievement of the plan's objectives.

3.3 Evolution of Tourism Planning

Tourism evolution brings many problems to the local community, i.e. overcrowding, traffic congestion, superstructure, and socio-cultural deterioration. Most of these problems can be attributed to laisesez-fair tourism policies and insufficient planning and although some destinations have benefited from tourism development without any 'conscious' planning, there are others suffering from in attentive planning. Rather than conventional planning proposes interactive planning, suggest collaborative planning recommends co-operative and participatory planning, all directed along the same lines, the incorporation of the local community's opinions and desires in the planning process. Tourism planners should learn from mistakes made elsewhere and realize that the planning process is not a static but a continuous process which has to integrate 'exogenous and additional informed'. Therefore, tourism planning should be flexible and adaptable, to cope with rapidly changing conditions and situations faced by a community. Nevertheless, many decision-makers and developers are often located at a very considerable distance from the destination under development which means they may be unaware of, or unconcerned under development which means they may be unaware of, or about any costs resulting from tourism development. Planning is predicting and "it requires some estimated perception of the future. Absence of planning or short-range planning that does not anticipate a future can result in serious malfunctions and inefficiencies. Tourism planning can take place "at various levels ranging from the macro national and regional levels to the various micro local planning levels. Plan prepared at one level should be focused almost exclusively on that level, although it should be ensured that they fit into the context of other level. Evolution of tourism development planning can be broken down in to five stages:- unplanned **tourism Development era:-** During this stage tourism planning is "Uncommon, unpopular and an unwanted idea', and therefore tourism emerges as an unplanned activity.

- Beginning of Partly Supply-oriented tourism Planning stage:-
  - This stage is characterized by the construction of basic infrastructure, such as hotels, restaurants, transportation etc.
- Entirely supply-oriented tourism planning stage:- At this stage, planning is directed toward the creation of facilities that satisfy increased tourism demand, although it ignores most resulting problems.
- Market or demand-Oriented tourism Development Planning Stage:- At this stage, tourism planning is focused mainly on greater numbers of tourists and how to satisfy them.
- Cotemporary Planning approach stage:- After the increase in the numbers of tourists arrivals and the 'Careless and myopic tourism development planning approaches, environmental, socio-cultural and economic problems increase which attracts the attention of developers and planners'

3.4 General Concepts of Planning

Proper planning of the physical, legal, promotional, financial, economic, market, management, social, and environmental aspects will help to deliver the benefits of tourism development- and it can be carried out much more effectively when fully integrated with the process of policy formulation.

Good planning defines the desired result and works in a systematic manner to achieve success. The following steps briefly describe a logical sequence.

1- **Define the system-** what is the scale, size, market, character, and purpose? Formulate objectives. Without a set of objectives, the development concept has no direction. The objectives must be comprehensive and specific and should include a timetable for completion.

2- **Gathering data-** Fact finding, or research, provides basic data that are essential to developing the plan. Examples of data gathering are preparing a fact book, making market surveys, undertaking site and infrastructure surveys, and analyzing existing facilities and competition.

3- **Analyze and interpret-** Once collected, the many fragments of information must be interpreted so the facts gathered will have meaning. This step leads to a set of conclusions and recommendations that leads to making or conceptualizing a preliminary plan.

4- **Create the preliminary Plan-** Based on the previous steps, alternatives are considered and alternative physical solutions are drawn up and tested. Frequently, scale models are developed to illustrate the land-use plans; sketches are prepared to show the image the development will project; financial plan are drafted from the market information, site surveys, and the lay-out plan to show the investment needed in each phase of the project and the cash flow expected; the legal requirements are met.

5- **Approve the Plan-** The parties involved can now look at plans, drawings scale models, estimates of costs, and estimates of profits and know what will be involved and what the chances for success or failure will be. While a great deal of money may have been spent up to this point, the sum is a relatively small amount compared to the expenditures that will be required once the plan is approved and master planning and implementation begin.

6- **Create the final plan-** This phase typically includes a definition of land use; plans for infrastructure facilities such as roads, airports, bike paths, horse trails, pedestrian walkways, sewage, water, and utilities; architectural standards; landscape plans; zoning and other land-use regulations; and economic analysis, market analysis, and financial programming.

7- **Implement the Plan-** Implementation carries out the plan and creates an operational tourism development. It also follows up and evaluates. Good planning provides mechanisms that give continuing feedback on the tourism project and the levels of consumer satisfaction achieved.

Good planning should eliminate problems and provide user satisfaction. The final user is the judge in determining how successful the planning process has been.

3.5 Levels and types of Tourism Planning

Levels of tourism Planning
Tourism planning may be at:

1-	Individual Level	1-	State-Level
2-	Firm Level	2-	National- Level
3-	Industry Level	3-	Region- Level
4-	Economy as a whole		

Type of Tourism Planning

Spatial Tourism Planning

In this type of tourism planning, the space as well as the environment of the tourists spot is scrutinized for creating good-quality infrastructure and quantities at that spot; Example Corbett National park (Uttarakhand).

Sectorial Tourism Planning

In this type of tourism planning, the region to be developed is divided into various broad sections, called sectors. These sectors are allocated resources. Their social, economic and environmental needs are assessed. The final plan must take due to care of these vital aspects. Industrialization and urbanization should not harm the people of that sector. The natural resources of each sector must be preserved and protected. These sectors must also coordinate with one another to achieve tourism synergy. Example: south-east Asia is a popular tourism sector of the world.

Integrated Tourism Planning

In this type of tourism planning, the sectors or parts of a tourists region are integrated so that the region becomes a hot destination. Example: Tourist spots of Mount Titlis, Lucern, Geneva and other parts of Switzerland are integrated. These have been developed to provide packages to tourists so that they could visit all these spots when they visit the Swiss Alps.

Complex Tourism Planning

When several regions are considered for the purpose of planning, it is called Complex Tourism Planning. These regions may be located far away form one another. But these have to be developed on a comprehensive basis because the international tourist may be keen to visit all the tourist spots located in these regions. Example: Chaar Dham yatra from tourist spots in the Hindu Pantheon viz. Dwarka, Badrinath, Puri and Rameshwaram. These are located in four different regions of India. The pilgrims visit all these spots of religious devotion. He would leave no stone unturned to complete the tour. His problems and agencies must be mitigated through the activities of complex tourism planning

Centralized tourism planning

This type of planning is done by a single authority, usually the state or central government. It intervenes in the tourism planning takes of a tourists spot because no other (private) player comes forward. Moreover, the demand of resources (to execute the tourism plan) may not be available with a private sector firm. However, nowadays, centralised planning is losing its sheen because the government is decentralizing or privatising the tourism industry as well as the hotel industry. Example: Renovation of the Red Fort for exposing more areas of its promise to tourists.

Decentrailsed Tourism Planning

This is currently in vogue. Who are keen to develop a tourists spot, plan the execution of the activities of the spot. They take the assistance of the government as well as finance from the local, regional or national banks to do so. The government does not interfere in the planning and execution operations. But it gives support and money to such firms. The rates of taxation are less when the tourist spot is in its infancy stage. Later, when the tourist spot develops as a lucrative proposition, the government is creases taxes and withdraws incentives or concessions. Example: The first private airport of India has been developed at Nedumbassary (TN) more are under process.

Urban and Rural Tourism Planning

This is a new concept in tourism planning. In urban tourism planning, the emphasis is on creation of modern infrastructure, state-of-art facilities and luxurious spots. Some basis facilities namely electricity, water, road, transport, communications, Internet, entertainment etc, are already available. Urban tourism planning exercises, consolidate these vital elements of the infrastructure. Rural tourism planning became a rage during the last decade of the nineties when old havelis, buildings of the yore and village spot were converted into popular tourist destinations. There were no facilities at these places and everything had to be built from popular tourists destinations. There were no facilities at these places and everything had to be built from scratch, except those representatives of a rich culture and history. Rambagh palace (Jaipur), lake palace (Udaipur) and many other old buildings were converted into hotels and popular tourists spots. But these were far and few in number. The rural heartland of India has received the attention of tourism planners only during the recent times. Luxury hotels are not within the reach of every traveller but sarai, havelis and tourists resorts in villages certainly are. Thus, in order to develop rural tourist destinations, rural tourism planning is being done in India.

The first problem being faced by planners in this context is the creation of a healthy infrastructure. In India, there are power transmission lines in almost all the rural areas but no electricity in villages. There are wells in villages but no water. The water table has gone down to dangerously low depths. Health facilities are primitive. Tourism planners have to develop the basic infrastructure and then, add luxury to the product mix that they try to create at that (rural) tourist destination. They have been able to create fine rural tourist spots despite all odds. Examples: Tourist complexes or facilities at Sariska, Manesar and Orchha. But many other forts and palaces, dotted across the length and breadth of India, can still be brought of India, can still be brought under the scrutiny of tourism planners. Example: The palace of Rani Laxmi Bai of Jhansi is a picture of neglect and apathy of the authouties. It can be developed as a hot tourist destination. What the tourists planners need is the will to succeed. They also need financial support of the state and the private sector while executing such gargantuan tasks. If a tourist complex is built around the port (which is located in MP) it can become a hot tourist destination of central India. It would be at par with the museum of Tipu Sultan at Sri Rangapatanam (near Mysore, Karnataka).

3.6 Background Approach and planning scale

Stakeholders
Analysis

↓

Mission
Statement

↓

Internal analysis of

Firm's distinctive competencies

↓

External analysis of the
International Environment

↓

Goal
Formulation

↓

Formulation of strategic Alternatives

↓

Evaluation

↓

Implementations

↓

Strategic Control

Fig. 3.1 Background Approaches

Approaches

(1) Take place at both the micro and macro levels.
(2) The micro level involves such planning that specific operators undertake when determining the feasibility of their business activity.
(3) To a largo extent, this is strategic planning of a corporate nature and is basically similar to corporate planning in other industries.
(4) Corporate planning models generally follow a common structure.
(5) Once such strategic planning models has been synthesized by Hoffman and Schniederjans (1990).

1) Analysis of previous development

2) Evaluation of position of tourism

3) Formulation of tourism policy

4) Definition of development strategy

5) Elaboration of action programmed

Planning scale

It is at site scale that regional and destination planning yield concentrate results. Regional and destination tourism planning lay the foundation for the best general areas and types of development that have potential. But, it is only when the three sectors of decision makers-governments, non -profit organizations, and commercial enterprise-actually create the supply side development that planning efforts bear fruit. This fact endorses the need for great care in all sites scale design for tourism. Although decision makers and other contribute greatly to site development, land and building design requires input from professional designers. Today most project require team collaboration among several professionals-architects, landscape architects, engineers and often several other specialist. Often overlooked is the great influence imposed by moneylenders, owners, the construction industry, managers, and several publics. The final design of hotels. Resorts, restaurants, travel ways and other facilities and services is the result of their input as well as that of professional designers. Unlike other economic development, tourism has impact upon many public groups who have the right to know about a tourism product plan for their area. Their input can provide constrictive recommendation and rays issues that will need to be resolved for best public acceptance. For all sectors of developers, public involvement is an essential part of tourism design and development. Although most designers practice their profession to meet these criteria, they are especially important for tourism projects. Criteria such as functionality, visitor needs, integration with other plans, individuality, authenticity, esthetics, and marketability are critical tourism project success. Sensitivity to environmental factors is a basic rule of planning and design today, but it has special meaning for tourism. Tourism depends heavily on the perpetuation of resource qualities. All technique should be employed, such as interpretive centers, land design details, xeriscape, and protection controls so that every design for tourism can provide maximum visitor satisfaction and environmental enrichment.

3.7 Public and private sectors role in tourism development

The tourism development depends on proper coordination of public and private sector at the time of plan.

National Planning:

- Involves development and administration of national tourism policies.
- It includes physical planning of major tourist attractions, regions for tourism development, and transportation lines, creating national standards in areas such as health, safety, and employment.

Local Planning:

- Site planning and design of building and landscaping
- Establishing and enforcing environmental regulations
- Providing services and for visitors and residents
- Education training and other HR services
- Marketing and promotion of local destination
- Financing tourism development and tax issues

Destination Planning

- Refers to planning for a geographical region that possesses sufficient facilities, attraction, infrastructure, and workforce to attract for visitors.
- Includes, seven villages and three ancient cities.

It represents an integrated area:

- Tourism Accommodation
- Visitor attractions
- Residential Communities
- Transportations links

3.8 Analysis of an Individual Tourism Project (Devlopment of Buddhist Circuit)

The Buddhist cultural heritage has a long and special history that dates back more than 2.500 years and actually unites most of south, south-east and East Asia. The influence of Buddhism can be seen across all Asian countries of history and culture. Buddhism is a religion, which arose in and around ancient Magadha, India (Bihar), and is based on the teachings of Siddhartha Gautama (born in Lumbini, Nepal), who is known as the Buddha (literally the Enlightened one or Awakened one.) It is a philosophy encompassing a variety of traditions, beliefs, and practices largely based on teaching attributed to Lord Buddha. There are two major branches of Buddhism: Theravada ("The School of the Elders") and Mahayana ("The Great Vehicle"). Theravada has following in Southeast Asia and Sri Lanka, and Mahayana in west, north and later east through out East Asia'. Initially, Buddhism remained one of the many small sects in India. The main breakthrough came when king Ashoka (ca. 270-232 BCE) converted to Buddhism. He organized the spreading of Buddhism throughout India, but also beyond, most importantly to Sri Lanka.

Tourism Profile:- Buddhist destinations are majorly related to pilgrimage, hence, characterized by seasonality. The peak season in the Buddhist destinations is generally between October to February due to festivals related to Buddha such as Budddha Purnima, Ullambana Losar (Tibetan New year) and Hemis Fair as well as favourable weather conditions. The spending habits of the foreign and domestic tourists in Buddhist destinations in Bihar did not differ substantially with both the Indian and foreign tourists spending less than Rs. 500/- per day on average on food and lodging. On the contrary, spending by Domestic and foreign tourists at sites in U. P. is around Rs. 1,000 and Rs. 2,000 respectively.

Carrying Capacity: The carrying capacity assessment and sustainability of tourism in the circuits identified is an important component of planning as it will form the basis for resource allocation and future development. The carrying capacity assessment has been done separately for the circuits, based on city population (resident), population density and tourist population and density (floating population). The estimation has been done by comparing the total density with the city density norms for small, medium and large town/cities set by Urban Development plan formulation and Implementation Guidelines

(UDPFI). Only such places have been considered than can offer a sustainable value proposition to the tourists such that when tourism products are offered in those places, they can be maintained as well.

Travel and Tour:- Generally, tour operators organize trips in such a way that only popular sites can be convered in a given period of time. This practice creates more pressure on such destinations. According to tourism perspective plan of Bihar, the recognized Travel Agent/Tour operator/Tourist Transport operator/Adventure Tour operator is grossly inadequate. The private sector participation is absolutely necessary to increase their number and promote tourism in Bihar as well as in Uttar Pradesh. Ministry of tourism, New Delhi regarding the development of Buddhist circuits in the country during the 12th five year plan. Since development and promotion of Buddhist circuit is amongst the key initiatives taken by Ministry of Tourism, following suggestion were made in this direction.

a) The major circuit of Buddhists i.e., Dharma Yatra circuit would be developed along the following route Gaya (Bodhgaya)- Sarnath- Kushinagar-Piparva.

b) Another Circuit (extended Dharmayatra Circuit) would also be developed along the following route Bodhgaya (Nalanda, Rajgir)- Patna (Vaishali, Vikramshila), Sarnath-Kapilavastu-Sankisa-Pipara)

c) Development of dedicated website on Buddhism and Buddhist sites.

d) Other suggestions were to develop important Buddhist sites in various state mentioned below:-
    i. Jammu & Kashmir- Ambarani, Ladakh, Harwan, Parihaspura
    ii. Himanchal Pradesh- Dharamshal, Spiti, Kinnaur
    iii. Punjab- Sanghon (near Ludhiana)
    iv. Haryana- Yamunanagar, Stupa at Sugh, Asangh (Jind)
    v. Chandigarh-Museum
    vi. Delhi- Asoka edict at East of Kailash
    vii. Maharashtra- Karala, Ajanta Caves, Ellora, Kanheri, Pitalgora, Nasik Caves.
    viii. Madhya Pradesh- Sanchi, Murakott, Sardarah.
    ix. Andhra Pradesh- Amravati, Borrah Caves, Salihunda, Nagar Junkonda
    x. Orissa- Udagiri, Dhauli.
    xi. Chhattisgarh- Sirpur
    xii. West Bengal- Kolkata (Indian Museum), Darjeeling
    xiii. Sikkim- Rumtek, Kalimpong
    xiv. Arunachal Pradesh- Tawang, Bomdila

The objectives of developing of Buddhist Circuit:

1. To study the spiritual Buddhism tourism circuit titled extended 'Dharam Yatra' circuit.
2. To analyse the potential and carrying capacity of the identified tourist circuits/destinations.
3. Assess the existing infrastructure-basic and tourism related-for the circuits/destinations.

4. To assess the interventions for improving the quantity and quality of basic and tourism infrastructure for circuits/destinations.
5. Identify infrastructural project to be initiated by centre/state/private sector.

The detailed infrastructure assessment of the Buddhist circuit has been undertaken. The objective of the said assessment is to understand the significance of the mentioned sited from a National/International Tourism perspective and to map the availability of the basic and tourism related infrastructure. Typical infrastructure being demanded includes facilities at entry-exit points, accommodation, way-side amenities, physical and social infrastructure, public utilities as well as health & security. An assessment of tourism infrastructure between major Buddhist destination has been done.

Infrastructure gaps identified in key destinations:
Uttar Pradesh

1. **Kushinagar:-** kushinagar is easilyaccessible by road and rail. It is situated on the NH-28, and has frequent buses and trains from Gorakhpur and Deoria. Padrauna (district head quarter), is linked to Gorakhpur by a meter-gauge railway line. Kushinagar does not have its own air connectivity but the nearest air force base at Gorakhpur offers an almost daily flight to Delhi.
   The NH-28 connecting Kushinagar to rest of the Country is fairly well-maintained and in good riding condition. Currently, the 2-lane road is being expanded to 4-lane as a result, the traffic movement is very slow and rough patches dot the road through to Gorakhpur.

❖ There are a number of hotels, dharamshalas and monasteries which afford tourists accommodation choices. In addition to the government owned Pathik Niwas at Kushinagar, 3 star, 2 star hotels are also available to facilitate tourists stay. However, other than accommodation facilities, there are not many facilities that offer choice of entertainment or leisure to tourists. Retail activity in term of shopping establishments, Cinemas, convention halls, handicrafts bazars etc are either negligible or non-existent, hence required intervention.

2- **Kapilvastu:-** Kapilvastu is connected to other nearby tourists destinations primarily by road and rail. Varansi airport (312Kms) is the closest airport, in addition to the airbase in Gorakhpur that has a connecting flight to New Delhi. The railway station at Siddharthanagar is the closet one located 20 Kms from Kapilvasta.

- ❖ The road of Kapilvastu links to Gorakhpur and nearby towns like Berdpur, Sanauli, and Lumbini in Nepal. However, the current road linking kapilvastu to these places passes through densely populated villages and is not ideal for moving tourists on a large scale. The road through Berdpur towards Sunauli is being upgraded but there are large patches of the road that are very narrow and a disincentive to the tourists, domestic or international, to ply on these roads.

- ❖ In addition to the Government-owned Tourists Complex at Kapilvastu, tourists have accommodation options in Buddhist charity foundations, like the Bharatiya Buddha Mahavihar, or the Sri Lankan temple Dharmasahala. These are usually budget options and are availed by Pilgrim tourists who do not spend too much an accommodation.

- ❖ Kapilvastu has potential of being developed into a major Buddhist destination that can attract a lot of tourists who are usually day-visitors. This is subject to the improvement of existing tourists facilities including accommodation, wayside amenities, connectivity options and incentives to tour operators who largely dictate tourist itineraries. Apart from this, facilities such as drinking water, seating arrangements, public conveniences, Kiosks and street lights also needs be proposed.

- ❖ The existing tourists bungalow at Kapilvastu along with appurtenant land spread over 98 areas of land needs to be revamped and refurbished to make them tourists-ready. In addition, the land that is presently undeveloped can offer developers immense opportunities. There is also a lot of potential in places in and around kapilvastu that can offer feeder services to tourists that visit the various tourists spots in Kapilvastu. This will have a multiplier effect on the employment levels and to the general economy of the place.

3. Sarnath:- Sarnath is well connected by rail, road and air. The varanasi airport, located 24 Kms away is the nearest airport and offer regular flights to most major cities like Delhi, Mumbai and Khajuraho. The nearest major railway station is again at Varanasi, 6 Kms away, with train connections to most major cities in the country. Other key Buddhist destinations are Kaushambi (190 km away) and Kushinagar (266 Km away). There are several accommodation options available in Sarnath like budget hotels, mid-range hotels, dharmashales etc in, addition to the Government-owned Tourists bungalow. But it required intervention in terms of onsite facilities such as drinking water, public convenience (enroute and onsite both), parking outside the monuments seating facility etc.

4. **Sankisa:-** The closet airport to reach sankisa is in Agra (207 Km). The nearest railway station lies at pakhna which is at a distance of 12 Km from Sankisa. One can also reach by road transport to Sankisa. Sankisa is 47 Km away from Farrukhabad which is well connected to Major towns of Uttar Pradesh.

- The tourists visiting sankisa can stay in the Government-owned Tourists Bungalow has 16 rooms. Accommodation is also available at PWD Inspection House Fatehgarh (2 km from Sankisa), Myanmar Buddha Vihar (Fatehgarh), Hotel Surya (Farrukhabad), Hotel Hindustan (Farrukhabad) and Sri Lankan Buddha Vihar (Fatehgarh).

- Almost all the tourists attractions in Sankisa sucha s Buddha temple, ruins of Ashokan pillar etc lacks basic tourist related infrastructure (onsite) such as directional and information signages, drinking water facility, solid waste, public conveniences and trained guides.

5. Sravasti:- The nearest airport to Sravasti is at Lucknow located 151 Kilometers away. The closet railway station to Sravasti is at Balrampur located 19 Kms away. Sravasti is also well connected through roads. It is connected with Gonda, Gorakhpur, Lucknow and other cities in central Uttar Pradesh through state transport corporations buses.

- The road from Lucknow to Sravasti is bumpy and in poor condition especially from Balrampur where it is a state road. From Lucknow till Nawabganj, the road is in a fair condition, since it is a National Highway, but then later as one progresses towards Sravasti, the road condition deteriorates.

- In Sravasti, there are not many accommodation options available in the premium range, but reasonably good budget accommodation is available with very basic facilities.

Bihar:-

1) **Nalanda:-** On the basis of survey done, the present status of the parking sufficiency can be rated lower. However, considering future tourist potential and related development prospects, the demand for the same in near future will also increase. Consequently, this will lead to a severe shortfall of parking spaces as well as congestion. Tourists facilities such as safe drinking water supply, signages, washrooms, shaded seating spaces, kiosks, dustbins & other solid waste management systems, ATMs, foreign Exchange facility, lighting and signages are

needed. Trained guides are also required. Nalanda town suffers from extreme shortage of electric supply. After primary survey it was reveled that supply of electricity is limited up to maximum of 2-3 hrs daily. NH30A needs to be repaired in patches from Patna to Nalanda. Nalanda is one of the most visited places in Bihar by national and international tourists, it still lacks in basic amenities as well as tourist related infrastructural facilities such as safe drinking water, solid waste management, ATMs vehicular parking and power supply.

2) **Rajgir:** Currently there is a lack parking spaces as vehicles are parked along the roads. At least 1.5 acres of land is needed for this purpose. Trained guides are needed to properly guide tourists around the destinations. Although hotels are present but more Budget hotels and Deluxe hotels are required to cater to the demands of the tourists and locals in peak season. The existing chairlift ropeway in rajgir was originally donated by the Japanese and was aimed at transporting only one passenger at a time, However, as time has progressed, the ropeway is grossly inadequate to handle the pressure of the large number of tourists who visit Rajgir every year.

3) **Bodhgaya:-** Currently there is a lac of organized aprking spaces as vehicles are parked along the roads. Trained guides are needed to properly guide around the destinations. Although hotels are present but more Budget hotels are required to cater to the demands of the tourists and locals in peak season.

4) Vaishali:- Currently there is ample land but no organized parking spaces as available as vehicles are parked along the roads. Trained guides are needed to properly guide tourists around the destinations. No hotels are present nearby; hotels are required to cater to the demands of the tourists and locals in peak season. Lack of organized parking space, proper street lighting and directional signages on the highway are few of the major identified on site.

Check your progress

Q-1 Define tourism planning?

…………………………………………………………………………………….

Q-2 Explain the concept of planning?

……………………………………………………………………………………..

Q-3 Explain Planning scale?

……………………………………………………………………………………..

3.9 Summary

This unit opens with the presentation of a model that identifies and explains those factors that fundamentally determines the competitiveness sustainability and success of tourism destination. The quality of tourism planning and development will determine the ultimate success and longevity of any destination area. Thus, time, effort, and resources devoted to planning are essential investment. Thoughtful planners have formulated the goals for tourism development and these should be guiding principals everywhere. Tourism developments almost always involve both government and private developers. Each sector can best contribute certain parts of a project. Government typically provides the infrastructure, such as roads, water supply, sewers, public transportation terminal and parks. Private developer supply structure such as hotels, restaurants and shopping areas.

3.10 Glossary

Infrastructure: The facilities, equipment, and installations needed for basic functioning and daily lives of the resident of a region. These include communication systems, water and sewage facilities, health, transportation and education system.

Environment: All aspects of the surroundings of the human beings, including, cultural, natural, and man made, whether affecting human beings as individuals or in social groupings.

Development: Modification of the environment to whatever degree and the application of the human, financial, living, and non-living resources to satisfy human needs and improve the quality of human life.

Destination: The ultimate stopping place according to the contract of carriage.

Attractions: Facilities develop especially to provide residence and visitors with entertainment, activity, learning, socializing, and other forms of stimulation that make a region a desirable place.

3.11 Check Your Progress- Answers

Ans-1 Tourism planning is the process leading to tourism development as it is through the planning process that the set developmental goals are achieved. Tourism planning is also a tool for addressing the various choices associated with tourism development. It fosters achievements of tourism objectives and goals and also the assessment of tourism benefits and costs. Tourism development on the other hand is broader term which incorporates the planning, tourism infrastructure, management of tourism attractions and facilities and accommodation and transport services. Tourism planning is a continuous and long term process of preparing a destination for receiving tourists and also continuously upgrading and improving a destination's attractiveness for the tourists.

Ans-2 Proper planning of the physical, legal, promotional, financial, economic, market, management, social, and environmental aspects will help to deliver the benefits of tourism development- and it can be carried out much more effectively when fully integrated with the process of policy formulation. Good planning defines the desired result and works in a systematic manner to achieve success. The steps are define the system ,gathering data, analyze and interpret, create the preliminary Plan, approve the Plan, create the final plan, and Implement the Plan.

Ans-3 It is at site scale that regional and destination planning yield concentrate results. Regional and destination tourism planning lay the foundation for the best general areas and types of development that have potential. But, it is only when the three sectors of decision makers-governments, non -profit organizations, and commercial enterprise-actually create the supply side development that planning efforts bear fruit. This fact endorses the need for great care in all sites scale design for tourism. Although decision makers and other contribute greatly to site development, land and building design requires input from professional designers.

3.12 Further References

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3.14 Terminal Question

Q-1 Why is tourism planning needed in tourism?
Q-2 Who is responsible for tourism planning process?
Q- 3 Explain the levels and type of tourism planning?
Q-4 Explain tourism planning in short?

UNIT 4

TOURISM AND TRANSPORTATION

Structure

4.0 Objectives

After reading this unit learner will be able to define transport, tourism and transportation infrastructure. The learner will understand the various modes of transportation and different factors that affects the traveler's choice of transportation.

4.1 Tourism and Transportation

Transport is one of the basic components of tourism.

Tourism depends on travel services and transport systems in a major way at international,regional and local levels. Travel is an intrinsic part of tourism, transport providing the essential link between origin and destination and facilitating the movement of visitors and holidaymakers during their trip. Thus, transport is essential to ensuring tourists can access all regions across the globe and is one of the key elements of the overall tourism product at a destination.

Transport forms an integral part of tourism. Tourism, which is on the verge of becoming a major industry, must necessarily have the important of transportation. As travelling is an essential part of tourism, transport facilitiesat any place an important role in speedy development. Moreover it is the kind and standard of transport facilities that determines the size of the tourism market.

A tourist in order to get his destination has to travel and therefore, some mode of transport is essential to make feasible this travel. In fact transportis the pre-condition of travel.

In ancient time, the mode of travel used by the travellers was a horse, a horse carriage, a hand-driven carriage or a boat. This was followed by ship. It was however in the 19^{th} century that mechanized transport was invented beginning with the introduction of the railways, motorcar and thereafter the aeroplanes, all of which revolutionized transport all over the world. Development of road transport in the post world-war I period and air transport in the post world war II period were the major factors which were responsible and continue to be so for the great support in modern tourism.

As a broad generalization, it can be said that holiday makers travelling away from home to another country spend a major portionof their total holiday budget on transport.

Transport costs as much as 30-40% of the total long-haul holiday expenditure.

To be specific, the transport routes and systems enable the tourist movement to take place.

The word transport is a broad and comprehensive that denotes the sub total of three suc-sectors namely air transport, surface transport (Road & Rail) and water transport.

4.1.1 Modes of Transportation

There are different modes of transport, which have been evolved over the years. Technological developments have revolutionized various modes of transport and there is a continuous research to upgrade them.

Each technological advance in a travel mode affects the other modes.

Railways replaced the horse, the private ownership of automobile and public bus system replaced the railways and the airline replaced the transoceanic ship and lon-distance rail travel.

There are four major modes of transport.

1) Air
2) Road
3) Rail
4) Sea

Generally they are termed as-

1) Air Transportation.
2) Land Transportation/Surface Transportation.
3) Rail Transportation.
4) Water Transportation.

4.2 Air Transportation

Air transport has contributed extensively to the development of modern tourism by considerably minimizing the time and distance gap.

The concerned airline/IATA/Agents all co-operate to provide a perfect service to the travelling people. IATA ensure high standard of operations not only by is agents but also by its member airlines.

There are approximately 15,000 commercial airplanes in the world offering services to nearly 2 million customers. The scheduled airlines carry over 1.5 billion passengers every year. Charters carry over 400 million. The number of passengers travelling by scheduled carriers is increasing at the rate of 7% annually.

Airline business was in a bad shape in the eighties due to economic recession however it has now recovered and is very well stabilized.

De-regulation policy has led to the facilitation of cheaper fares to the travellers.

Airport offer numerous facilities for the arriving and departing passengers. These facilities differ from country to country.

4.2.1 Types of Airport

Airport Classification

Airports are presently classified in the following manner:

1.International Airports.

2. Domestic Airports.

1. International Airports: - These are declared as international airports and are availablefor scheduled international operations by Indian and foreign carriers. Presently, Mumbai, Delhi, Chennai, Calcutta and Thiruvananthapuram are in this category.

2. Domestic Airports: -

Customs Airports with limited international operations	These have customs and immigration facilities for limited international operations by national carriers and for foreign tourist and cargo charter flights. These include Bangalore (CE), Hyderabad, Ahmedabad, Calicut, Goa (CE), Varanasi, Patna, Agra (CE), Jaipur, Amritsar, Tiruchirapally, Coimbatore, Lucknow. (CE – Civil Enclave)
Model Airports	These domestic airports have minimum runway length of 7500 feet and adequate terminal capacity (400 passengers or more) to handle Airbus 320 type of aircraft. These can cater to limited international traffic also, if required. These include Bhubaneshwar, Guwahati, Nagpur, Vadodara, Imphal and

	Indore.
Other Domestic Airports	All other 71 domestic airports are covered in this category.
Civil Enclaves in Defense Airport	There are 28 civil enclaves in Defence airfields. Twenty civil enclaves are in operation.

4.2.2 Airlines Terminology

Additional Collection/Add-Collect	An additional cost assessed, usually on an airline ticket, to cover an increase in the ticket
Add-on Fare	Used primarily for international travel, where the fare from a gateway is fixed and a fare for travel to the gateway is added on to provide a total fare for travel.
Advance Purchase Fare	An airfare which requires that the ticket to be purchased a minimum period of time prior to departure date.
Airline Designator	or 3-digit alphanumeric code for an air carrier.
Airport Codes	Three-letter codes used to uniquely identify all airports (IATA code).
Airport Tax	A local tax imposed on air tickets and passed along to passengers, used to fund airport maintenance, expansion, and similar expenditures.
Availability	The actual inventory of seats that is really available to be sold at a certain fare
Baggage Allowance	The weight or volume of baggage that may be carried by a assenger without additional charge.
Bumping	The practice of removing a passenger with a confirmed reservation from a full flight.
Capacity-Controlled Fares	A limited number of airplane seats to which a special fare has been assigned. This percentage may change depending upon how quickly seats are selling on the flight
Code Sharing	**:** An agreement whereby airlines permit the use of their CRS code in the flight schedule displays of other airlines
Connection	A stop on a journey that requires a change of planes or other mode of transportation.
Direct Flight	A flight which requires no change of plane from departure to destination, through the plane may make intermediate stops.
Electronic Ticket	A “paperless” airline ticket allowing one to check in and fly with just proper photo ID. What may look like a ticket is actually just a paper passenger receipt
Gateway City	A city that operates as an arrival or departure point for

	international flights.
Hub	An airport or city in which an airline has a major presence and many flights to other destinations
Layover	A period of time spent during a trip, sometimes overnight, while waiting for a transportation connection – usually a change of planes.
Leg	One segment of a journey, normally referring to an air itinerary, such as the "outbound leg" or the "return leg"
Non-Endorsable:	A ticket, which is not valid for travel on another carrier.
Non-Refundable	A ticket, which cannot be returned for cash or credit if unused, but may be changeable for a fee.
No-Show	A traveler who does not appear for a flight on which he or she has a reservation and fails to cancel that reservation properly.
Open-Ticket	A ticket valid for a travel between specified points without a reservation of a specific flight number.
Overbooking	The practices of selling more airline seats than are avilable on a specific flight, to make up for no shows.
Passenger Facility Charge (PFC):	A fee for the use of many airports, added in to the cost of an air ticket – another name for an additional tax on travelers.
Passenger Name Record (PNR):	The official name of one's reservation in a computer reservation system (CRS).
Published Fare	An airfare that is listed in the carrier's tariff.
Promotional Fare	An airfare introduced to increase an airlines market share or to promote service to a particular destination.
Restricted To Airport Check-In	Aircraft seat assignments and boarding passes, which can only be secured at time of airport check-in.
Revalidation	A sticker applied to a ticket indicating a change of date and/or flight number but retention of the original routing
Segment	A "leg" or part of a journey, usually in reference to an air itinerary. One take off and landing during air travel constitutes a "segment".
Stopover	An international intermediate stopping-point on a journey.
Ticket Issuance	Actual purchase of ticket for flights previously reserved.
Unrestricted Fare	An airfare that has no special advance purchase, Saturday stay or certain days to travel requirements, and is usually refundable. Many full coach and most first class fares are

	unrestricted.

4.2.3 World Airlines Codes

Sr. N	**Airlines**	**Codes**
1.	Aer Lingus	EI
2.	Aerolines,Argentines	AR
3.	Aeroflot-Soviet	SU
4.	Air Lanka Ltd.	UL
5.	Air New Zealand Ltd.	NZ
6.	Air Canada	AC
7.	Air India	AI
8.	Air France	AF
9.	Air Mauritius	MK
10.	Alitalia	AZ
11.	American Airlines	AA
12.	Austrian Airlines	OS
13.	British Airways	BA
14.	Canadian Airlines Intl Ltd.	CP
15.	Cathay Pacific Ltd.	CX
16.	Continental Airlines	CO
17.	Delta Airlines Inc.	DL
18.	Deutsche Luftansa A.G.	LH
19.	Egypt Air	MS
20.	El Al Israel Airlines Ltd.	LY
21.	Emirates	EK
22.	Finnair Oy	AY
23.	Garuda Indonesia	GA
24.	Gulf Air Company	GF
25.	Iberia	IB
26.	Indian Airlines	IC
27.	Iraqi Airways	IA
28.	Japan Airlines Co.Ltd.	JL
29.	Jugoslovanski Aerotransport (JAT)	JU
30.	KLM Royal Dutch Airlines	KL
31.	Korean Airlines Co.	KE
32.	Lot-Polish Airlines	LO
33.	Malaysian Airline System	MH
34.	Olympic Airways,S.A.	OA

35.	Pakistan Intl.Airlines Corp.	PK
36.	Qantas Airways Ltd.	QF
37.	Sabena	SN
38.	Saudi Arabian Airlines Corp.	SV
39.	Scandinavian Airlines System	SK
40.	Singapore Airlines	SQ
41.	South African Airways	SA
42.	Swissair Transport Co.Ltd.	SR
43.	Tap-Air Portugal	TP
44.	Transport World Airlines Inc.	TW
45.	Thai Airways	TG
46.	Turkish Airlines Inc.	TK
47.	United Airlines	UA
48.	Varig S.A. (Viacao Aerea-Rio-Grandense)	RG
49.	Virgin Atlantic Co.Ltd.	VS
50.	Zambia Airways Co.Ltd.	QZ

4.2.4 Class of Service Available in Air Travel:

R	Supersonic
P	First class premium
F	First class
A	First class discounted
J	Business class premium
C	Business class
D	Business class discounted
W	Economy / coach premium
S	Economy / coach
Y	Economy / coach
B	Economy / coach discounted
H	Economy / coach discounted
K	Thrift
L	Thrift Discounted
M	Economy / coach discounted
Q	Economy / coach discounted
T	Economy / coach discounted
V	Thrift Discounted

G	Thrift Discounted
U	Air shuttle, no reservation required, seat guaranteed
E	Air shuttle, no reservation allowed, seat to be confirmed at check-in

4.3 Land Transportation/Surface Transportation

Roads: Roads are the dominant mode of transportation in India today. They carry almost 90 percent of the country's passenger traffic and 65 percent of its freight. The density of India's highway network – at 0.66 km of highway per square kilometer of land – is similar to that of the United States (0.65) and much greater than China's (0.16) or Brazil's (0.20). However, most highways in India are narrow and congested with poor surface quality, and 40 percent of India's villages do not have access to all-weather roads.

Road Transport/Land Transport

Although India has the third largest road network in the world, efficient and speedy transportation is not facilitated due to the large proportion of unsurfaced roads (50 percent) and the over dependence on National Highways. The National Highways (38.445 kms) account for less than 2 percent of the total road network but carry as much as 40 percent of the movement of goods and passenger services in the country.

Currently, 80 percent of the passenger movement and 60 percent of the freight movement depends on roads. Estimates indicate that by the year 2015, road traffic will account for 85 percent of passenger and 65 percent of goods traffic. This calls for an urgent need to identify the major bottlenecks that impede smooth traffic flow. The critical issues to be tackled are immediate implementation of policy/regulatory framework to encourage private investment in roads as the scarcity of ublic funds calls for increased private participation.

The National Highways Act has been amended to enable levy of a toll on selected sections of National Highways so that private participation in road construction on a Build-Operate-Transfer (BOT) basis is facilitated. This will complement the efforts of the Public Works Departments. The measures formulated to encourage private sector participation in the road sector include permission to national Highways Authority of India (NHAI) to fund equity in private or public companies.

Buses carry more than 90 percent of public transport in Indian cities. Indeed, most Indian cities have no rail transport at all and rely instead on a combination of buses, minivans, auto rickshaws, cycle rickshaws, and taxis. Even in most of the largest cities, rail transport carries less than a third of public transport passengers. The only exception is Mumbai, which has Indias most extensive suburban rail network, carrying more than 5 million passengers a day-58 percent of total public transport passengers in the region (Vs.42% by bus) and 80 percent of total public transport passengers km (Vs. 20% by bus) (Brihanmumbai Electric supply and Transport 2003; Indian Railways 2002).

In general, the larger the city size, the higher the percentage of urban trips served by public transport in India 30 percent in cities with population between 2 and 5 million, and

63 percent for cities with populations over 5 million (Sreedharan 2003). Thus, the especially rapid growth of large cities suggests a further rise in future demands for public transport in India.

Challenges

The major challenges facing the sector are:

- **India's roads are congested and of poor quality.** Lane capacity is low – most national highways are two lanes or less. A quarter of all India's highways are congested, reducing truck and bus speeds to 30-40 kmph. Most roads are of poor quality. Road maintenance remains significantly under-funded-only around one-third of maintenance needs are met. This leads to the deterioration of roads and high transport costs for users.
- **Rural areas have poor access.** Roads are significant for the development of the rural areas – home to almost 70 percent of India's population. Although the rural road network is extensive, some 40 percent of India's villages do not have access to all-weather roads and remain cut off during the monsoon season. The problem is more acute in India's northern and north eastern states, which are poorly linked to the country's major economic centers.
- **Urban centres are severely congested.** In Mumbai and other metropolitan centers, roads are often severely congested during the rush hours. The dramatic growth in vehicle ownership – at some 15 percent a year during the past decade has reduced rush hour speeds to 5-10 km an hour in the central areas of major cities.

4.4 Rail Transportation

Rail transportation is also equally important as other modes of transportation.

It has many other advantages-noise and dust free, sleeper facility, available and affordable bt the layman.

The greatest advantage is that it carries a large number of people and facilities intermingling and interaction between cross section of the society.

Trains are perceived to be safe and inexpensive and to offer the convenience of movement within the carrying unit. They may also travel throughattractive scenery and are a relatively 'green' form of travel. The fact that railway terminals are often in the center of the destination is an asset in comparison with, say, airports, which are often, located 20 to 30 kms away from the center.

Not all trains are fast, and trains do depend on the 'way' (track), which makes them inflexible in routing and overloads them with a very high fixed coast. Normally this cost is borne by the public sector. Although train operators try to emphasize the rest and relaxation of travel by train, rarely do they offer high quality services throughout the network of a country. The luxury and comfort attributes are therefore limited to journey of between 500 and 1500 kilometers between major cities.

The most important reasons for travelling by train are as follows:

- Safety
- The ability to look out of the train and see en route
- The ability to move around the coach
- Arriving at the destination rested and relaxed
- Personal comfort
- Decongested route ways

4.4.1 Indian Railways

Those who are lovers of nature can appreciate and enjoy the landscape. The railways also today provides air-conditioned coaches, which make travelling a pleasure during the summer months. In India there are special trains for foreignvisitors such as Palace on Wheels and other special trains like Rajdhani Express, Shatabdi Express, Taj Express, Pink City Express etc. During the summer months to clear the vacation rush the government starts summer specials. Railways also connect the cities and the villages, the intricate network cris-crossing the country has made the people more mobile. This in turn has brought about interaction and cultural survival trading to a new awakening among the people.

Travelling around India by train has such an overpowering image – up and down mail trains, the sights, sound and smells of the stations, the romantic names and exotic ols steam engines (which you happen to see once in a while). The Indian Railways network is the fourth largest in the world covering over 65,000 kms.

Indian Railways Network

The railway network is divided into 9 zones, it has 60,000 kms. Of railway route connecting more than 7,000 stations all over the country. It carries 10 million passengers everyday.

Indian Railway Services offered are as follows:

For Travellers

(1) Advanced Booking
(2) Retiring and Waiting Rooms
(3) Cloak Rooms
(4) Yatri Niwas (Delhi and Kolkata)
(5) Lockers (Mumbai, Ahmedabad and Jaipur)

For Tourists

(1) Circular tours tickets
(2) Tourist car, coach and train bookings
(3) Palace on Wheels
(4) Ind-rail pass
(5) Railway hotels

(6) Rail museums
(7) Mountain railways
(8) Superfast expresses

4.5 Water Transportation

There are many forms of travel on water. The forms of water transportation are

a. Ocean cruises
b. Hovercraft
c. Passenger cargos
d. Ships
e. River cruises
f. Other forms

Water transportation, like the other modes of transport has made significant contribution during the nineteenth century.
Sea transportation crossed the boundaries of the countries and made strides in intercontinental travel.
The shipping technology made a lot of innovation in the 19^{th} century.
The cruise, a steamship, a barque, a freighter, a ferry and a liner are all good source of earnings for travel agents. Very few travel agents have been to sea or had an opportunity to board a ship to investigate the facilities. Every travel agent must be aware of the common terminology in the steamship industry.

Steamship Travel

In the field of international travel, steamship services continue and are an important part of the travel business. Trans-Atlantic travel to Ireland, France, England and the rest of Europe from the US and Canada can be found on these ships. The Pacific cruise include Honolulu, Yokohama, Hong Kong, Bali, Cairn, Sydney, Picton, Willington, Auckland, Papeete Mornea and return to San Fransisco. There are many outstanding cruise from Europr to the Orient, Europe to Australia and Europe to Africa. These lists can be found in the official Steamship Guide. There are 'Round the World', steamship travel like 'Queen Elizabeth-2'.
The steamship travel also includes the local steamship boats and ferry service, river and canal cruises and passenger/freighter travel.

The Ocean Cruise

Today, there are few passenger-shiing lines in the world offering transport on port-to-port basis. After their glorious period in the late forties and early fifties, their services were almost extinct. The major shipping lines like P&O and Cunard discontinued their long established routes from UK to Far East or to America as air transport became cheaper than the surface transport. Many of their vessels were sold and cost of replacing and operating them appeared prohibitive due to lack of patronage.

Since then the passenger shipping industry steadily shifted its emphsis from the voyages to cruises. Initially, they had theit problems. Vessels were too old, too large and too expensive to run for cruising purposes. Their large size limited the number of ports they could enter. These ships were built for speed rather than leisure cruising. An ideal cruise ship is 18,000-22,000 tons with a passenger capacity of less than 1000. The shipping industry, therefore, have since adjusted to the needs of the cruise holiday market.

The largest numbers of the cruise patrons live in the United States, .5 million in 1989 and 5 million in 1995 and their number is growing every year. Now, some of the shipping companies are expanding their capacity for specific demands in the certain areas.

The royal Caribbean Cruise Line has introduced its 2,283 passenger ship Sovereign of the Sea. It is the largest ship to serve in the Caribbean. The company has ordered similar ships to expand its fleet.

The Carnival Cruises have 2,600 passenger ship Fantasy that will make three to four night cruises to Bahamas. Princess Cruises have introduced 1500 passenger ship Star Princess while two more 1600 passenger ships are on order. Star cruises have also started their cruises in the Indian Sub continent.

North America accounts for 81 percent of the cruises market for cruises of 3 days or more. The total world spending on the cruises in 1995 was estimated to be about 11 billion US dollars.

It has been estimated that there are about 190 ships in deep water cruise business – 36 belong to Russia oe some of the erstwhile member of the former USSR. There are four leading companies that dominate the cruise industry-Carnival, Caribbean, Princess and Norwegian.

The dominance of American Travellers in the cruise market has resulted in strict standards of the hygiene and safety imposed on all foreign flag cruise ships operating out of the US ports. They have also been bonded against financial collapse. These strict regulations have driven old vessels out of the cruise market.

In recent years, the cruise travel has received momentum from certain innovative marketing measures. The composition of the cruise market has undergone a dramatic change. Passengers are younger, the average length of the cruises is shorter and fierce competition has resulted in a low price war. The fastest growing segment of the business is 3- day and 6-8 day cruises. An important source of the cruise ships are the Casinos and duty-free shopping available on board.

India and Indian Ocean do not figure anywhere in major cruise itineraries, recently Star cruises have started its cruise in this section but do not to a large scale. Some observers feel cruise liners are not much help to the economies of small islands where thet often stop. No expenditure is incurred on accommodations, entertainment, etc. The ships are self contained – the guest gets all lunches and dinners on board followed by various entertainment during the evening. Their schedules are full and the travellers get very little time to shop around and see the city they land.

Cruise Ship or Cruise Liner

A cruise ship or cruise liner is a passenger ship used for pleasure voyages, where the voyage itself and the ships's amenitites are part of the experience. Cruising has become a major part of the tourism industry, with millions of passengers each year. The industry's rapid growthhas seen nine or more newly built ships catering to a North American clientele added every year since 2001, as well as others servicing European clientele. Smaller markets such as the Asia-Pacific region are generally serviced by older tonnage displaced by new ships introduced into the high growth areas.

Cruise ships operate mostly on the routes that return passengers to their originating port. In contrast, ocean liners do "line voyages" and typically transport passengers from one point to another, rather than on round trips. Some liners also engage in longer trips which may not lead back to the same port for amny months.

Crise ships are referred to as 'floating hotels' which is more than just a vacation at sea. Thus, a cruise ship is a honeymoon, a wedding anniversary, or a romantic interlude, a mind dazzling nightlife, ball room dancing, on the pleasure of meeting new people.

River Cruise

In addition to sea itineraries, cruises are available in on rivers. The most popular cruise for destinations for travels and some of the major cruise lines are given below:

	Area	Cruise Lines
1.	North Cape/ Scandinavia	(Royal Viking Line Canard)
2.	South Pacific	(Royal Cruise Line)
		(Royal Viking Line)
3.	East Asia	(Pearl Cruises)
		(Royal Cruise Lines)
		(Royal Viking Lines)
4.	US Atlantic Coast	(American Cruise Lines)
		(Clipper Cruise Lines)
5.	Nile River	(Sheraton Corporation)
6.	Rhine River	(Marriott Nile Cruise)
		(K.D. German Rhine Line)
7.	Amazon River	(Society Expeditions)
8.	Mississippi River	(Delta Steam Boat Company)
9.	Around the World	(Royal Viking Line)
		(Carnival Cruise Line)

4.6 The Choice of a Mode of Transport

The choice of a particular mode of transport however depends on several factors. Many theories have been put forward on mode of selection decision processes. The choice of selection of mode of transport are affected by the following factors-

1) Distance and time
2) Comfort
3) Availability and frequency
4) Comparative cost price
5) Ground services
6) Status and prestige
7) Geographical position and isolation
8) Departure/arrival times

9) Level of competition between services

The relative importance of the above factors, upon selection of the different modes, will however vary from one visitor type to another.

4.8 Summary

1) Transportation is very vital to the success of both domestic and international tourism.

2) Transportation industry as a whole contributes for the progress of the tourism industry.

3) Almost all destinations in the world depend a great deal on efficient means of transportation being made available to the tourists.

4) There are four different modes of transportation, which a traveller can have access depending on his preferences.

5) Mass tourism, as it is known internationally could not have existed without inexpensive and easily accessible transportation.

4.9 Self Assessment Test

1. Explain the importance of transportation system to the Tourism industry.
2. Write in brief on the different modes of transport.
3. Compare the various modes of transport?
4. Write the names of various trains for the following destinations-

a) Jaipur
b) Jodhpur
c) Jaipur to Kota
d) Delhi Jaipur
e) Udaipur Jaipur

5. What factors affects the selection of the mode of transport?

4.10 Further Reading

1) Tourism Development, Saurabh Dixit
2) International Tourism, Prateek Agarwal
3)International Tourism Management, A.K.Bhatia
4) Tourism Planning & Development, J.K. Sharma
5) International Tourism Development, S.P. Singh
6) Managing Tourist Destination, K.K.Karma
7) An Abstract, G.Raveendran-Dept. of Tourism, Transport Bhawan, New Delhi.

Unit-5

A Study of International Tourism Organization

Structure

5.0 Objectives

In this unit the students will able to understand the following objectives:

- Understand the number of various tourism organizations that serve the needs of there diverse membership.
- Recognize the variety of types and functions of tourism organizations.
- Able to understand why governments support official organizations of tourism.

5.1 Introduction

The complex of tourism involves thousand of units. In the field of tourism, organization emerged with the objective of developing and promoting the subject of tourism. The international organizations in particular have played a key role in strengthening tourism by way of combined efforts and therefore their role is of vital importance. The increasingly international character of modern tourism and the growing influence of international agencies in various fields are reflected in the growth and development of international cooperation and organization in tourism. Organizers and the providers of various tourist services whether in the government, private or public sector together at various forums at the international level to discuss and share common problems and arrive at certain conclusion. The providers of tourists services sometimes meet as individuals or as individual firms, but more often when their national sectoral organization is a member of particular international body which has been set up for specific purposes.

5.2 Origin, Location & Functions of WTO

The World Tourism Organization (WTO), an inter-governmental technical body dealing with all aspects of tourism began its legal existence on January 2, 1975. It comes into existence as a result of the transformation of IUOTO was called upon to succeed it. The swift expansion of travel had created the need for a world body able to deal with tourism problems at the government level, and this led to the transformation of IUOTO into WTO. By the decision of the first General Assembly of World Tourism Organization in May 1975, the headquarters of the organization were set up in Madrid (Spain) in January 1976. The activities of the organization cover all sectors of tourism on a world wide basis. WTO works in cooperation with all international organizations, cover all sectors of tourism on a worldwide basis WTO works in cooperation with all international organizations, the United Nations in particular, as well as with commercial and non-commercial bodies involved in tourism. The WTO has a very emphatic technical character. The World Tourism Organization was originally conceived as an inter-governmental organization in a UN General Assembly resolution on December 6, 1969. This resolution called for the establishment of WTO to play a “Central and decisive role” in the field of tourism and to maintain effective collaboration with the appropriate organs of the United Nations and its specialized agencies. At Torremolinos, in June 1977, the second General Assembly of WTO approved an Agreement with the United Nations for Cooperation and Relationship. On December 20, 1977 the 32nd General Assembly of the UN approved this agreement which is now in force. In immediate implementation of this agreement, the UN General Assembly in December 1977 also approved a resolution sponsored by the Philippines with 24 co-sponsors, including India, requesting the WTO “to intensify its efforts to promote tourism, particularly in the developing countries, through international cooperation and to report to the General Assembly at its 33rd session on action taken” The WTO became an execution agency of the UNDP in May 1976. A few months later, UNDP Resident Representatives throughout the world became WTO representatives for all matters concerning technical cooperation in the filed of tourism. The WTO has already completed its first project in Jordan and is now processing many more requests from member states, including Asian members, for both national and regional assistance programmers and projects.

Aims of WTO

The aims of the organization are defined in Article 3 of the statute which is divided into the following three sections.

(a) The fundamental aim of the organization shall be the promotion and development of tourism with a view to contributing to economic development, international understanding, peace, prosperity and universal respect for, and observance of, human rights and fundamental freedoms for all without distinction to either race, sex, language or religion. The organization shall take all appropriate action to attain this objective.

(b) In purchasing this aim, the organization shall pay particular attention to the interests of the developing countries in the field of tourism.

(c) In order to establish its central role in the field of tourism the organization shall establish and maintain effective collaboration with the appropriate organs of the United Nations and its specialized agencies. In this connection the Organization shall seek a cooperative relationship with and participation in the activities of the United Nations Development Programme as a Participating and executing agency.

Membership of the Organization

There are three categories of members of the organization. The categories are:

1. Full Members
2. Associates Members
3. Affiliate Members

Full members are all the sovereign states. Associates Members are the territories or groups of territories not responsible for their external relations but whose membership is approved by the state assuming responsibility for their external relations. Affiliate Members are Internationals bodies, both inter-governmental and non-governmental concerned with specialized interests in tourism, as well as commercial and non-commercial bodies and associations whose activities are related to the aims of WTO or fall within its competence.

Associate Members

1. Gibraltar
2. Macro
3. Netherlands Antilles

Affiliate Members

153 Affiliate Members represent the following bodies and sectors of tourism activity:

-	Teaching and Vocational Training	13
-	Users Associations	3
-	Accommodation and Catering	15

-	Travel Agencies and Organizations	26
-	Transport	17
-	Financial Institutions	5
-	Research Centers and Advisory Bodies	18
-	Development Agencies	4
-	Promotion	30
-	Press and Information	8
-	Social and Leisure Tourism	9
-	Professional Associations Unions	5

Permanent Observer
Holy Sea

Activities of the Organization
The WTO performs a number of activities for its members relating to promotion and development of tourism. The major activities include the following:

(i) Constant review of tourism trends and developments and exercising vigilance over changes in world economic and social conditions affecting tourism, market fluctuations and maintenance of standards within the tourism sector.

(ii) Clearing house for all available information on international and domestic tourism including statistical data, legislation and regulations, facilities and special events.

(iii) Systematic collection, analysis and dissemination of data on various aspects of tourism.

(iv) Collecting legislative texts, regulations and documentation on all aspects of travel.

(v) Conducting research studies covering tourism markets, plant and enterprises, physical planning and area development, promotion and marketing, economic analysis and financing techniques etc.

(vi) Regular supply of studies, as well as updated information on trends in the various fields of tourism to its members.

(vii) Fostering the adoption of measures in cooperation with competent specialized bodies regarding simplifying frontier formalities and removing barriers to free movement of tourists.

(viii) Organizing and convening international conferences, seminars, workshop round tables and technical meetings on all aspects of tourism.

(ix) Preparation of draft international agreements on tourism.

(x) Examining vocational training programmes with a view to contributing to the establishment of suitable teaching programmes tailored to specific needs, especially in the developing countries.

WTO permanent activities include the collection and updating of available information on training needs and special activities include participation in technical cooperation projects for vocational training. Through its International centre for Advanced Tourism Studies, it provides a comprehensive range of vocational training and permanent education programmers by correspondence and residential study circles.

WTO Functioning

WTO functions through its various organs. The responsibilities of these organs are well defined within the framework of the organization. The three main organs through which the WTO functions are:

(i) General Assembly
(ii) Executive Council
(iii) The Secretariat

General Assembly

The General Assembly is the supreme organ of the organization. It is also the sovereign body of the WTO. The General Assembly is composed of delegates representing full members, associate members and representatives of Affiliate Members. It meets every two years and may consider any question and make recommendations on any matter within the competence of WTO. It approves the organization's general programme of work and provides general guidelines for the administration of the organization.

Subsidiary Organs

The General Assembly has created six subsidiary organs in the form of Regional Commissions. These are as follows:

WTO Commission for Africa (CAF)
WTO Commission for the Americas (CAM)
WTO Commission for East Asia and the Pacific (CAP)
WTO Commission for South Asia (CSA)
WTO Commission for Europe (CEU)
WTO Commission for Middle East (CME)

The task of the above six Regional Commission of WTO set up by the General Assembly, is to implement the technical tourism recommendations of the Assembly in their respective regions. The Regional Commissions ensure the implementation within their respective regions, of the decisions and recommendations of the General Assembly and the Executive Council. They function and operate within the framework of the organization. The Regional Secretariat helps the Regional Commissions in organizing and convening their conferences and meetings.

Executive Council: The Executive Council consists of Full Members elected by the Assembly at a ratio of one member for every five full Members of the WTO Organization with a view to achieving fair and equitable geographical distribution. One Associate Member selected by the Associate Members of WTO and a representative of the Committee of Affiliate Members may participate in the work of the Executive of Council without a right to vote. The Executive Council's task is to take all necessary measures in consultation with the secretary General, for implementing the resolutions of the General Assembly. Composed of twenty-one full members selected by the Assembly and Spain in its capacity as a Privileged Member, the council meets at least twice a year.

Subsidiary Organs

- The Executive Council has created subsidiary organs. These are as follows.
- Technical Committee of Programme and Coordination (TCPC) Committee on Budget and Finance (CBF)
- Facilitation Committee
- Environment Committee
- Sub-Committee for the review of applications for affiliate membership
- Sub-committee on Statistics
- Joint WTO-IATA working Party.

The subsidiary organs of the Council meet on a regular basis to discuss matters falling within their competence and on which they report to the council.

Secretariat: The Secretariat of the Organization consists of the Secretary General and the staff members. The Secretary General is responsible for carrying out the general policy and work programme of the organization in accordance with the directions of the General Assembly and the Executive Council. The Secretary General Ensures the legal representation of the organization. The present structure of the Secretariat comprises general management, one division (relations, cooperation and development), three services (general administration, finance, conferences and documents), six sections (personnel, statistics, studies, Africa/Middle East, the Americas/Europe, East Asia and Pacific/South Asia) and four units (technical cooperation, vocational training, public information and publications, documentation and technical information). India is a Full Member of the World Tourism Organization. The Organization is performing extremely useful service of concrete and creative character by facilitating the exchange of technical information, the making of specialized studies, the holding of special seminars adapted to world regional requirements and advanced vocational training courses. The essentially practical nature of its work programmer, tailored as it is to regional requirements, takes full cognizance of the problems peculiar to countries and regions in all stages of development, such as investments, financial questions, physical planning and area development, economic analysis, marketing and market surveys-all this not only with a secretarial approach but with a comprehensive concern from the point of view of the state. The certion of WTO coincided with the universal recognition of tourism as an important instrument of economic and social development and its consequent ascendancy to full government responsibility. An inter-governmental body of tourism officials, such as the WTO is empowered to act in the name of their governments and speak in terms of the impact of tourism on the balance of payments. The creation of WTO thus is not only a proof that the states are fully conscious of their own responsibilities in the field of tourism, but also of the establishment of tourism to its rightful ranking at the international level.

5.3 Origin, Location & Functions of IATA

International Air Transport Association (IATA) is a world association of scheduled airlines with which they coordinate their efforts to serve their passengers, share their experiences and analyse their problems. Over one hundred companies belonging to the Associations together provide the bulk of world scheduled air service.

History: The International Air transport Association was founded in the year 1945 by the airlines of many countries to meet the problem created by the repaid expansion of civil air services at the close of the Second World War. It is the successor in function of the previous International Air Traffic Association organized at the Hague, Holland at the very dawn at regular air transport in the year 1919. As a non-government organization, it draws its legal existence from a special Act of the Canadian Parliament given Royal Assent in December 1945. In both its organization and its activity, IATA has been closely associated with the international Civil Aviation Organization (ICAO) also established in 1945-the International agency of government which creates world standards for the technical regulation of Civil Aviation.

IATA Services: The IATA provides a wide range of services. The list of services provided includes the following.

i. The global planning of international timetables.
ii. The standardization of the inter company communications and reservation systems.
iii. The international coordination of telecommunication networks and computer systems.
iv. The single formula for tickets and airway bills.
v. The training of travel and freight agents.
vi. To regulate legal questions of general concern, to develop security measures.
vii. To examine and solve the problems raised by tourism and the flow of passengers and goods at the airports and do establish procedures and technical norms.

IATA Aims

i. To promote sale, regular and economical air transport for the benefit of the peoples of the world, to foster air commerce and to study the problems connected therewith;

ii. To provide means for collaboration among the air transport enterprises engaged directly or indirectly in international air transport service.

iii. To cooperate with the International Civil Aviation Organization and other international organizations.

IATA Activities: The International Air transport Association is the World organization of the scheduled airlines. Its members carry the bulk of the world's scheduled international and domestic air traffic under the flags of 85 nations .IATA's major purpose is to ensure that all airline traffic anywhere moves with the greatest possible speed, safety, convenience and efficiency and with the utmost economy.

For the Airlines, IATA provides machinery for finding joint solutions to problems beyond the resources of any single company. It has become the means by which they have kit out their individual routes and traffic handling practices into a worldwide public service system, despite the differences between languages, currencies, laws and measurements. It is a pool of experience and information and the administrator of many common services and enterprises. IATA is, therefore, the collective personality of over a hundred companies and functions as the international air transport industry's link with the government and the public. It is the world parliament of the airline and their representative in international organizations. For governments, IATA furnishes the medium for negotiation of international rates and fares agreements. It provides the only practicable way of drawing upon the experience and expertise of the airlines. It helps to carry out the fast and economical transport of international airmail and to make certain that the needs of commerce and the safety and convenience of the public are served at all times. For the general public, IATA ensures high standards of efficient operations everywhere, proper business practice by airline and their agents, the greatest possible freedom from red tape, and the lowest possible fares and rates consistent with sound economy. Thanks to airline cooperation through IATA, individual passengers can by one telephone call and payment in a single currency arrange journeys including many countries and the systems of several scheduled carries.

IATA Organization: As an organization, IATA is voluntary, non-exclusive, non-political and democratic. Membership is automatically open to any operating company which has been licensed to provide scheduled air service by a government eligible for membership in ICAO. Airline engaged directly in international operations are active members, while domestic airlines are associates members. IATA's work begins only after governments have promulgated a formal exchange of traffic and other rights (bilateral air transport agreements) and have licensed the airlines selected to perform the service, from that point on, the activity of IATA spreads through virtually every phase of air transport operations. The basic source of authority in IATA is the Annual General Meeting in which all active members have an equal vote. A year-round-policy direction is provided by an elected Executive Committee and its creative work is largely carried out by its Financial, Legal, Technical and Traffic Advisory Committees. Negotiations of fares and rates agreements is entrusted to the IATA Traffic Conferences with separate conferences considering Passenger and cargo matters all establishing agreements valid for periods of two years. Members of IATA committees are nominated by individual airlines and, subject to the regulation and review of the Executive Committee, serve as experts on behalf of the entire industry. In the Traffic Conferences, however, delegates act as representatives of their individual companies. While the executive committee fixes the terms of reference of these conferences, their decisions are subject only to the review of governments and cannot be altered by any other part of IATA. The IATA administration is headed by a Director General and Five Assistant Directors General. The Association has two main office, one in Montreal and the other in Geneva, Regional Technical Directors are based in Bangkok, Geneva, London Nairobi and Rio de Janeiro and Regional Directors (Special Assignments) in Singapore and Buenos Aires. IATA Traffic services Offices are located in New York and Singapore. IATA budget is financed from the dues paid by its members, largely in proportion to the part of the total international air traffic carried by each airline. Some IATA activities are self-supporting through charges for serves rendered.

IATA Operations: IATA Members airlines are registered in some 85 nations. Their routes cross almost every country of the world at one time or another. To ensure that the aircraft utilized to carry the world's passengers and goods are able to proceed with maximum safety and efficiency, under clearly defined and universally understood regulations, is the IATA's operational task. To ensure that people, cargo and mail can move anywhere in global network as easily as though they were on a single airline within a single country, is IATA's commercial objective. Plainly these two categories of IATA activities are closely related in their connection with the cost of airline operations, the carrier's charges to the public, and the desire to keep both of these as low as possible commensurate with safety. There is a constant and progressive effort to simplify and standardize devices, procedures and documentation within the airline themselves, among governments and manufacturers and in collaboration with other international organizations.

IATA Finances: The IATA Financial Committee deals with all aspects of accounting and settlements between airlines in respect of business they do with one another or on

one another behalf. It is also concerned with many of the airlines common problems in regard to currency and exchange, taxation, charges, insurance and statistics.
Over the years, IATA has been able to reconcile the financial and accounting systems developed independently in many parts of the world before airline were extensively linked by intercontinental routes. To do so, it has developed and is continuously working to improve standard manuals of revenue accounting practices, forms for cost reporting and for operating, profit and loss and surplus statements and similar documents, and has made possible the application of electronic data processing techniques in accounting and other fields. An example of IATA's financial work is the IATA clearing House, through which the airlines, settle monthly accounts for interline revenue transactions. It enables them to collect and pay their worldwide debts simultaneously by a single cash settlement in either dollars or convertible sterling, regardless of the number of national currencies involved. By offsetting accounts, the clearing House eliminates the necessity for cash payment of all but a small amount of the total value of the monthly claims. It assures regular and punctual settlements of interline debts, eliminates much correspondence and other paper work, saves substantial foreign exchange expenses and, moreover, affords protection in the event of currency devaluations. Virtually all IATA airlines are members of the Clearing House. Its facilities are also used for international clearances by the Airlines Clearing House, Inc, of the USA.

The Legal Committee: The Legal committee of IATA, composed of experts drawn from more than 20 airlines, is concerned with all legal matters having a bearing on international air transport. One of its main activities is the formulation of the airlines' views in the development of international conventions affecting such matters as the liability of air carriers to their customers and to other parties, the commission of offences on board aircraft, the carriage of nuclear materials and the carriage of airmail.
Another important side of the committee's work is the legal aspects of traffic documents. Since the sale of a passenger ticket or the issue of a cargo way bill creates a contract between the airline and its customer, international airline documents must be effectual under many different systems of law. The legal Committee has prepared the legal foundation for the present system of uniform traffic documents that can be used throughout the worldwide network operated by IATA Members. The relationship between airlines and travel agents, by whom such documents are frequently issued, is also within the scope of the Committee's work. New legal problems are arising with the introduction of computer ticketing, automatic baggage handling and the use of container for the carriage of cargo. In other activities such as security, the legal section deals with problems which include fraud, stolen tickets and documents, hijacking and other forms of armed aggression as well as cargo, mail and baggage thefts. Government and airport charges are also a part of the concern of the legal department. In other fields, technological developments create a variety of legal problems. One example is the

possibility of damage caused by aircraft noise or sonic boom. Another is the increasing number of arrangements between airlines for the inter charge and joint use of aircraft, crews, spare parts and so on.

Technical Committee: Cooperation of the airlines in operational and technical matters is channelled through the IATA Technical Committee, its annual technical conference and its various global and regional working groups. IATA technical activity is founded upon full exchange of information and experience among all the airlines. Out of the data the airlines extract common requirements and observations which guide the standardization and unification of their own activities, determine their practical advice and assistance to governments, and act as guides to future development in transport aeronautics. Policies approved are recorded in a technical manual. IATA has played, and continues to play, an important role in the drafting of the ICAO standards and recommended Practices which from accepted international pattern for the technical regulation of civil aviation, and cooperates closely with ICAO to encourage governments to implement them fully and keep them up-to-date. IATA works in much the same way with other organizations such as the International Telecommunication Union, the World Meteorological Organisation and the International Organization for standardization. In addition, IATA provides means for member airlines to enter into consultation with ICAO, with individual states or with the countries comprising a particular region on the planning and implementation of air navigation facilities and services. This work is generally carried out, under the control of the Technical Committee, by global and regional working groups which deal with new and developing problems in all technical fields of air transport operations.

Traffic Conferences: IATA's most complex role is in the field of traffic-a term which embraces the commercial activities of the airlines. As an airline association, IATA is particularly concerned with facilitating interline arrangements- the standardization of forms, procedures, handling agreements and the like which allow quick and easy exchange of traffic between airlines. In addition to this, IATA is also a quasi-public agency to which many governments have delegated the responsibility for negotiating international agreements on international rates and fares subject to their approval.
Most countries have agreed that the enormous and complicated work of negotiating detailed agreements to meet the constantly changing conditions of world air commerce should be delegated in the first instance of the IATA conference, and that these agreements should become effective only after all interested governments have reviewed and approved them. To unite its member airlines into a single commercial network, IATA has produced a series of interline agreements between them (to which many non- IATA and domestic airlines and sea carriers are parties as well) covering all phases of passenger, baggage and cargo handling, reservation codes and related matters. In more and more of these areas, IATA works to adapt these forms and procedures to processing

by computer and teletype. For the public, IATA has worked out a single formula for a ticket or airway bill on international air transport from anywhere despite geographical barriers and national boundaries, and despite linguistic, monetary, legal, economic and other differences. Through IATA agreements, the airlines have adopted standard codes of relations with their passenger and cargo agents and consolidators, which assure the agents of fair, uniform and non-discriminatory treatment. Special boards and committees screen all agencies and examine their qualifications to serve both the public and the airlines.
Such arrangements are normally worked out under the guidance of the Traffic Advisory committee and various expert working groups, and by the Assistant Director General Traffic and his staff, often with the assistance of other standing committee. Actual application, however, comes about mainly through formal resolutions which are subject to the approval of governments. Virtually every IATA traffic action is the result of this unusually comprehensive and successful process of international agreement reached through the IATA Traffic Conferences, where decisions must be taken by unanimous vote. The Traffic Conference process arises from the peculiar nature of air transport. Every inch of the world's surface is accessible by air, and the airlines fly between most of its major cities over a maze of interrelated routes. Yet each government reserves complete control over its own share of the airspace and the right to determine what its air services may charge the public. International fares and rates and the conditions which underlie them must therefore be fixed by international agreements in which virtually every country has some direct or indirect concern. For administration purposes, there are three Traffic Conference areas: No. 1 for the Western Hemisphere, Greenland and the Hawaiian Island. No 2 for Europe, Africa and the Middle East, including Iran; and No 3 for Asia, Australasia and the South Pacific. Conference business is organized within the framework of these areas, or on an inter-conference basic, but as a practical matter, the interrelation of fares and rates throughout the world makes it necessary that all of these conference sessions be help at the same time and in the same place.

Facilitation: Another service of traffic is the facilitation section. In an industry based on speed, economy and service, red tape is a serious matter. Customs, immigration and health regulations hamper and delay the efficient transportation of passengers and cargo. Delays can add millions of dollars to the cost of operation. With international airlines operating in almost 200 countries and their operations subject to the regulation requirement of numerous public authorities in every country cooperation becomes very vital. Cooperation starts with the airlines themselves. A programme to cut red tape is worked out and constantly reviewed by the IATA Facilitation Advisory Committee. For implementation, it passes into the hands of more than 100 airlines personnel at the headquarters of their respective airlines throughout the world. The next step is to consult with the various governmental inspection services in a cooperative effort to work out simpler clearance documentation and procedures at airports where international passengers or cargo arrive and depart. IATA had many other tasks outside the formal framework of its committees and conferences. In postal matters, IATA is concerned with questions relating to the speedy and expeditious handling of mail and with the rates paid by governments to foreign airlines for the transportation of mail. It maintains close liaison with the Universal Postal Union on these matters and has consistently encouraged reduction in airmail postage rates.

Allied Services: IATA performs many other widely varied functions. It collects and issues industry statistics. It is a documentation centre and publisher on behalf of its members, issuing internal manuals, tabulations of airline distances, technical surveys, reports and other important industry information. The Association Protection Advisory Committee, comprising senior representatives in the technical, economic, legal and public relations fields, studies the ways airlines can minimize noise and emissions and still benefit from the progress of technology. In the filed of public relations, IATA maintains a worldwide information programme, furnishes source materials for students of air transport, acts as a spokesman for the industry and provides a number of special publicity and promotional services. The work of IATA's Public Relations Department, guided by the Public Relations Advisory Committee, also includes the organization of PR Conferences and Regional Panels as part of its effort to foster cooperation among the Public relations offices of members airlines. In order to carry out so many functions, IATA has a staff of over 500 people through the world and operates with funds provided in the form of annual dues paid by members. Broadly speaking, IATA is the world association of scheduled airlines with which they coordinate their efforts to serve their passengers, share their experiences and analyse their problems. Representing over 100 companies from 80 odd countries together provide the bulk of world scheduled air services. IATA plays a leading role in three respects, on the basis of the aims defined in its statutes.

5.4 Origin, Location & Functions of PATA

Pacific Asia Travel Association (PATA) was founded in the year 1951 as a non-profit corporation to stimulate interest in the pacific region as a vacation land, and to develop, promote and facilitate travel to and among the many Pacific destinations. The Association had 44 Founder Members. The Founder Lorrin Thurston, a leading newspaper publisher in Honolulu had an idea to organize all travel from the occident to the Pacific area in a consistent, cohesive and systematic manner so as to ensure maximum benefit from the existing opportunities and the creation of fresh opportunities through multi-media publicity. PATA's first conference was held in January 1952 in Honolulu and its headquarters were established in San Francisco, USA in 1953. PATA has its own Director for Europe who is based in London and works to promote traffic from the

European markets into the Pacific region. PATA’s first Asian office was opened in Manila, Philippines in 1976. PATA is a non-profit organization set up with the objective of developing, promoting and facilitating travel to and within the Pacific area and South East Asian region. It primarily operates in the United States market which is the world’s biggest travel market. The organization provides the meeting point for the people involved in all aspects of the travel trade from a large number of countries. If focuses attention on travel opportunities in member countries and builds up great awareness and specific contacts among the travel trade in countries from where the tourists originate. The underlying philosophy of PATA is that the entire travel industry must work together to develop an ever increasing flow of pleasure travel from which each member will derive a fair share of the total business.

Organization of the Pacific Asia Travel Association (PATA)

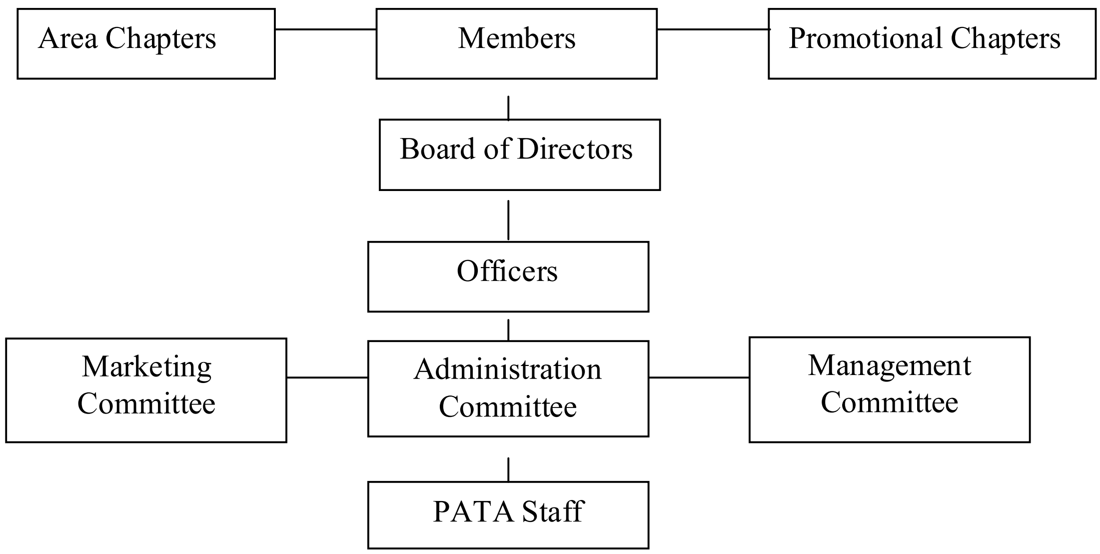

Fig-5.1 Organization Structure of PATA

Activities

The activities of the PATA include assisting small and up-coming destination to develop their infrastructure, providing expertise, and planning group travel schemes, destinations, hotels operations and discounts. It provides up-to-date information and practical and theoretical experience in the field of tourism. Through its Research, Development, Education and Marketing Councils. PATA serves as a central source, supporting its diverse membership in tactical marketing programmes for their destinations and products together with training and educational programmes for human resource development. The annual conference of the PATA and its workshops provide greater scope to its members to share their ideas and exchange views about promotion of tourism in their respective regions. PATA staffs are outstanding experts in their respective fields of marketing and research and regular exchange with others, information on latest techniques and practice in their respective areas. All members benefits directly or indirectly from the continuing programmes of PATA, which include travel research, marketing, training programmes, and the development of visitor services. Promotion occupies a major portion of PATA's total effort. The PATA publication, Pacific Travel News, is relied upon by wholesale and retail travel agents as an important source of authoritative material on the Pacific. PATA has produced the Pacific Area Destination Handbook which complies in a single volume all the data is required for the planning and sale of travel and is the world's most authoritative and comprehensive handbook on 31 Pacific destinations. PATA also publishes its Hotel Directory and Travel Guide Listing the hotels, resorts and travel services in t he Pacific area.

Membership

PATA has the following nine categories of membership:

a) Active Government
b) Associate Government
c) Active Carrier
d) Associate Carrier
e) Active Industry
f) Allied
g) Affiliated Allied
h) Associate
i) Sustaining

    I. Active Government Members consist of the primary official organization designated by the government of any nation, territory, or political division, wholly or partly in the pacific area.
    II. Associate Government Members consists of any organization charged with the responsibility of the domestic or overseas promotion of tourism as designated by the government of any nation, territory, or political division either situated outside the Pacific area, or situated within the Pacific area not being the primary officials organization designated for the overseas promotion of travel, or not meeting other criteria as might be required for Active Government membership.
    III. Active Carrier Members consists of any government recognized, registered or certified air or steamship line operating vehicles having individual passenger capacity in excess of twelve passengers and providing regular scheduled common carried passenger service to and within the Pacific area.

IV. Associate Carrier Members consist of any government recognized passenger carrier operation vehicles (a) each having a passenger capacity of twelve or fewer passengers and providing regular schedule common carriage passenger service or having a passenger capacity in excess of twelve passengers but not providing passenger service on regular common carriage basis as prescribed for active carrier members.
V. Active Industry Members consist of hotel organizations having management authority as distinguished from more sales, advertising or reservations direction, over one or more hotels with a total of one thousand more guest rooms in one or more Pacific areas, tour operator organizations excluding air or ship transportation.
VI. Allied Members consist of travel agencies, tour operators, hotel representatives and firms serving as general agents or representing various segments of the pacific travel industry.
VII. Affiliated Allied Members consists of branch offices of an allied member travel agency or tour operator.
VIII. Associate Members consists of individual operating organizations and firms such as communication media, media representatives, advertising, public relations and research agencies having definite interest in Pacific Travel.
IX. Sustaining Members consists of those organizations, firms or individuals whose commercial or cultural interests, in the judgment of the Board of Directors, will further contribute to the aims of the Association.

The Control of PATA is vested in the Active government, carrier and industry members. The organizations qualifying for Active Government or Active Carrier membership have the right to membership. They require no sponsorship and are requested merely to provide the Board of Directors with certain pertinent information. Membership in all other categories is at the discretion of the Board of Directors, and requires not only that the organization comply with certain guidelines for the eligibility but also that certain categories of PATA members must sponsor the new applicant and vouch for this stability and professionalism.

PATA Secretariat: The PATA Secretariat located in San Francisco, USA, is the operational hub that links PATA members in all Divisions, coordinating PATA's policies, administration and finances, memberships and chapters, communications and planning for PATA's Annual Conference. The work of the Association is divided into three divisions. **Asia Division** with its office located in Singapore looks after Japan, Republic of Korea, Republic of China (Taiwan), Hong Kong, Macau, the Philippines, Indonesia, Singapore, Malaysia, Thailand, India, Nepal, Bangladesh, Pakistan and Sri Lanka.

Pacific Division with its office in New South Wales, Australia looks after Australia, New Zealand, the Islands of the South Pacific and Micronesia**. Americas/Europe Division** with its office in San Francisco looks after North and South America and Western Europe. This Division's activities are primarily promotional and include varied member activities, chapter support, PATA Travel Marts, international trade show participation, travel trade education, advertising, PATA merchandising and other revenue-generating programmes.

PATA Chapters: To assist in the completion to the objectives of the Pacific Area Travel Association, the Board of Directors is empowered to encourage the development and to authorize establishment of PATA Chapter at any place in the world. The Chapter concept implemented in the year 1960 is unique with PATA among travel organizations. The primary purpose of a chapter is to conduct continuing education programmes to keep PATA members abreast of the changes in Pacific travel. The chapters also do considerable promotional work, and several times each year organize social events for the members. Specific objectives of the Chapters are as follows:

i. To bring together representative of PATA members at regular intervals to develop a closer working relationship and a better understanding of travel matters as such that relate to the Pacific area.
ii. To obtain uniformity and combined action by members in pursuing national and local policies within the framework of PATA.
iii. To implement specific PATA objectives and projects.
iv. To pass to appropriate government and official organizations such matters approved by PATA, and to obtain action thereon as and when required.
v. As appropriate, to provide a forum which will enable the individual Chapter members to conduct their various assigned responsibilities for selling travel, and providing services to visitors to the Pacific in a more effective manner.
vi. To process generally and to obtain opinions of members of the chapters on any PATA requirement or objective.

There are two types of Chapters, viz., (i) Area Chapters, and (ii) Promotional Chapters. Area Chapters were conceived as of the 8th Annual PATA Conference (1959) by a number of Allied and Associate Members, as a means of keeping PATA members and their representatives in the Pacific better informed on happenings throughout the Pacific travel industry and on association activities. Some of these chapter activities include programmes involving matters of facilitation, staff training, improving visitor plans and services, and promotions aimed at developing regional tourists traffic and other marketing activities. Promotional chapters were authorized by 9th Annual PATA Conference (1960) as a means of furthering the promotion of visitors from priority market areas to Pacific destinations. Activities of these Chapters are all designed to increase the sale of travel to the Pacific are and include regular meetings of the PATA membership/travel trade with programmes on various Pacific destinations, providing uptodate information on various new developments, facilities, services, tours, educational seminars for travel trade, sales personnel and cooperation with PATA in the overall marketing programme, promotions and other PATA activities. The chapter are, however not the branch officers of PATA. They are rather like local civic clubs working for the benefit of their respective communities. A Chapter is composed of the highest level of executives representing the local tourism industry who volunteer their services and their expertise to develop a constantly expanding overall business. PATA has 71 chapters in the five continents with more than 16,000 members in 33 countries and territories. Two to three Chapters are organized yearly to help more and more people keep abreast of the changes Pacific travel.

Finance of the Association: The Administration and programmes of the Association are financed by way of membership dues and the marketing assessments paid by all members. The amount of dues, however, varies with the category of membership. The marketing assessments of governments and carries are calculated in accordance with a Stanford Research Institute formula. This formula takes into account, among other things, the growth in visitor arrivals and expenditures at member areas, and the growth in traffic volume of carrier members. The association's financial position is reviewed by the Board of Directors at their monthly meetings, and an annual audit is made by an outside accounting agency. In addition to membership dues and the marketing assessment amounts, there are additional revenues which come from Allied and Associate Members, a portion of which is applied to various marketing programmes.

Functions

The Pacific Area Travel Association performs a variety of functions. These include:

i. **Pacific Travel Conference and Workshop:** During the first four months of each year, PATA sponsors and organizes a conference of its members with the objectives of reviewing the progress, exchanging ideas and planning for future programmes. These meetings are held at different areas. The annual conferences attract a large number of delegates from all over the world. The conference also serves as unique promotional tool for the host government providing it an opportunity to show to the travel industry from abroad what it has to offer in terms of tourists attractions and tourism plan to the foreign visitor.

ii. **Marketing:** A long range marketing programme coordinates all the promotional functions of PATA for a maximum impact in the consumer market and also among sales agents. The marketing programme includes: advertising, publicity and promotion. An extensive advertising programme schedule is carried in leading national magazines of North America with a view to increase interest in the pacific region as a major travel area. The association prepares and distributes a wide selection of selling aids and sales promotion materials to travel agents, tour operators throughout the world. A strong trade advertising programme is directed towards travel agents in order to merchandise PATA's consumer advertising and sales promotion efforts. Weekly news releases, special feature stories and photographs are provided to the various newspaper, magazines and radio and television networks by the Association's pacific news service. Members may use association's various materials including photographs for their own publicity purposes.

iii. **Research and Development**: The Associations research programme is designed to provide it with the marketing information needed to formulate its own marketing programme as well as to provide its members with information which will assist them in designing their own programmes. The Association organizes research seminars, research presentations and technical assistance programmes for its members. Another important facet of the research programme includes the collection, analysis and dissemination of Pacific travel statistics and an effort designed to constantly improve and standardize the tourism statistics of the pacific region.

PATA and India: India was admitted as Associate Government Member of Pacific Area Travel Association in the 1957. It was at the specific request of the Government that the Constitute of the PATA was amended suitably to enable India and other South Asian countries to become Associate Government Members. It was only in the year 1964 at Jakarta, Indonesia that India becomes an Active Member of the Association. Basically, PATA was formed to promote traffic to Pacific countries only. However, the definition of PATA was somewhat enlarged to enable some of the countries bordering on the Pacific to Join PATA. India was the first country to enter PATA from the countries which bordered on the Pacific but where not in the Pacific region. Subsequently, a few other countries also joined the association from this region. Among these countries were Sri Lanka, Nepal and later Pakistan and Bangladesh.

It was not long before India realized the manifold benefits which this organization had for promotion of tourism. India realized that PATA was one of the most active travel promotional organizations and that the country's association with it would not only benefit her from getting a share of the world's increasing tourist flow but also from the point of view of exposing it to the modern techniques of tourism marketing and promotion. During the 1964 annual conference at Sydney in Australia, PATA agreed to hold its annual convention in India in the year 1966. During the 1965 conference in Korea, India's invitation to host the Annual convention in 1966 was reaffirmed and accepted by the General Body of the PATA Conference.

PATA India Chapter: PATA (India) Chapter was organized in the year 1969 as one of the Area Chaptesr. This Chapter has 98 members with representation from Government (Central Department of Tourism), India Tourism Development Corporations Ltd, Indian Airlines, Air India and other International carriers, leading travel agencies in India, hotels, tour operators, advertising agencies etc. The Chapter undertakes promotional work specifically for promoting India. In recent years there has been a rapid and continuous development of both national and international tourism. The international tourism organizations have played and are continuing to play a key role in tourism development, both national as well as international. India has regularly participated actively in the deliberations of internationals bodies which afford an opportunity to establish new contacts and renew old ties with persons from all over the world connected with tourism. These organizations also help the member countries to determine the general travel trends for proper channelization of promotional activities. India's association with these bodies has definitely encouraged the flow of tourists traffic from international tourists-generating markets to India.

5.5 Origin, Location & Functions of ASTA

ASTA is the leading professional society of travel agents. The world's largest professional travel trade association, ASTA was established in New York in 1931. Originally named the American Steamship and Tourist Agent's Association, its present name was adopted in the year 1944. The Society was established to foster programmes for the advancement of the travel agency industry, promote ethical practices and provide a public forum for travel agents. It has over 23,000 members and is the only organization representing all segments of the travel industry. The membership consists of travel agents, carriers, hotels.etc.

Purpose

The purpose of ASTA is the promotion and advancement of the interests of the travel agency industry and the safeguarding of the traveling public against fraud, misrepresentation and other unethical practices. The Society maintains legal representation and also a Government Affairs office in Washington, D.C to provide direct contact with the Federal Government and the regulatory agencies in the travel and transportation field, and to protect the legitimate interests of travel agents.

ASTA's services to travel agents often also benefit the general public. Such activities include sponsorship of frequent conferences on travel mattes, involving airline, steamship companies, agents, municipal and government officials, and other interested parties, discussions with airlines on fare structures and travel destinations, research studies into traveller preference, close cooperation with various city, state and government agencies across the country in travel-oriented matters, assistance to all agencies across the country in travel-oriented matters, assistance to all levels of government consumerism departments in upgrading standards of service to travellers.

Membership

While ASTA is still primarily the trade association of the travel agency industry, there are more than 23,000 members in the Society covering all segments of the travel industry. Out of the total membership of 23,000 over 13,200 are travel agents in the United States of America and Canada. In addition to travel agents, there and are allied member representing airlines, railway roads, hotels, government tourist offices, etc. The Society has a membership in over 129 countries all over the world. In order to qualify the membership of the Society, an applicant must be in the business of travel its present ownership or control for a minimum period to three years.

There are two basic classifications of membership, active and allied. Active members are year-round travel agents or tour operators, allied members include airlines and steamship companies, railroad, bus lines, car rental firms, hotels, resorts, government tourist offices and other organisation regularly engaged in the travel industry or associated industries. Membership has recently at the rate of 1,000 members annually.

ASTA has over 2,000 travel agency members outside the USA and Canada. International members come from Algeria, Bolivia, Sri Lanka, Denmark, Ethiopia, Fiji Islands, India, Iran, Japan, the Netherlands, Portugal, South Africa, Sweden, Turkey, Yugoslavia and 120 other countries and territories. Membership advantages include education and training in ASTA's comprehensive travel courses and seminars, guidance from ASTA headquarters in resolving many business and trade problems and a weekly newsletter and monthly magazine containing important reports and monthly magazine and related information of value to agents, tour operators and other members.

ASTA World Travel Congress

The year's foremost meeting place is the ASTA World Travel Congress. The Congress is the single most important meeting help annually in the travel industry and the programme includes workshops, seminars, business meeting, film presentations, and social events. Members from throughout the world travel industry participate, give talks, lead discussion groups and conduct sessions. The ASTA World Travel Congress has been the platform for launching many important and beneficial education programmes for agents. The Society consists of the following departments: policy implementation and administration, industry relations, membership relations and communications. The members of the Society derive various advantages which include education and training. ASTA has a comprehensive list of travel courses and seminars which are attended by its members. The Society also offers professional training courses to senior travel agency personnel. Various research papers and newsletters are brought out from Society's headquarters for use of its members. The Society also brings out a monthly magazine, ASTA Travel News.

Structure

The Society has 28 chapters in the United States of America and Canada and another 28 chapters overseas. Each chapter has elected offices and appointed committees. There is national Board of Directors which establishes policies of the Society. Every two years a new President and Chairman of the Board are elected by Active Members. Day to day activities of the Society are looked after by a professional staff which works under the guidance of an Executive Vice-President who, in fact, is the Chief operating officer of the Society. He makes recommendations on policy matters of the Board and Executive Board. He directs the headquarters staff in providing a broad programme of services and facilities to ASTA's membership and carrying on the day-to-day business of the Society. ASTA worlds headquarters are located at 711 fifth Avenue in New York City, USA.

5.6 Origin, Location & Functions of UFTAA

Universal federation of Travel Agents Association is an important organization of the travel agents on a worldwide basis. The federation was founded in Rome in November 1996.

The aims of the federation are as follows:

i. To act as the negotiating body with the various branches of tourism and travel industries on behalf of travel agents and in the interest of the public.
ii. To ensure for all travel agents through their national associations, the maximum degree of cohesion and understanding, prestige and public recognition advancement of member's interest and protection from legislation and other legal points of view.
iii. To offer its members all the necessary material professional and technical advice and assistance to enable them to take their proper place in the economy of world tourism.

Over the years, the Federation has been responsible for improving the professional status and business standing of travel agents. It has a series of achievements to its credit. Prominent among its achievements is its collaboration with the International Rail Union. This collaboration resulted in obtaining increased commission from 7.5 to 8 per cent on several railway networks, creation of professional training courses and introduction of Rail inclusive Tours. With regard to air transport, the cooperation between the Federation and IATA over a number of years has resulted in raising of commission to 8 per cent, introduction of an overriding commission of 4 percent, 50 percent reduction for the spouses of travel agents and creation of international correspondence courses for the training of agency sales staff. Regarding hotel industry, the Federation following negotiations regarding cancellations and cancellation fees. A court of arbitration to settle regarding disputes between hotels and travel agents located in different countries has also been created.

5.7 Origin, Location & Functions of ICAO

The convention providing for the establishment of the International Civil Aviation Organization was drawn up by the International Civil Aviation Conference held in Chicago from November 1 to December 7, 1944. A provisional International Civil Aviation Organization (PICAO) functioned from 6 June, 1945until the formal establishment of ICAO. The international Civil Aviation Organization (ICAO) was formally established on April 4, 1947 as a specialized agency of the United Nations. ICAO has a membership of over 130 governments joined for the common purpose of promoting civil aviation on a global scale. The headquarters of the organization are located at Montreal, Canada, The organization has its regional offices in Mexico City, Lima, Paris, Dakar, Cairo and Bangkok. The International Civil Aviation Organization representing over 130 governments of various countries throughout the world provides the machinery for the achievements of greater global cooperation in the matter of civil aviation. Over the years the organization has achieved great success in various matters relating with civil aviation.

Objectives: The main objectives of the organization are to develop the principles and the techniques of international air navigation and to foster the planning and development of international air transport with a view to:

i. Ensure the safe and orderly growth of international civil aviation throughout the world.
ii. Encourage the arts of aircrafts design and operation for peaceful purpose.
iii. Encourage the development of airways, airports, and navigation facilities for international civil aviation.
iv. Meet the needs of the people of the world for safe, regular, efficient, economical air transport.
v. Prevent economic waste caused by unreasonable competition.
vi. Ensure that the rights of contracting countries are fully respected and that every contracting country has a fair opportunity to operate international airlines.
vii. Avoid discrimination between contracting countries.
viii. Promote safety of light in international air navigation.
ix. Promote generally the development of all aspects of international civil aeronautics.

In addition to the above, the International Civil Aviation Organization through its Various proposals tries for the reduction of customs, immigration, public health and other formalities in order to facilitate air transportation, As part of the United Nations Development Programme, the organization provides technical assistance to states in developing civil aviation programmes. Development of regional plans for ground facilities and service needed for international flying is another important function of the Organisation. The Organisation disseminates air transport statistics and prepares studies on aviation economics. It also fosters the development of air law conventions.

Oraganisation of ICAO

The principal organ of ICAO is an Assembly. The Assembly consists of all the members of the Organisation and is the sovereign body of ICAO. It meets every three years and reviews in detail the work of the Organisation. It sets the policy for the next three years. The Organisation has a Council which comprises 30 states and is elected by the Assembly for a period of three years. While electing the states, the Assembly gives adequate representation to:

i. Member states of major importance in air transport.
ii. Those member states not otherwise included which make the largest contribution to the provision of facilities for the international civil air navigation.
iii. Those member states not otherwise included and whose election will ensure that major geographical areas of the world are represented.

As a governing body, the council gives continuous direction to the work of the organisation. The main subsidiary bodies are: the Air Navigation Commission, composed of 12 members elected by the council, Air Transport Committee, opens to council members, and the legal Committee, on which all members of ICAO may be represented. India has been an elected member of the Council since it becomes a member of ICAO. A close look at the range of activities and objectives of both International Air Transport Association and International civil Aviation Organisation indicates that they play a key role in the growth and development of international air transport. Their role since inception has been that of fostering the growth of air transport. Although not directly concerned with tourism, they have, however, played an important role in growth over the years by way of encouraging air transport.

Check Your Progress

Q-1 Why the tourism organizations are important for tourism?

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Q-2 Discuss the role of world tourism organization?

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Q-3 Discuss about the ICAO?

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5.8 Summary

Various internationals organizations in the field of tourism are operating today. Some of these organizations are specifically concerned with the development and promotion of tourism at the international level why others deal with the development and promotion of tourism in a particular region. The world tourism organization (WTO) represents governmental tourist interest and aids in world tourism development. Individual countries, states & proviences have their own tourist promotion and development organizations that work to promote tourism in their area and coordinate tourism promotion with other groups.

5.9 Glossary

ICAO: International Civil Aviation organization. This body representing over 130 governments of various countries for the achievement of greater global cooperation in the matter of civil aviation.

IATA: International air transport association. The international air traffic association expand steadily with the development of air services the world. It promotes safe, regular and economical transport for people benefits.

WTO: World Tourism Organization. This organization shall establish to cooperate between governments and United Nations.

5.10 Check Your Progress

Ans-1 The international organizations in particular have played a key role in strengthening tourism by way of combined efforts and therefore their role is of vital importance. The increasingly international character of modern tourism and the growing influence of international agencies in various fields are reflected in the growth and development of international cooperation and organization in tourism.

Ans-2 It establishes its central role in the field of tourism the organization shall establish and maintain effective collaboration with the appropriate organs of the United Nations and its specialized agencies. In this connection the Organization shall seek a cooperative relationship with and participation in the activities of the United Nations Development Programme as a Participating and executing agency.

Ans-3 The International Civil Aviation Organization representing over 130 governments of various countries throughout the world provides the machinery for the achievements of greater global cooperation in the matter of civil aviation. The principal organ of ICAO is an Assembly. The Assembly consists of all the members of the Organisation and is the sovereign body of ICAO. It meets every three years and reviews in detail the work of the Organisation. It sets the policy for the next three years. The Organisation has a Council which comprises 30 states and is elected by the Assembly for a period of three years.

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5.13 Terminal Question

Q-1 What is WTO? What are the functions WTO?

Q-2 PATA is a dedicated for tourism development in Asia pacific region. Highlight the functions of PATA?

Q- 3 Discuss the role of ASTA in short?

Q-4 Why Tourism Organizations are important for the expansion of tourism?

UNIT 6

TRAVEL AND TOUR MANAGEMENT

Structure

6.0 Learning Objective

In this Unit learner will learn about planning travel itineraries by following basic guidelines in various categories such as interest, details, energy, routing. The unit will help learner develop travel various Itineraries.

6.1 Introduction

There is a thin line between the, different kinds of travel agencies big travel agencies often combine all the functions including retail selling. They have several branches in a country. Sometimes they-act as wholesalers and permit other travel agencies also to retail their tour packages. Whole selling is a popular business in countries like the USA where one company may move as many as half a million people in a year, In India, it is not so common a yet. Often, wholesalers have their retail outlets as well. With the taking over of large Indian companies like Sita World Travel by Kuonis, a multinational travel company, wholeselling will be a big business in future.

Types of Travel Agencies

Basically, there are two types of travel agencies: the general travel agency and the specialization travel agency. The general agency is a small organization (two to ten employees) that deals with almost all types of travel offers nearly every type of travel related service. The specialized travel agency is a fairly large operation and may specialize in one form of travel, or travel service to a group or a community. In India, most travel agencies belong to the category of general travel agencies.

The specialized travel agencies not very common in India may specialized in corporate and commercial accounts, exclusively dealing with business travel, organizing air tickets, arranging hotel accommodation, car rentals, etc., for corporate executives. The other areas of specialization are ship or cruise travel, outbound travel, specially in packaging and marketing overseas holidays, organizing and promoting conferences and conventions, and creating and catering to an incentive travel market, etc. Some travel agencies confine their business to developing and marketing domestic tours only. This is an excellent business in developed countries and is now becoming profitable in India too.

Travel Retailing

Travel agency sector is the distributor element in the travel and tourism marketing system. It can be considered to be a link between the producers of various travel services like tour operators, airline companies, transport operators and hoteliers on the one hand and their customers on the other. In other words, travel agents bring buyers and sellers together with a view to creating markets in places where these did not exist or to make existing markets more user friendly and efficient in order to expand the overall size of the travel market.

Today, the travel agent has become an important, integral, part of the travel and tourism industry world wide. Majority of people are using the services of travel agents for organizing their travel both international as well as domestic. It is estimated that worldwide almost 70% of all international travel and 45% of all domestic travel are arranged by the travel agents. The data given however, may vary from country to country. The important role of the travel agent in the modern world is summarized in the principles of professional conduct and ethics of the Americal Society of Travel Agents. The Role of travel agents in summarized as follows:

“We live in a world in which travel has become increasingly important and complex in its variety of modes and choices. Travellers are faced with a myraid alternatives as to transportation, accommodation and other travel services. They must depend on travel agencies and other in the industry to guide them honestly and competently.”

Product Sale

The main function of a travel agency is the product sale. Product sale is very complex subject specially when the product happens to be a tourist product. Because of the special nature of the tourist product and the multiplicity of manufacturers of the product, selling assumes greater importance. In addition, the distribution channels through which the tourist product finds its way to the consumers are multiple and varied. The tourist product, as we have discussed earlier, consists mainly of attractions, transport and accommodation. The producers of elements of the above products include air, sea, road transport companies and carriers, hotels and other forms of accommodation units, and the organisations which are responsible for putting together attractions both natural and man made.

In most of the countries product sale is conducted through a distribution system controlled mostly by a network of retail travel agents, tour operators and wholesalers. The individual elements of a tourist product like international air tickets, domestic air or train tickets are also mostly sold through agents or representatives of airlines and railway companies, and purchased directly by consumers. The consumers have, therefore, a choice between direct booking and using the services of an agent. In addition, there are alternative channels available to the consumers through which they may buy their tourism products. These channels include clubs and societies, mail order, travel shops in supermarkets and departmental stores, tourist fairs and exhibitions and, more recently, electronic booking methods like computers.

6.2 Scope of Work of a Travel Agency

The scope and the role of the travel agency was limited in the beginning since mass tourism as we know it today had not yet begun. It was, however, the introduction, of the air travel which gave a boost to the travel agency business. The introduction of an economy class by various airline companies crossing the North Atlantic heralded the era of travel agency and was responsible for their growth. The introduction of an 'economy class' in effect was nothing more than a projection of Thomas Cook's original idea of adjusting prices to encourage full capacity use of every means of transport.

Rapid development of transport system, especially the jet travel, improved living standards combined with reduction in working hours is the root cause of today’s upward surge in travel. Side by side with the rapid improvements in industry and technology, practically all aspects of life have become more and more complex particularly during the past half a century" This is certainly the case in the travel industry in which, only a century ago, the job consisted almost entirely of arranging a simple reservation for the travellers in some means of transport. Today the functions and duties of a person at the travel agency counter are vastly different and more varied. He is now called upon to perform a variety of duties rather than just issue tickets and reserve seats in a train, aeroplane or accommodation in the hotel. Travel today is no longer the privilege of the few, but is sought by millions. No longer does the travel agency exist for the sole purpose of selling tickets from one point to another. The travel industry developed along certain well defined lines as the worldwide demand on its services increased. The urge to travel became very intense over the years resulting in wide spread growth of travel agencies in the world. Most of the travellers wished to have their travel arrangements made in advance and to be relieved of tl1e difficulties of coping with various pre travel arrangements of which they had only a very limited knowledge.

Modern Travel Agency

Over the years the range and activities of a retail travel agent have increased manifold. In the modem context, the role of a travel agent is rather different to that of most of other retailers selling merchandise. The travel agent does not purchase travel with a view to reselling the same to its customers. It is only when a customer has finally decided on the purchase of travel that the agent approaches the principal on behalf of his customer. The retail travel agent, unlike most other retailers, does not carry an inventory or stock of travel products in his premises.

The main role of retail travel agents is to provide to their customers a convenient location for the "purchase" of various elements of travel like transport, accommodation and severa1 other ancillary services associated with holiday and travel. The travel agents act as booking agents for holidays and travel and disseminate information and give advice on such services. This role can be summed up as follows:

(i) to give advice to the potential tourist on the merits of alternative destinations, and

(ii) to make necessary arrangements for a chosen holiday which may involve booking of accommodation, transport or other relevant services associated with his travel.

A travel agent, in order to give an advice to his potential customers on the merits of a destination, must possess knowledge, expertise and up-to-date information about that destination, Besides, a travel, agent has close contacts with providers of services, i.e., their principals from retail travel agent is an intermediary providing a direct link between the consumer and the suppliers of tourists services, i.e., airlines, transport companies, hotels, auto rental companies, etc. The retail agent is the one who acts on behalf of the principal, i.e., the original provider of tourist service such as an airline company, hotel company, shipping company, insurance company, railways or a tour operator. An agent sells the principal's services and is rewarded by a commission.

6.3 Travel Agency Operations

The scope and range of travel agency operations would depend on the size of an agency. If the company is large in size, the range of activities will be more comprehensive. In this case the agency will have specialized departments, each having to perform different functions. To deal with the subject of a travel agency, the best method of approach is perhaps, to consider its functions. These may be broadly classified as follows:

(a) Provision of Travel Information	One of the primary functions of a retail travel agent from the point of view of the tourist or the general public is to provide necessary information about travel. This information is provided at a convenient location where the intending tourist may ask certain questions and seek clarifications about his proposed travel. This is a very specialized job and the person behind the counter should be a specialist having excellent knowledge of various travel alternative plans. He should be in a position to give up-to-date and accurate information regarding various services and general information about travel, etc. The presentation to the potential customer must be forceful, and exciting variations must continually be devised to help sell tours. A good travel agent is something of a personal counselor who knows all the details about the travel and also the needs and interests of the intending traveler. Communication plays a key role in dissemination of any type of information. This is equally true in the case of dissemination of travel information. The person behind the travel counter should be able to communicate with the customer in his language. The knowledge of foreign languages is an essential prerequisite for personnel working in a travel agency.
(b) Preparation of Itineraries	Tourist itinerary is a composition of a series of operations that are a result of the study of the market. A tourist journey is characterized by an itinerary using various means of transport to link one locality with another. Preparation of different types of itineraries is another important function of a travel agency. A travel agent gives advice to intending travelers on the type of programmes which they may choose for their holiday or business travel. The study and the realization of the itineraries call for perfect organization (technical and administrative) as also knowledge of the desires of the public for a holiday and the propensity to receive tourists by the receiving localities
(c) Liaison with Providers of Services	Before any form of travel can be sold over the counter to a customer, contracts have to be entered into with the providers of various services. These include transportation companies, hotel proprietors, the providers of surface transport like motor cars or coaches for transfer to and from hotels and, for sightseeing, etc., and also for general servicing requirements. The work carried out under these headings is usually that of the owners or senior employees of agencies concerned. In the case of a large agency with worldwide branches, the liaison work involves a great deal of coordination with

	the principals.
(d) Planning and Costing Tours	Once the contracts and arrangements have been entered into, there comes the task of planning and costing tours, both for inclusive programmes and to meet individual requirements. This job is intensely interesting and at the same time challenging. It calls for a great deal of initiative and drive, for travel to those places which are to be included in the itineraries. Paradoxically many of those who do this type of work visit comparatively few of the places included in the itineraries they prepare. This is essentially a job for a meticulous person and calls for considerable training and ability. Many agencies, with the cooperation of airlines and other transportation companies, take the opportunity of arranging educational tours for such staff to destinations with which they deal.
(e) Ticketing	Selling tickets to clients using different modes of transport like air, rail and sea is yet another important function of a travel agency. This calls for a thorough knowledge of schedules of various modes of transport. Air carriers, railways and steamship companies have hundreds of schedules and the person behind the counter should be conversant with all these. Ticketing is, however, not an easy job as the range and diversity of international airfares is very complex and varied. There are several different types of fare combinations on the North Atlantic route alone. Changes in international as also in the local air schedules and additions of new flights from time to time makes the job of the travel agent one of constant challenge. An up-to-date knowledge about various schedules of air companies, steamship companies and railways is very essential.
(f) Settlement of Accounts.	Linked with the function of ticketing and reservation of accommodation in a hotel is the settlement of accounts of the clients. Accountancy plays an important part and is one of the major duties to be performed by the travel agency. Dealing with1he settlement of accounts in all parts of the world calls for a thorough knowledge of foreign currencies, their cross values and, above all, the intricacies of exchange control, regulations, which vary from country to country.
(g) Provision of Foreign Currencies	Provision of foreign currencies to intending travellers is another specialised activity of a travel agency. Some of the larger travel agencies deal exclusively in the provision of foreign currencies, travellers' cheques, etc. This is an important facility to intending.

	travellers as it saves them a lot of time and energy in avoiding visits to regular banking channels.
(h) Insurance	Insurance, both for personal accident risks and of baggage; is yet another important activity of the travel agency. Some of the larger travel agents maintain sizeable shipping and forwarding departments, aimed at assisting the traveller, to transport personal effects and baggage to any part of the world, with a minimum of inconvenience.

The multifarious activities mentioned in the above table show that the travel agency's range of services in modem times has expanded a great deal. The field of expertise is quite large and is constantly growing with the fast changing travel needs of the people. The job description of a modern travel agency can be summed up as follows:

(i) Preparation of individual preplanned itineraries, personally escorted tours and group tours and sale of prepaid package tours.

(ii) Making arrangements for hotels, motels, resort accommodation, meals, car rentals, sightseeing, transfer of passengers and luggage between terminals and hotels, and special features such as music festivals and theatre tickets.

(iii) Handling of and giving advice on the many details involved in modern day travel, e.g.; travel and baggage insurance, language study material, travellers' cheques, foreign currency exchange, documentary requirements (visas and passport) and health requirements (immunization and inoculations).

(iv) Possession of professional knowledge and experience, as for instance, schedules of air and train connections, rates of hotels, their quality, whether rooms have baths, etc: All of this is information on which the traveller, but for the travel agent, will spend days or weeks of endless phone calls, letters and personal visits.

(v) Arrangement of reservations for special interest activities such as convention, conferences, and business meetings and sports events, etc.

6.4 Planning and Organization of Travel

There are various activities which a travel agency has to perform in order that an intending traveller undertakes his proposed journey and enjoys a holiday of his choice. There are various steps involved. From the time a traveller visits a travel agent to buy a ticket until he returns home after visiting a place of his choice.

Organised travel by a travel agency can be of two types, i.e.

(i) single traveller's, and

(ii) group client.

In order to effect tile journey, the following main elements (in both types of travel) need to be considered:

(a) Study of the journey,

(b) Estimate of expenditure,

(c) Execution of the journey, and

(d) Presentation of accounts.

Individual or Ordinary Trips

The following steps are involved in organising individual or ordinary trips:

(i) The traveller's, turns to the travel agent to organise for him a particular journey (cultural, natural, business, religious, etc.).

(ii) The agency from this angle will examine as to what will be involved, e.g., scope of journey, when the journey is to take place, various services needed and the accessories required.

(iii) Based on the above evaluation and other elements in his t possession, the travel agent will suggest an itinerary and will then communicate to the client the estimated maximum cost for the client's approval.

(iv) The travel agent will then compile the definite estimates, a total of a series of various costs added up. e.g., transport, accommodation, the services such as those of guides, operative costs such as (postage, telex, telefax, e-mail, telephones, etc.).

(v) The travel agent then will present a document of the amount of money to be paid in duplicate to the customer. The traveller's returns one of the debit copies signed on acceptance accompanied with a deposit (in anticipation). The deposit normally is about 25% of the total cost.

(vi) Once the client's approval has been obtained, the travel agent's operation department then executes the journey.

(vii) The 'operation' department's task now is to book for the established dates the transport and various other services. After the booking confirmation has been received, the travel agent issues the vouchers.

(viii) The travel agent prepares the 'tourist itinerary' which will accompany the traveller’s through the entire journey. It will indicate the tickets to be used, the hotels and other services booked and will include vouchers, etc. Normally the itinerary is made in triplicate one for the traveller's, another for the agency and the third for the hotelier or those who will provide the required services paid by means of vouchers.

(ix) The last formality is the delivery to the client of the vouchers, confirmed tickets, the technical itinerary.

(x) When the group is particularly large, e.g., for sports, etc. the travel agent needs to take extra care by way of informing public authorities for purposes of security, etc.

Travel agents in a highly developed market coverall the above activities arid range of services which depends upon the extent of the economic development of that country. The travel patterns, of the population in advanced countries are different as compared to those in developing countries. The services of travel, agents are increasingly utilised in developed countries. In some of the advanced countries like the USA, Canada, Germany and Japan a very large percentage of tourists are utilising the services of travel agents.

6.5 Travel Agency Marketing

You are aware that a travel agency is an intermediary organization between the producers and consumers tourism services. All principal suppliers like airlines, tourist transport operators hotels, tour operators, etc. use the services of travel agency for the distribution and delivery of their products and services. The tourists or other travellers use the services of the travel agency for buying the services of the principal suppliers. However, this does not mean that the travel agency's marketing will be totally dependent on or governed by the principal suppliers/ consumers.

The travel agencies:

- go for their own market research to decide the target market,
- design their own products and services by value addition to the products/ services of the principal suppliers,
- decide on their product mix,
- determine discounts or service charges,
- have their own sales and promotional strategies, etc.

Understanding the Market

Once in travel agency business you have to decide which market segment to target. For this you should divide the prospective market into identifiable groups. In general all travellers are the market for a travel agency. But for targeting purposes the travellers can be segmented further into various categories. For example:

- those who travel by air,
- within air travel those who travel executive or club class or those who travel economy class,
- customers who require AC coaches,
- customers who require AC taxis, and,
- customers who would travel by trains (further which class) etc.

The mode of travel is also linked to the budget category (up, middle or low budget) and it can also be segmented on the basis of the purpose of travel like:

- tourists, (individual, family, group)
- business travellers, and
- government officials, etc.

The market can also be segmented on the basis of the tinting of the travel decisions. For example, some plan and book their travel in advance (example tourists) whereas others need reservations instantly ,(example business travellers).

Another form of segmentation can be on the basis of the services required by the customers, like:

- travel counsultancy,
- only ticket booking,
- those who want the agency to handle their travel documents (visa, passport, permits, etc.),
- airport pickups or transfers,
- hotel bookings,
- tour packages, etc.

A travel agency has to decide that which market it will target. Many travel agencies sell their services to any customer who walks in but confine their marketing efforts to particular segments.

6.6 Product Design

In India the travel agency business by and large is confuted to sole proprietorship or partnership and the nature of the business in majority of cases is small scale leaving aside a few leading travel agencies like Balmer and Lawrie, etc.

Once the target market has been identified on the basis of market segmentation and customer needs, the next task is to generate ideas for developing the product. This also has to take into account the business analysis looking into costs, estimating future sales and profit potential of the product that is to be designed and offered to the customers.

A travel agency may go for product orientation approach laying stress on products and services of tourism supply, instead of taking customers needs into account. This is what the travel agencies do in small towns. However, this approach is successful only in a monopoly situation, say, if there is only one travel agency catering to the customers. In such a situation the travel agency can dictate its own terms in relation to the supply of the product or service. But, this is not possible in case of competition and more so when special requirements are there. A travel agency has to adopt market orientation approach keeping in view the customer needs for accordingly designing its products. This leads to market research and surveys. A market survey has to be conducted not only to help in understanding the customer needs but also to seek information regarding the services offered by other travel agencies. Once these aspects are known a manager would decide whether to offer the services like others which are commonly available or develop services which are unique and different from others. For example, in the case of walk in customers the services offered may be different than those to be offered through home delivery services. If the normal product is only ticketing the agency can cater only to the customers who come to the agency or offer free home delivery of tickets or put nominal charges for home, delivery. But decision making in such cases will depend on the nature of competition and the services being offered by the competitors. For this, the following questions have to be taken into account:

- How many other travel agencies are there?
- What kind of services do they offer?
- Whether we will be in direct competition with them?
- How have the other travel agencies built their image?
- Can we build a similar image?
- How are we going to build a similar or a better image?
- Can we offer better services?

- What is the market share o[other travel agencies?
- How can we take the market away from them? etc.

By analysing such questions one can go for product differentiation in designing ones own services. For example; if the agency has to provide services for handling travel documents then what type of manpower will be required to provide these services and where all liaison work would have to be done? In order to distinguish your own travel agency services, you will also have to design certain meaningful differences from your competitors and it is on this basis only that you will offer a Product Mix.

Other items which travel agencies can include in their product mix are:

- Package,
- Travel insurance,
- Hotel reservations,
- Car rental services, etc.

6.7 Travel Itineraries

Planning itineraries is an essential function for a professional travel agent and is an effective way to gain client trust. Once one may planned an effective itinerary for a traveller's and the trip runs smoothly and according to plan, the client will be more likely to use services in the future. Happy traveller's are also more likely to refer to their friends and business associates, thereby generating additional revenue.

When planning itineraries, it is helpful to follow some basic guidelines that can be broken down into five categories: Pace, Routing, Interests, Details and Energy. A detailed explanation of these categories is as follows:

- Speed: Speed refers to how quickly or slowly an itinerary moves. Providing a comfortable pace for traveller is essential to their enjoyment of the trip. While it is frequently important to keep the itinerary moving, setting a pace that is too rapid can overburden clients and decrease their enjoyment. A traveller's age and health should also be considered when determining pace. Generally younger and healthier clients can move at a faster pace; but this is not always true, and each traveller's should be considered on an individual basis. Finally, any disabilities need to be evaluated when determining an itinerary's pace.

A good rule of thumb for determining pace for self-driving clients is not to exceed 150 miles per day. Also, allowing for rest stops and sightseeing along the way can improve the traveller's enjoyment of the trip.

- Interest: One very significant way to add value to your client's trip is to match his or her interests with corresponding activities and attractions along the way. To do this effectively, you must talk to your clients and listen carefully to the types of activities and the manner in which they describe their interests. It is helpful to provide a balance by planning some variety into the trip. To do this, you can schedule a mix of recreational activities, educational activities and "frivolous activities" into the basic itinerary. Determining and matching interests takes practice and destination expertise, but the extra effort it takes to practise and learn will be rewarded in the form of traveller's satisfaction.
- Details: No matter how clever an itinerary you put together for your client, if you do not pay attention to the details, the itinerary may be a failure. Details include checking to make sure attractions on your itinerary are open when traveller's arrives, reconfirming all ground handlers and transport and even checking with your clients to make sure they have made all necessary preparation including packing their passports and filling all essential prescriptions. Paying attention to detail may seem, tedious, but imagine how embarrassing it would be to schedule a client's visit to the Louvre in Paris on Tuesday, only to learn that the museum is closed on that day.
- Energy: Finally, matching the energy level of the client with the energy level and intensity of the itinerary is another way to assure the overall success of the trip. When considering this aspect, it is important to take note of how much walking certain destinations that includes small children and what type of travel experience the client is looking for. A traveller in search of a quiet beach vacation may not appreciate four scheduled activities per day. Get a sense of traveller's energy level, listen to what they tell you they want, and then match the itinerary based on your observations and experience.
- Routing: It is important as a travel agent to plan both an interesting and efficient routing for your client. Ideally the route should be both scenic and practical. Whenever possible, avoid back- tracking, doubling back or routing a traveller's in circles. This is particularly important when routing corporate traveller's because you will need to build the routing around the individual's business appointments. It is important to listen carefully to clients' plans and help them assess if the plan is realistic within the framework of geography.

6.8 Planning Air Itineraries

The term "itinerary" may be defined as the line(s) of travel; linking points in a passenger's journey, beginning with the point of departure, followed by those points traversed in the journey itself and ending at the destination point.

Time spent on careful and detailed planning of an itinerary is never wasted. You might have to plan a route that includes places unfamiliar to you, or take into consideration the fact that certain passengers may not travel via some countries, whilst yet others will want to reach their destination by a specific time. All these special aspects have to be borne in mind in order to produce the most practical itinerary in accordance with the passenger's desires.

Basic Planning

When planning the itinerary for the passenger, remember always to observe the following steps:

- Establish the places the passenger wishes to visit.
- Establish the order in which the passenger wishes to visit them.
- Link the cities in such a way as to avoid doubling back and zigzagging (unless absolutely necessary) while at the same time meeting any special request made by the passenger,
- Take account of political situations, geographical limitations and the practicality of the transport options.
- Ascertain that convenient air/sea/rial or road connections exist and, where possible, choose the quickest.
- Give preference, wherever possible, to itineraries with the lowest fares. Detours often raise the price.
- Plan your itinerary methodically, using it form such as the one shown on the following page.
- Be prepared to provide alternatives in case the passenger changes his or her mind or, when unexpected circumstances arise which will prevent the itinerary proceeding as originally planned. Your initial notes and calculations can often help in this regard and should therefore always be retained.

Planning Pro-Forma

Form Completion

On the following page you will find a blank Pro-Forma with a design similar to that used in many travel agencies.

When completing an itinerary Pro-Forma avoid using codes and abbreviations, Give all details in the clearest possible manner. This will greatly assist any other agency staff member who may have to service the passenger at a later date and will assist the passenger if the agency policy is to give a copy of the itinerary to the itinerary to the passenger.

In cases where more points are included in a passenger’s itinerary use another Pro-Forma for the additional information.

Resources for Planning Travel Itineraries

Now that you learned about some of the tools for planning successful itineraries, you are going to explore resources to help you with this process.

Of course the best way to gain knowledge of travel itineraries is to travel to the destination yourself. Unfortunately, there is simply no way to visit every possible destination that your clients might request. Therefore, consider using the following resources:

- Traveller's: Follow up with your current traveller's and find out how their trips were. Feedback both positive and negative, can be a valuable source of information. Consider developing a database of clients and making notes about their experiences in the database. This type of follow up will not only give you valuable information about the destinations and itineraries that you planned, but it will also help you build rapport and establish client loyalty and trust.
- Travelling Guide Book: Libraries and bookstores carry large numbers of travel guidebooks. Many of these guidebooks are quite helpful to travel agents. Some guides to consider are Michelin. Fielding, Fodor, Frornmer. Birnbaum and file Blue Guides.
- National and Regional Tourist Boards: Governmental tourist boards and offices offer a tremendous variety of useful information to the travel agent. You will be able to gather information about the, history, culture, geography, transport system, lodging, museums, special events and local currency. Many of these boards will send you professional brochures, posters, videos etc. that can be used as part of your sales process.
- Periodicals: Subscribe or utilise local libraries to locate appropriate travel articles. There are dozens of excellent publications, including Conde Nast Travelet, National Geographic. Travel and Leisure and Travel Holiday. In addition, there are a number of excellent speciality mgazines that focus on a particular aspect of travel such as SCUBA diving, skiing or boating.
- Specialty Journals: There are a variety of professional speciality journals that may be of help to you as an agent. Topics include anything from art to zoos and frequently include useful statistics to the travel industry. For example, Museum News published an entire issue devoted to cultural tourism.
- Travel Industry Organizations: Industry organizations are extremely useful sources of information to the professional travel agent. Examples of these include CLIA (Cruise Line International Association) ASTA, ARTA, ICTA, the Travel and Tourism Research Association, Adventure Travel Society, Ecotourism Society, Dive Travel Industries Association and the Fishing Travel Industry Association.

- Travel Industry Journals: Publications including Travel Weekly, Travel Agent and Travel Age are designed specifically for the professional travel agent. Consider subscribing to one or more of these trade publications.
- Internet: Perhaps two of the greatest technological advances for the travel agent are personal computers and the Internet. As we have seen, changes in the travel industry are occurring rapidly and an ability to keep abreast of these changes is essential to your effectiveness as a travel agent. There is a variety of excellent computer CD-ROMs that contain volumes of information about geography and myriad travel issues and destinations. The Internet is also becoming an essential source of information to the professional travel agent. Not only can a wealth of information be "virtual" tours of just about any destination in the world.

6.9 Summary

The travel and tour operators are very important cog in the wheel of tourism industry. The planning of travel itinerary needs special care and diligence, improper planning will lead to wastage of money and credentials. The travel agents and tour operators do their own market study and plan travel so that the tourist are served better.

The understanding of this will help you in understanding the dynamics of travel and tours.

6.10 Review Question

Q 1 What is the scope of work of a travel agency?

Q3 Briefly discuss the travel agency operations .

Q 3 What are the various factors in product design?

Q 4 How will you plan Travel Itineraries?

6.11 Suggested Reading

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UNIT 7

Automation in Tourism & Hotels

Structure

7.0 Learning Objective

The reader understands the importance of computers in present day tourism & hotel industry for providing more efficient, fast, updated and effective service to the guest. Also understands some commonly used packages in the industry and to be able to select the most useful for his establishment.

7.1 Introduction

The development of EDP (Electronic Data Processing) and its application to hotel industry, particularly to front office, has been slow and cautious. First it was thought that several hotels might share a common processing facility. Later, time sharing plans were advocated with each centre transmitting data to a computer centre. Neither of these ideas materialized. Now the new generation minicomputers have brought EDP to the use of hotel industry.

EDP is a technological refinement of automatic data processing, that is to say, an improvement over manual processing. The objective is reduced handling of data. It minimizes manual handling by recording each transaction only once in machine usable form.

First means of computer input was "punch card". In this system the data was recorded on cards. The cards were then fed into one of the several machines. The equipment then reproduced other cards by using the machine readable code of these cards. Then it sorted the data by categories and collated the cards to print out the restructured data. This equipment was slow as the cards had to be run through several pieces of equipment. Hotels actually did not get into this phase of computers evolution.

Later, a 'paper tape' was tested as a card substitute. The ancillary equipment was much the same as that for the card. Both needed a punch machine to convert the data into a machine readable language and both needed a reader to convert the processed data back into human readable language. This period (1960's) was more of a record processing rather than information. processing. Equipment was bulky and expensive and was unable to do communicative task which the hotel Industry needed. A decade later the second and the third generation computer machines 'with reduced costs of IC, chips etc. came. Although some hotels tried these computers, they were not accepted by the hotel industry as a whole, in the beginning.

7.2 How Computers Operate

A simple computer can be divided into major components such as the input unit, the CPU and the output unit, etc. Computer does not understand human language. It can take message in +ve and -ve electric signals only. The message is first transferred into the form of these currents with the help of the input device. An electronic eye is fitted in the input device. Message is fed into the input device by various ways such as punch cards, paper tape, magnetic tapes, magnetic disc and magnetic drums, etc.

Electronic rays are passed through the above and the current gets connected or disconnected as per the punching.

The CPU

The CPU can be divided into 3 parts: (i) the memory unit, (ii) control unit, and (iii) arithmetic logic unit.

The CPU controls the functioning of the computer.

The control unit asks the input unit to send the message and after receiving it sends the message to the memory unit.

The memory unit has some records already stored there in the form of magnetic tape, or discs etc. and whatever information is required, it is fed back to the control unit.

Then the control unit sends the message to arithmetic unit in case there is some calculations or comparisons to be done. After the calculations or comparisons the result is sent to the control unit and then to the output unit by the control unit.

The output unit works on the same line as that of the input unit and translates result into human language.

Types of Computers

Computers are classified into 3 major categories.

1. Digital - used for counting.

2. Analog - used for measuring.
3. Hybrid - used for both counting and measuring.

The hotel operations can be divided into two areas: (i) Front office, and (ii) Back office.

The front office area includes reservations, registration, guest history, guest accounting, telephones, room service, restaurant, accounting, housekeeping and night auditing.

The back office area includes account, receivable, inventory control, food and beverage cost control, purchase management, payroll, personnel and budgetary cost control, etc.

Even a 5% saving made through the use of computers over a period pf one year for a hotel of the magnitude of approximately 400 rooms shall pay for the computer system cost.

The justification of computer installation is not only in terms of economy and control but it provides improved service and guest handling which means a more satisfied guest.

The cost of installation of computer shall depend upon the type of hardware and software purchased and the functions it is supposed to do. Hardware is the same as for other industries, but the software has to be tailor-made depending on the specific needs of individual hotels:

An application oriented system, sometimes called a ‘Stand Alone System’ or a ‘Dedicated System’ is designed to handle one part of the system, for example, dealing with only pay roll or human resources development.

The management can base their decisions on the analysis of data from the computer. Through the use of computers, tasks such as consumption at the restaurant can be monitored, purchase of raw material can be controlled, sales can be planned, clientele can be assessed, etc.

Computer, apart from being used as a replacement for manpower and solving the filing problem, can also help in making a guest feel more cherished at the time of arrival and during stay, as it will help the clerk in knowing his name, his habits, birthday, likes and dislikes and can help in ensuring future visits.

Smaller computers which don’t require elaborate information structure can be used in small hotels as it will save the valuable space otherwise wasted on clerical offices, storage of files etc., and also save on wages to the staff. It will provide a fast, more effective and efficient system. It will provide fewer opportunities and possibilities for the staff to meddle with the accounts, ensure better inventory controls, etc.

It is a common fear that the automation of front office operation would reduce the employment of work of the receptionist to a great extent. On the contrary, this will provide more time to the receptionist to develop his skill in guest relations and spend more time in face to face relations with the guest.

He will now have more accurate decision making abilities as things will be automatic and based on more accurate information.

Some Worldwide Reservation Systems of Various Chains of Hotel and Marketing Consortium are:

OMAHA: Worldwide reservation centre for all Hyatt hotels located at Nebraska.

HOUDEX: Holiday Inn hotels reservations are made through this computerized system and main-frame is located at Memphis.

FORT RES: It is a system of Trust House Forte, another chain of hotels.

BEST WESTERN CONSORTIUM: Marketing organization covering over 3000 independent hotels round the world has central computer data base at Arizona.

MARSHA: (Marriott Advanced Reservation System of Hotel Administration) It is a system of Marriott Hotel and is located at Ohama.

7.3 The Total Hotel Management Solution System

People may be comfortable with technology that allows them to depend upon when and where they still want the option to deal with human beings on occasions. Any technological enhancement that impedes guest comfort - no matter how much money it saves - is not a profitable solution for hotels. Thus the technology should be so developed so as to improve efficiency and provide the guests with a unique hotel experience.

A total hotel management operation system should normally include: (1) Front office system, and (2) Back office system, which includes five main areas such as (a) Financial accounting system, (b) Material management system, (c) Personnel management system, (d) Food and beverage cost control system, and (e) Management information system.

1. Front Office System

The system should include the following aspects:

Reservations

The reservations system handles all reservation and related activities within a hotel. This subsystem allows for individual (F .I. T). tour group, conference and miscellaneous group bookings to be made for any date in the future. The reservation accounting function allows for advance deposit handling and transfer of charges to future reservations. Room availability is also checked for every reservation request, depending on room type and number of rooms requested. It handles room-wise, type-of-room-wise and name-wise enquiry, makes the accept/refuse decisions and may also prepare letters for confirmation, refusal, etc. The reservations system handles deposits and generates necessary reports.

Guest History

The guest history system provides for a personal, thoughtful and efficient guest service and hospitality. Personal histories on each individual guest are compiled, maintained and updated automatically. This information is available for review by the Front Office Staff.

Registrations

The registration system is linked by information transfer from the reservation system. Pre-, registration, guest rooms assignment and on-line' room status inquiry facilitates faster check- in. It has very powerful features for inquiry on in-house guest information. It also handles group registration key cards and electronic keys and handles walk-in arrival.

Guest Accounting, Departure and Payment

The guest accounting system provides for accurate, on-line posting of guest charges. Split multiple folios with specific billing instructions can be set up for each guest if required. Speedy group check-out is possible with the group auto-printing, settlement and check-out features, master and split folios, bills inspection, unposted charges, foreign exchange, voucher control, receipts, payment methods.

Housekeeping

The housekeeping system allows for constant updating of room status within the hotel. An interface with EP AJ3X is also there.

Telephone Operator

The telephone operator system enables operators to have easy access to information about all in-house guests, expected arrivals and departures. An optional interface with the EP ABX system should allow for automatic posting of telephone charges to guest folios.

Banquet

The banquet system is an unique system that caters to banquet reservations. The extensive inquiry capability of the banquet system gives information on booking positions for any particular hall, function, day or time. Billing and posting of transactions to the sales ledger also should be handled by this module.

Points-of-sale

The points-of -sale system is designed for the complete order-taking and cashiering functions at any outlet. In-house guest information is available to the cashier, enabling personalised attention as well as timely, accurate posting to the guest ledger. The system incorporates all the functions of a cash register and is particularly effective in room service.

Night Auditing

The night auditing system is the most important function in the daily operation of the hotel. It posts room tariff automatically, performs the final balance of the entire day's transactions and closes the day's business. A comprehensive audit trail and accounting reports help reconcile all transactions in a short span of time.

Electronic Cash Register

It handles automatic pricing, display and keyboard change control, sales analysis, time clocks, etc.

2. The Back Office System

The Back office system should include the following aspects:

Material Management System (MMS)

It covers the entire material management function such as requirement, planning, purchase, receipt, stock accounting. Issues are viewed as an integrated activity. The system should provide information for effective decision making and book-keeping.

- Purchase requirements reporting aids better order decisions.
- Historical purchase vendor/cost analysis for lower purchase costs.
- Automatic reminders on pending purchase orders ensures timely supplies.
- Easy monitoring of stock especially for perishable/limited shelf-life items.
- Assists administration of purchase and stores department.
- Provides automatic stock accounting.
- Aids spot stock-taking.
- Provides data for general ledger and department costing.
- Comparison of historical information for trend analysis.

Management Information System

The management information system should provide statistical information to the management to assist in decision making and control. Comparison of budgets with actual by responsibility centre supports management centre systems. Automatic MIS data collection should provide comprehensive business and sales analysis. The timely accurate information provided would ensure increased revenues, higher occupancy and cost savings.

Financial Accounting System

Information required for basic accounting functions and financial management of a hotel should be incorporated in a comprehensive set of integrated modules.

- Integration of accounts receivable, accounts payable, stores accounting and payroll with general ledger.
- Significant aid to accounts administration and audit/reconciliation.
- Monthly trial balance and profit and loss statement prepared.

- Timely, updated, accurate financial information for financial control.
- Faster collections and better information on account receivables.
- Forecasts of cash flows for better cash management.
- Timely statement of accounts for debtors/creditors.
- Comparison of budgeted and actual revenue/expenditure.

Food and Beverage Cost Control System

This module is the most important area of concern in hotel operations-the savings possible through control of food and beverage material usage.

- Should establish standards for raw material usage through recipe explosion.
- Should highlight raw materials where variance is exceptionally high.
- Should automatically pick up issues and costing from materials management system.
- Should automatically pick up sales detail from point-of-sale system, daily meal order.
- Beverage control and electronic bar, bar control system.

Personnel Management System

The most important asset in a hotel is its people. The personal management system should integrate the requirements for effective career planning, personnel administration and payroll.

- Comprehensive data aids personnel career planning and manpower development.
- Extensive reporting capabilities on employment profiles.
- Should help aids personnel administration.
- Comprehensive payroll system with automatic calculations and printing of payslips.

MANAGEMENT REPORTS

1. **Telephone Monitoring and Charging -** Telephone service, alarm and wake calls.
2. **Hotel Security -** Electronic locks, digital pad system, card system, magnetic system, others (recording signatures, voice recognition) guest room vending and video.
3. **Tourist and Travel Infonnation System -** Tour operation and travel system.

7.4 Application of Computers In Tourism & Hotel Industry In India

Hotel industry in India felt the need 'of computerization way back in 1982 when Asian Games (Asiad 82) was held in India with an underlying idea of providing more personalized service to the guest. If you have to be on the top in this line you have to offer more to your guest than any other hotel i.e. ultimate in service i.e. personalization. Fortunately we have today a willing slave called 'computer' as a means of providing a more complete personal service, which is prepared to work endlessly at very little cost on the most mundane, tedious, boring and repetitive tasks A computer will change the efficiency of a procedure but will not fundamentally affect its value to the guest. Rather, it would make it more reliable, economical and faster. As a part of effective services, guests are pre-registered to .save time, and individual attention can be given to them. Advance information, especially about VIP's, help in providing exactly what they need without their asking for it. More personalized touch can be given as the operator identifies the guest by name and his/her room number and their needs are attended to immediately. Information is dispatched more effectively, interdepartmental communication is quick and information can be transmitted from one terminal to another terminal. Also, the guest accounting is accurate. The guest does not have to wait for the bill to be produced. Last minute meal charges, mini bar charges or telephone call bills are updated immediately and have no late charges. Pneumatic tube used for transmission of information are no more used. At any given moment the status of room can be verified and a report can be prepared. The back office can be used for all the accounting, cash trial balance, payroll, stock control, etc. Another important function, forecasting, leading to better planning and accurate room availability for maximizing rooms sales can be done.

7.4.1 Some Computer Companies And Their Systems Used In India

1. **Hoskyns System:** One of the first companies to market a micro-computer based front office system in U.K.
2. **ICIM-101:** System uses HAGAS software package (Hotel Administration & Guest Account System) (ICIM stands for International Computer Indian Manufactures.)
3. **ITEKIRA Data Marketed Host:** A front desk software system for small hotels up to 100 rooms.
4. **HOL TECH:** designed a comprehensive fully integrated front and back office accounting and financing system called CASH.
5. **ICIM HAGAS:** also offered a system called Superstar for back office operation (an interface of front office to a general accounting system).
6. **HAL:** Hospitality and Leisure system form NELCO.
7. **O'pm:** Open system
8. HMS: Slave System

9. **Integerated Property Mgt. System:** FIDELIO System
10. **HIS:** Hotel Information System MICROS (POS).
11. **Back Office System:** HOST, MAXEL
12. **Personnel/Finance/& Inventory System:** APCL, OASIS, APGL, ICOMMS, FACT, ICOBCMS.
13. **Central Reservation Systems:** NORTH, GDS, SABRE, ITT, SHERATON, GALLILEO, SPIRIT, AMADEUS.
14. **IDS-Fortune Enterprise.** The complete hotel Management system

FIDELIO HOTEL MANAGEMENT SYSTEM

Fidelio hotel management system is a completely integrated system package designed to maximise the efficiency of the hotel. It is a highly flexible system. Its uniform and user-friendly interface means that hotel employees can learn this system quickly. It is a completely integerated package designed to manage and maximize the efficiency of hotel operation. It has a special training module which enables the user to work and learn in a real-like environment.

Fidelio is a highly user-friendly software with pull down menus which help and assist the user at every step and “only a short term training to staff is required. Fidelio software is one of the most advanced hotel management software. It is a Munich based software company. To save the Fidelio from any virus, Fidelio has its own special file and in case a virus gets into it, Fidelio catches it and leads it into a non-usable file from a data base file and locks it. An additional software called ‘Red Alert Software’ for extra protection is used. Total hardware i.e. net server, vectra nodes and printer are provided by Hewlett and Packard. Servers are Pentium based.

Fidelio and its Importance in Interdepartmental Coordination and Communication

- Promotes smooth functioning of all the departments wherever it is installed.
- Reduces paperwork and helps in saving money on extra stationery.
- Eliminates communication gap between departments and helps in providing quality service to the guest.
- Helps in upkeeping of the hotel’s goodwill with the guest.

The interdepartmental coordination leads to an attitudinal development in the staff. The lax attitude is replaced with more conscious behaviour as they realize that they are equally responsible for their own actions. It helps save time and reduces work load and increases productivity. Accommodation operation include two basic and important departments - front office and housekeeping. Fidelio helps in interdepartmental and intradepartmental coordination, cooperation and communication in both i.e. front office and housekeeping. Fidelio as a package is an enhancement to interdepartmental coordination. The underutilization of Fidelio shall not give maximum benefit which can be derived from this software.

Advantages of Fidelio Hotel Management Software Packages

Fidelio is an eco-friendly package as it makes the paper work redundant and eliminates filing and storage cost. Fidelio has integrated, configurable, context sensitive help system and is in the form of pull down menus with windows and function keys. It has user-definable and friendly screen with colour coding by using a set of 12 code to indicate the status of each room by a 12-co1our code. It is a highly flexible programme unlike other software management systems and has facilities like screen painter, report generator, user-definable report menus and night audit, etc. It has the ability to create extensive guest history which can record guest stay, behaviours, preferences etc. for unlimited years. Complete graphical plan illustrations of each floor allow the front office staff to monitor and control the occupancy of every room in the hotel.

Disadvantages and Problems

Since it is very expensive, an underutilization will be very expensive. Its maintenance is also expensive as compared to other systems 'and if proper locking is not done, anybody can access guest profile in front office and hence guest information can be easily altered or erased. User ID should be kept. Ii is possible that there is no provision to block anyone from reading valuable information hence such provision should be made. Locator information of the guest gets deleted automatically after a particular time. During night auditing, for 2 hours the terminals are shut down; thus check-ins and check-outs during the period can't be taken through computer. The colour coding in floor plan is not prominent enough as shading causes confusion.

7.5 Global Distribution Systems

The tourism and hospitality market place is a global arena where millions of buyers (travel agents, and the public) and sellers (hotels airlines, car rentals etc.) work together to exchange travel service. Global distribution systems and internet have now become a sort of super market for linking the buyer and sellers of tourism services. Online travel services such as hotel reservations and other travel booking are becoming increasingly popular in developed and developing countries. Airlines industry created the first GDS in 1960's for keeping the track of flight schedules, availability and prices. GDS's can be considered as the first e-commerce companies in the world facilitating B-2- B electronic commerce. In 1970 SABRE (owned by American Airlines) and APOLLO (United Airlines) started installing their proprietary interval reservations systems in travel agents. Various G.D.Ss are there, but out of these the most famous ones are:

(a) Amadeus (b) Sabre (c) Galileo (d) Worldspan.

Apart from these some smaller or regional GDSs include SAHARA (SIT A's system) INFINI (Japan), AXESS (Japan), TAPAS (Korea) FANTASIA (South Pacific) and ABACUS (Asia/Pacific)

(a) **Amadeus.** Air France, Iberia, Lufthansa and SAS founded this GDS in 1987 but began operating in January 1992. Its data base and data network is servicing nearly 60,000 travel agency offices and approximately, 12,000 airline offices allover the world. This system can also provide access to some 60,000 hotels. Some other contraction such as Ferry Rail, Cruise, Insurance and tour operators are also linked to it. Initially all the four airlines were holding equal shares but now Air France, Iberia, Lufthansa Continental Airlines are holding 29%,29%,29% and 13% shares. In addition 36 national marketing companies are involved in the management and promotion of Amadeus. Amadeus in July 2001 acquired e-travel from Oracle Corporation. Amadeus system is an European response to American GDS with its main objectives such as:

(i) increase the efficiency of airlines booking,

(ii) to replace the existing reservation system in the market of its owner and to provide a totally neutral distribution system with leading edge technology and

(iii) to give equally comprehensive access to car rentals and also hotel services to create a global system., As an organized holding company amadeus is based in Madrid. It has three subsidiaries:

- Development, (Sophia Antipolis),
- Marketing (Madrid/Sophia Antipolis) and
- Operations (Munich).

The product of Amadeus Data Processing Corporation, Amadeus Central System is located in Munich and is connected to the world via its own high speed communication network (AMANET) operating 24 hours for the whole year. The features of this product are:

(i) Immediate guaranteed confirmation of hotel -reservations, car rentals and airlines,

(ii) Integerated intelligent pass angers name records (PNRs) which store all customers travel data and integrate them with customer profiles stored by agency database.

(iii) Providing on line information on destinations and its attractions,

(iv) Offering on line training to users, and

(v) Utilising customized procedures to save time.

Amadeus is one of the 4 major GDS (Global Distribution Systems). Amadeus launched operations in India in early 90's and their main target business was Travel Agents Sector. At one time Amadeus was the only CRS of the country to be a member of IA TO. Late in 1996 Amadeus launched 'Travel File' the worlds largest distribution information database. Amadeus has been instrumental in promoting both inbound and outbound tourism through CRS. 'Travel File' database provides information on countries, regions, events and activities, and will also provids booking of products and services offered by local providers (tour packages, Special excursions, sightseeing programmes, sporting activities and other tourism related services). Travel File is offered free of cost to all subscribers to 'AMADEUS CRS'. Through this Travel File you can offer expert travel advise to your clients, give superior standards of customer services. It also provides an online directory to over 1,00,000 recreations, adventure and travel opportunities. Your search of activities and facilities in very easy as you simply have to type in keywords available in the menu. Amadeus Information System; provides information in various languages. Amadeus pro package (PC/ window based) travel agency management system provides an interactive and integrated management and control system and particularly integrates Front and Back Office functions.

Accommodation. Apartment, bed and breakfast, hostels, hotel, resorts, ski/health/golf and motel.

Tours and packages. Rafting tours, cruise tours, day tours, ski tours, event package and rail tour.

Entertainment. Dinner show, gambling, horse show, performing arts, Rodeo and tournament. Business service. Convention, meeting services and seminar.

Amadeus central system products are grouped as follows

(i) Amadeus hotels,

(ii) Amadeus air

(iii) Amadeus cars

(iv) Amadeus services

(i) **Amadeus hotels.** Amadeus hotels provides accurate information on nearly 40,000 hotel properties world wide covering hundred, of hotel chains, locations, last rooms availability, hotel features and rates all shown. Access to major hotel' chains give up to date, booking information so that agencies can check availability and receive immediate guaranteed confirmation. Amadeus also offers the facility to access and sell special or promotional rates, negociated by Travel Agencies or the clients themselves. The display and processing of these rates is guaranteed secure when a reservation is made, the negotiated or special code rate is noted and the rate automatically confirmed by hotel alongwith the booking. As already said Amadeus hotels are linked to the hotel switches THISCO AND WIZCOM systems.

(ii) **Amadeus air.** Incorporated the schedule of numerous airlines and displayed neutral availability and provided reservation facilities providing choice of city pairs and millions of routes. The details are sent to concerned airlines to update the status of availability and get the confirmation simultaneously. The Fare Quote System by incorporating the costs for concerned segments gives the updated price automatically. Further negotiated fares can also be incorporated in the quoted price. Seating plans of the aircrafts can also be displayed with the reserved seat number.

(iii)**Amadeus cars.** Information about several car rental countries world wide is displayed. Information such as price, makes and models of cars and the location and terminals of their availability, such as interstate/international bus terminals, airport and railway stations etc. and the availability of vehicle, and chauffer etc. can be seen and instant booking can be done.

(iv)**Amadeus service.** It is usually a user friendly, menu driven display that covers information about various services such as itinerary planning, contacts payments, and documents etc. one of the feature is that if the traveller wants any changes during the course of his travel then that can be easily done because the PNR of the traveler has all the travel related information recorded on it and also because travel agencies connected to Amadeus have the option to authorize specified agencies using Amadeus to share central profile

Amadeus Leisure. UK travel agents network with AT & T to the tour operators and suppliers through video text links. By this the same network is used for both leisure and business travel covering the entire range of products.

Advantages of Amadeus:

(i) Time saving as it provides all travel, client and agency information through single screen access to travellers round the clock in real terms.

(ii) Increased productivity (information easy to find and understand).

(iii) Efficient and hence more economical.

(iv) Quick response terms.

(v) Better control as the entire travel agency business can be integrated and hence increase profitability.

(vi) Possibility of cross selling the products and larger offers to clients is possible.

(b) **SABRE.** One of the leading ODS, Sabre started in 1960 as an ordinary reservation system. By 1980s sabre became an important travel web site and an advanced

Airlines Yield Management System. Sabre now is a provider of innovative products (allover the world) that helps travel business. In 1996 sabre has become a legal entity of AMR (parent company of American Airlines). Its headquarters are in Southlake, Texas. Sabre connects numerous travel agencies, airlines and approximately 60,000 hotels in nearly 50 countries all over the world. Many car rentals, cruise lines, railroads and tour operators are connected through sabre. One of the latest development is sabre virtually, an automatic website to provide travellers up to minute details about itineraries and information about destinations. TRAVELOCITY .COM website also belongs to sabre. This website helps the traveller to find the best airlines car rental and hotel and vacation reservations. Sabre is considered to be one of the most important and competitive GDS as it anticipates and take advantage of the changes in the information economy and develops innovative practices leveraging both human resources and technology systems.

(c) **GALILEO.** In 1993, 11 major airlines of Europe and North America (Air Lingus, Air Canada, Alitalia, Austrian Airlines, British Airways, KLM, Olympic Airlines, Swiss Air, TAP Air Portugal, United Airlines and US Airways) founded this GDS and named it Galileo International. All over the world this GDS covers regions such as North America, Europe, Middle East, Arica and the Asia/Pacific area. Through its computerized reservation systems, leading edge products and innovative internet based solutions, it is a value added distributor to various of its consumers. Currently the company is represented in more than 120 countries and cover approximately 50,000 travel agency offices, 500 airlines, approximately 300 hotels, 40 car rentals and 370 tour operators. Galileo has sponsored membership to the THOR World Wide Negotiated Hotel Rates Programme and linked to galileo data centres is operating more than 1,78,000 computer terminals supplying information and technical support to travel agencies. Galileo has established successful relationships with entities such as GO, UK's best low cost airline subsidiaries such as Highwire Inc providing internet based tools and services to the corporate travel market, and Shepherd systems, an industry leader in providing sales and marketing system and services within the travel industry.

D. **WORLD SPAN.** In 1990, Delta Airlines Inc, Northwest Airlines and Transworld Airlines of USA founded this GDS. Later, in place of Trans World Airlines, the American Airlines was incorporated. Currently it serves more than 20,000 travel agency offices in nearly 90 countries. Through its headquarters in Atlanta, Georgia it connects approximately 450 airlines, 250 hotels, 40 car rentals, 39 tour and vacation operators and 44 special travel service suppliers. It has now tied up with various travel technology companies such as Datalex, an e-business infrastructure and solutions company for global travel industry, Digital Travel, a global on line tour provider, Kinetics Inc, developer of technology and solutions for airlines industry, open table.com (restaurant system) and Viator. Later in 2001, Orbitz LLC was launched on internet using world span as its internet booking engine. In 2002 with the launch of world span e-pricing SM made world span the first GDS to introduce a revolutionary new multi server based technology which offered pricing options selection to its customers.

A BRIEF DESCRIPTION OF SOME OTHER INTEGERA TED PMS Micros

The MICROS 8700 HMS (Hospitality Management System) is the most functional, usable and attractive POS system ever.

- It provides a wide range of information processing, from POS operations to back office operations.
- Open system architecture allows it to operate with any IBM compatible PC, as well as providing multi-user and multi-tasking capabilities, running under SCO-UNIX.
- The innovative touch-screen order entry terminal speeds restaurant orders quickly and accurately, bringing high efficiency to food ordering, cashier functions and management reporting.
- MICROS hand held touch-screen terminals can also be integrated into the system.
- Hoteliers can look at the day-to-day profit and if it is not going well, they can take appropriate action to control costs and opening stocks.
- The POS system provides instant information allowing the management to react quickly to market trends. It can also be used for various kinds of report generation.

Hotel Sales Management

This software system maintains comprehensive files of all past and potential customers from names, address, contact, preferences, booking profiles, and patterns. This database becomes the most valuable marketing resource for the hotel.

- It can be used for direct mail promotion, tactical marketing initiatives, policy making and forward planning.
- The software takes full account of the hotel capacity and occupancy levels throughout the regions so that the marketing activity can be focused wherever there is greatest potential.
- Paper work in the office becomes fully automated, bringing significant reductions in operating costs.

Reservation Network

An automatic reservation system that will cover up all the basic need of a reservation, equating the guest inquiry with the availability of room, confirmation or refusal. Once a confirmation is done, accurately recording transactions to ensure correct arrival and departure date, number in the party, number and type of room required, guest name and address, equated rate etc. are completed.

Another very popular PMS (Property Management System) developed by HISI Multi Systems Inc., Phoenix has following features and benefits. Various useful reports generated with this system are also given below.

1. **Features**

(i) Reservations

(a) Guest and folio history

(b) Rate tiering, average yield management

(c) Inventory period of upto 51 weeks

(d) Multiple room reservation

(e) Chain setting of upto 99 reservations

(f) Rate override for special rates

(g) One key availability, and room rack display

(h) Guest and group charge routing

(i) Room blocking functions

(j) Extensive sorting of guest name lists

(k) Reservation forecasting

(l) One step release of non-guaranteed reservations

(m) Availability to book reservations more than one year in advance

(n) Group masters and accounts that handle group rates and inventory control

(o) Room list input

(p) Group pre-block with auto room assignment

(ii) Front office

(a) Registration cards printed by request or in batches for all arrivals.

(b) Auto room assign option for rapid check in

(c) Room availability at a glance

(d) Same day arrival/departure inventory accounting

(e) Rapid one step process to check-out guests and print folio

(f) One step group check-in and check-out

(iii) Accounting and back office

(a) Property defined house accounts and department codes

(b) Authorization and billing for guest accounts

(c) Flexible rate type and seasons

(d) Calculation of discounts, plan and package rates

2. Reports

(i) Systems generated reports

(a) Guests booked on date report

(b) All guests records for date report

(c) Room rates audit report

(d) Deposit activity report

(e) Daily activity report

(f) Cashier shift report

(g) Pay in advance report

(h) Credit limit exception report

(i) Occupied rooms/room count/room rate exception report

(j) On-screen report viewing

(ii) End-of-day report

(a) Department audit report

(b) Guest house, deposit and inactive ledger balance reports

(c) Complimentary rooms report

(d) Override rates report

(e) Group master and cut-off report

(f) Posted room/tax report

(g) Cashier close out report

(h) Daily activity close out report

(i) Room count/house count report

(j) Guest file expectation report

(k) City ledger account report

(l) Source of business report

(m) Off market room report

(iii) Central reservation interface: (the following reports are obtained only if Host CRS provides)

(a) On line auto dial communications to CRS.

(b) Property to property reservation

(c) Send and receive administrative messages

(d) Display seven days reservation centre status

(e) Recall and display reservation centre message logs

(f) Property control of reservation centre status in sensitive rates and inventory areas

(g) Open/close inventory by room type

(h) Open/close plans or package rates

(i) Update reservation centre rate schedule

(j) Centralized travel agents commission report

(k) Set minimum length of stay status

(l) Set close to arrival status by room type

7.6 Summary

The management can base their decisions on the analysis of data from the computer. Through the use of computers, tasks such as consumption at the restaurant can be monitored, purchase of raw material can be controlled, sales can be planned, clientele can be assessed, etc.

Computer, apart from being used as a replacement for manpower and solving the filing problem, can also help in making a guest feel more cherished at the time of arrival and during stay, as it will help the clerk in knowing his name, his habits, birthday, likes and dislikes and can help in ensuring future visits

7.7 Review Questions

Q 1 Write a short note on the operations of Computers.
Q2 Discuss Total Hotel Management System
Q3 What do you understand the Fidelio System of Management?
Q4 Discuss Global Distribution System in short.
Q5 What are the advantages of using Amaedus?

7.8 References & Suggested Reading

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Unit-8

Introduction to CRS

STRUCTURE

8.0 Objective

After going through this unit, you should be able to:-

- ❖ Understand the nature and purpose of Computerized Reservation System (CRS)
- ❖ Understand and the role of BSP in ticketing
- ❖ Understand the E-ticketing

8.1 Introduction

A computerized system containing information about inter alia, air carries' schedules, availability, fares and related service with or without facilities through which reservation can be made or tickets may be issued to the extent that some or all of these services are made available for subscriber. Computerized Reservation System is an important component of ticketing in present context. Computerized Reservation System (CRSs) are used for hosting airline seat inventory and seat reservation transactions, originally designed, owned and operated by airlines, the use of CRSs had been extended to travel agents as a distribution tool. Over the years CRSs have evolved into Global Distribution systems (GDS) that host inventory to multiple airlines and other modes of travel and travel related associated services. It has significant role like nervous system in human body. It's structure seems like criss-cross network spread all over the world. The virtual highway of information has been lifeline of airlines support system. Computerized Reservation System (CRS) is based on computer network as a major hardware or software tool.

8.2 The need for a CRS System

Computer Reservation System is a good to automate reservation activities. Computerized Reservation Systems (CRSs) and increasingly internet Providers satisfy the needs of consumer for convenient access to transparent and easy to compare information. They cover the entire variety of choices of travel, lodging and leisure services, destinations, holiday packages, as well as display the actual prices and availability of such services. These services also provide immediate confirmation and speedy documentation of reservations, allowing a greater degree of flexibility and enabling prospective travellers to book at the 'last minute'. Experienced travellers are therefore empowered by information and booking systems and increase their personal efficiency by creating tailor made products independently. The primary reason for making use of computers in the handling of reservations is to increase yield metrics, but this entirely depends on the level of CRS integration with other information systems and applications. This is because CRS do not only tremendously help in processing reservations, but they also support decision making in marketing and sales (e.g. yield management, discount policies, the Creation of guest records, etc.). Integration between CRS and distribution channels can improve efficiency, facilitate control, reduce personnel, and enable more rapid response time to both customers and management requests whilst enabling personalized service and relationship.

Need of CRS felt due to following factors:-

1. Information Intensive Industry.
2. Developments in the field of Information Technology (I.T).
3. Peaceful era after world war.

8.3 History of the CRS System

In 1946, American Airlines installed the first automated booking system, the experimental electromechanical Reservisor. A newer machine with temporary storage based on a magnetic drum, the magnetronic Reservisor, soon followed. This system proved successful, and was soon being used by several airlines, as well as Sheraton hotels and Goodyear for inventory control. In 1953, Trans-Canada Airlines (TCA) started investigating a Computer-based system with remote terminals. Their idea of an automated airline reservation system (ARS) resulted in a 1959, venture known as semi-Automatic Business Research Environment (SABRE), launched the following year. By the time the network was completed in December 1964, it was the largest civil data processing system in the world. Other airlines established their own systems. Delta Airline launched the Delta Automated Travel Account system (DATAS) in 1968. United Airlines and Trans world Airlines followed in 1971 with the Apollo reservation system and programmed Airline Reservation System (PARS), respectively. Soon, travel agents began pushing for a system that could automate their side of the process by accessing the various ARSes directly to make reservations. Fearful this would place too much power in the hands of agents.

In 1976 videcom international with British Airways,, British Caledonian and CCC launched Travicom, the world's first multi-access reservations system forming a network providing distribution for initially 2 and subsequently 49 subscribing International airlines (including British Airways, British Caledonian, TWA, Pan American world Airways, Qantas, Singapore Airlines, Air Frances, Lufthansa, SAS, Air Canada, KLM, Alitalia, Cathay Pacific and JAL) to thousands of travel agents in the UK. It allowed agents and airlines to Communicate via a common distribution language and network, handling 97% of UK airlines business trade bookings by 1987. In 1987, a consortium led by Air France and West Germany's Lufthansa developed Amadeus, modeled on system one. Amadeus Global Travel Distribution was launched in 1992. In 1990, Delta, North West Airlines, and Trans world Airlines formed worldspan, and in 1993, another consortium (including British Airways, KLM and United Airlines, among others) formed the competing Company Galileo International based on Apollo. Numerous Smaller Companies Such as KIU have also formed, aimed at niche markets not catered for by the four largest networks, including the low-cost carrier segment, and small and medium size domestic and regional airlines.

8.4 Companies providing CRS

CRS Programmes available in market.

1- Worldspan
2- Galileo
3- Sabre
4- Amadus
5- Sitar
6- Other regional/national level CRS System

8.5 Use of the CRS by Airlines & Travel Agents

CRS is a leading distribution channel in the field of airline and travel agent ticket. Travel agencies, big corporate houses, use it worldwide. It Can also be defined as super switch i.e. computer providing excess to various CRSs. It is a cooperative arrangement of different CRSs. There are different other distribution channel like Internet, GDS etc. There are different uses of CRS enlisted below.

- Common Languages Interface
- PNR consolidation
- Remote ticket issues

CRS system is a computer aided system performs reservation activities. CRS is a subject to perform its job on regional basis, national basis or international basis.

The development of such systems was already started at the beginning of the sixties, the objective being at the time to automate seat reservations procedures of airlines. Today, the largest civil data centers and the most powerful communications networks are being used exclusively for this purpose. After several changes in the marketplace, the best known global CRSs are AMADEUS, GALILEO, SABRE, and WORLDSPAN with AMADEUS being the only one which is largely owned by European airlines. Together with GALILEO, it is the leading system in the European market. GALILEO, however, also has a strong position in the US market after it merged with an American system. SABRE and WORLDSPAN have been developed in the US. So far, SABRE is the only CRS which is wholly owned by one single airline. Using the global CRSs, travel agencies can make reservations directly from their terminal with any airline and on all continents without having to go through a coordination process or contract negotiations. All global CRSs provide the basic functions for the reservation process such as product presentation, reservation, fare quote & ticketing and additional services.

- Product Presentation: For a CRS, the most important source of information is the presentation of the products and services offered by providers in all areas related to the travel industry. Each group of service providers has individual screen categories the contents of which particularly represent the complexity of their offerings and specific features of their serivces. The product "flight" for example does not require complex descriptions since it is sufficient for a neutral product presentation to state the departure and arrival times, the route, availability of particular reservation categories and possibly the fare. It may, however, be difficult to describe the products of other service providers appropriately with only a limited amount of information. Hotels, for example, have so far only been able to provide information about the price, the size of the bed and its approximate location which alone is not a meaningful description for potential customers. For this reason, it is intended to link the particular offers to visual multimedia technology to be able to provide more detailed information to the customer.

- **Reservation**: The core function of reservation systems and the main reason for developing them is the reservation of offered services in the travel industry. To this end, a so called Passenger Name Record (PNR) or Guest Name Record (GNR) is created for each passenger or each group of passengers. These records contain all services-related customer information. At the same time, this information is transferred to the internal inventory system of all service providers who thus have the latest information about availability at any point in time and can use it as a basis for a new offer. In addition, the system can also store customer related information such as e.g. all services provided to a certain customer, type of payment, service information etc.
- **Fare Quote & Ticketing:** Just like the product presentation, the fare quote, ticketing and voucher generating process depend on the type and the complexity of the services offered. For flights, multiple fares are being offered which differ according to the reservation category, the date of the journey, the day when the reservation was made, the route and the length of the stay. That means that practically each fare needs to be calculated individually. In addition, fare quotes can change daily. The prices of other service providers, however, are relatively fixed so that in most cases, they stay an unchanged part of the offer. For the ticketing, travel agencies receive a fixed number of ticket forms which may only be used after confirmation has been received from the respective service provider. Typically, the print-out of any additional information material is not supported by most systems as it is not always necessary, like for example a print-out of a hotel or rental car reservation.
- **Additional Services:** Because of the increasing competition in the market, system operators were forced to offer not only the three essential components of an information and booking system but also additional services. Today, the user has direct access to essential travel information and can find further information in all CRSs about trade shows, visa regulations, particular events etc. Furthermore, programs and interfaces have been developed which facilitate the internal administration for each travel agent. Also invoicing, accounting, customer and quota management increasingly depend on the respective CRS. User prompting has significantly improved so that even inexperienced users can easily learn how to work with the reservation procedure. Since more and more PCs are being used in this area modern user interfaces have been introduced.

8.6 Benefits and importance of CRS System

A Computerized Reservation System (CRS) is used within the tourism industry for the purpose of Marketing and sales. This type of system is used by travel companies for booking airline, train and bus tickets.

The Followings are the importance of CRS system:-

1. **Flexibility: -** CRS can be accessed by individual Consumers, travel agencies and call center staff. Travel agencies can be assigned personal log-on-codes, which automatically generate any special negotiated rates or commission. Information can easily be updated, and the CRS can be tailored to suit the individual accommodation provider's requirements. The CRS can also be integrated with other software packages, such as web design or data analysis programs.

2. **Distribution Benefits:-** With a CRS, accommodation providers can market and sell their products around the globe, 24 hours a day, seven days a week. Most modern systems have multi-lingual and currency conversion capability for bookings from around the world. Customers can pay online instantly, which reduces the risk of their having second thoughts and not book.

3. **Cost Cutting: -** A central reservation system reduces staff wages, since bookings are processed automatically online, rather than the company having to employ people to take bookings over the telephone or by mail. Internet selling also cuts costs by eliminating the need to print and distribute marketing brochures, write letters and pay commission to third-party agencies.

4. **Increased Efficiency:-** A central reservation system includes tools that enable the accommodation provider to monitor activity on his website. Real-time reporting shows the number of hits, and how many were converted to actual bookings. This builds a profile of customer behavior and identifies sales trends-information that can be coded to monitor their effectiveness. The customer database generated through sales can also be used for targetting future marketing campaigns.

5. **Customer Benefits:-** Computerized Reservation systems offer an effective and time saving search tool for the customer, who can refine a search for accommodation by issues such as date, location, hotel rating and features. It is easy to make comparisons between different accommodations, and to instantly check pricing and availability. A CRS also allows customers to take advantage of special offers and promotions, and to add on 'extras' such as attraction tickets, airport transfer and meal deals to their booking. Online booking is often more economical, since the accommodation provider does not have to pay commission to a booking agent. It is also easy to retrieve, change or cancel bookings via the CRS. Benefits of CRS are flexible inventory, unlimited further availability, unlimited booking capability, immediate availability update, overbooking

management, complete and detail reservations screen, individual and group reservations and blockings, group master records, summary and detail, company information entry, travel agency information try activity reports and commission handling, guest information enquiry, reservation linked to city ledger, strong guarantee parameters, advance deposit posting and auditing, request for deposit and deposit received, confirmations, plus printing of confirmation forms, modifications and cancellation confirmations, free form comments field on all reservations, System generated confirmation numbers on all reservations, user identification entered on all transaction screens, confirmations printed automatically or on demand, forecast reports, current and future dates to five years historical information and customer information past, present, and future retained in system.

8.7 Basic command Applicable to CRS Systems (Galileo)

Galileo is one of the major Global Distribution Systems (GDS) (or CRS) used worldwide by airlines, travel agencies,Internet booking sources and other travel companies for sales, accounting, inventory managment and communications.Using formats to operate Galileo is called using the "command line interface." There are point-and-click interfaces to the command line, but formats are the fastest and most efficient way to look up information and process reservations. It is Galileo's "expert" mode and a good working knowledge of the commands is an important part of your travel education that will help youconsiderably when using Galileo in the field.

Special Characters:

Special characters used in Galileo formats

*	Display. Used to display parts of a Passenger Name Record (PNR). Frequently used and appears in many GDSentries.
-	Hyphen or Dash. Used mainly for passenger name entries
+	End Item. Used in many entries, often to string multiple items of data together. Think of it as the word "and."
@	Change/Delete Key. Used in entries that change or delete PNR data and in the entry to change segment status
/	Insert After Segment. Used when rearranging segments in your PNR

Keyboard Mapping

*	Produced using the equal sign (=) key
@	Produced using the left square bracket key ([ )
+	Produced using the comma key (,)

Airline Reservations

Signing On and Off

SON/ ZRH	Sign on agent with initials RH
SOF	Sign off

Agent Assembly Areas

SB	Change to Agent Assembly Area (AAA) B
OP/W*	Display current Agent Assembly Area

Encode

.CEAMSTERDAM	Encode the city Amsterdam
.CENARITA	Encode the airport named Narita
.CEGENEVA/GATWICK	Encode multiple city/airport names
.AEQANTAS AIRWAYS	Encode the airline Qantas Airways
.AEKLM/KLM/LOGAN AIR	Encode multiple airlines
.AEK	Encode all airlines beginning with the letter "K"
.EEBEECHCRAFT	Encode the equipment type Beech craft
.EEDOUGLAS/BOEING	Encode multiple equipment types
.EEA	Encode all equipment types that start with the letter "A"
.LEBERMUDA	Encode country name Bermuda
.LEFINLAND/NORWAY/DEMARK	Encode multiple country names
.LEG	Encode all countries beginning with the letter "G"

Decode

.CDLHR	Decode the city/airport code LHR
.CDORD/HEL/LIN	Decode multiple city/airport codes
.ADLH	Decode the airline code LH
.ADBA/EI/SQ	Decode multiple airline codes
.ADS	Decode all airline codes starting with the letter "S"
.AD*125	Decode the airline number 125
.AD**AAL	Decode the three-letter airline code AAL
.ED320	Decode the equipment code CRS
.ED777/CR3	Decode multiple equipment codes
.EDA	Decode all equipment codes that start with the letter "A"
.LDGA	Decode country code GA
.LDPH/JP/SG	Decode multiple country codes
.LDS	Decode all country codes beginning with the letter "S"

City/ Airline Records and Regions

.ARBA	Display detailed airline record
.CRLHR	Display city record for LHR
.RD	Display all countries divided into regions
.RDAU	Display regions for country AU
.RDAUQL	Decode country/region codes

Display Scrolling

MD	Scroll down the display
MU	Scroll up the display
MB	Scroll to the bottom of the display
MT	Scroll to the top of the display

BF Display

*-VONDEL	Retrieve the BF for passenger Vondel
*3	Display the third BF in a similar name list
*-HAMPTON/PAULMR	Display BF for passenger Mr Paul Hampton
*23JUN-FARRELLY	Display BF for Farrelly who departs on 23 June
**B8C-AHEARNE	Display BF for Ahearne built at branch office B8C
**V3C/24JUN-BALESTRA	Display BF for Balestra built at branch office V3C with departure date 24 June
**B-BELL	Display BF for Bell, searching allbranch offices
**B/14APR-BELL	Display BF for Bell with departure date 14 April, searching all branch offices
*3MF98G	Retrieve the BF with record locator

BF Redisplay

*R	Redisplay the entire BF in the agent assembly area
*L	Redisplay a similar name list

BF Subfield Display

*ALL	Display all fields of a BF
*AA	Display all address fields
*AW	Display the written address field
*AD	Display the delivery address field
*EM	Display all email fields
*FF	Display filed fares
*FOP	Display the form of payment field
*I	Display the itinerary
*N	Display the name field
*MM	Display the mileage membership field
*NP	Display the notepad field

8.8 Ticketing Process

The First action to be taken to excute the tour programme in the purchase of tickets, these could be air tickets, railway tickets, sea cruise tickets or tickets of coaches, note that the passport of the client can not be stamped for the grant of visar until and unless he has purchased tickets for travel. Foreign travel usually involves travel by air, thus it is important to purchase air tickets from an IATA approved travel agent or airline. The travel agency performs this function; alternatively, if the tourist is experienced, he can purchase air tickets from the airline or travel agency of his choice.

A travel agent must have through knowledge of schedules of various modes of transport. Sometimes, two or modes of travel may have to be combined for this purpose, the tour itinerary would have to be checked and tickets booked accordingly. Ticketing is not an easy job as the range and diversity of International airfares are very complex. Changes in International and local flight schedules are very common. Knowledge of roadways, railways, airlines, steamship companies and taxis is essential in this context. The computerized Reservation system (CRS) has lessened the load on travel agents in context of airline ticketing. This system comprises a computerized network that can be used by the travel agent to reserve an air ticket as also accommodation in a hotel. Through a worldwide network, confirmation of ticket and hotel reservations can be got done in a matter of seconds. For this purpose professionally trained executive of the travel agency help the client. They interact through the CRS and get all the booking done.

A Travel agency must follow some guide lines at the time of issuing an airline ticket. It is one of the most important functions of a tour/ travel agency. The agency is accountable and responsible for ticket stocks and collection of amount on behalf of the airlines. Generally, a travel agency follows the following basic ticketing procedures:-

- Confirms seat through a computer or other modes.
- Does not make duplicate reservations.
- Checks the travel documents.
- Select the form of passenger ticket.
- Use the identification place of an area settlement plan of the carrier.
- At the time of delivery of a complete ticket, detaches the auditor's and the agent's coupons.
- All Entries in the ticket must be in Block letters.
- Do not erase or 'Strike Over' as this makes the ticket invalid.
- Never use ditto marks in any of the box in the ticket.
- Write the full name of each city in an itinerary.
- Enter the stop over codes clearly
- Enter the fare box and total fare box properly and carefully
- Be sure about special fares MPM and TPM and ticket validity.

8.8.1 Components of a Ticket

Travel Companies (approved by IATA) generate more than 50% of their revenue from the sale of airline tickets. An airline ticket is a legal contract between an airline and the passenger, entitling him to travel on specified flights as a stated airfare in a specified time. An airline ticket contains the following information:-

- Name of the issuing airline
- The restrictions/Endorsement

- ❖ Passenger Name
- ❖ Itinerary box
- ❖ Fare basis box
- ❖ Fare calculation box
- ❖ Payment box
- ❖ Travel Company's commission box
- ❖ Tour code

An airline tickets has many parts and these Parts are known as coupons. The main coupons are:-

- ❖ **Auditor's Coupon:-** It contains information about the travel segment, fare calculation and mode of payment. It is kept by issuing company for accounting purposes.
- ❖ **Flight Coupon:-** It is also known as passenger coupon and it entitles the passenger to board a flight. It is an agreement between the airlines and the passenger for the seat on a specific date and flight. It also indicates that the passenger has paid the fare of light. A separate flight coupon is issued for each flight segment. Even in case of connection flight one need to obtain a separate flight coupon.
- ❖ **Agent's Coupon:-** It helps the agent to guide the passenger to the correct flight and is retained by the agency for accounting purposes. It also indicates conditions for re-issue or refund of the coupon.
- ❖ **Passenger Receipt:-** It is kept by passenger. It indicates all the flight segments for which the airline has issued the flight coupon. It also serves as a proof that one has paid the fare, but is not valid for passage.

<table>
<tr><td colspan="3">Issued by XYZ Airlines
Subject to conditions of Contract</td><td colspan="4">Origin Destination
Conjunction Ticket</td><td>Booking Reference No…..
From to Carrier
Fair Calculation</td><td colspan="2" rowspan="3"></td></tr>
<tr><td>Endorsement
And Restrictions</td><td colspan="2">Issued in
Exchange for</td><td colspan="2">Date Issue</td><td colspan="2">Agent's Code</td><td></td></tr>
<tr><td>Name of passenger</td><td colspan="2">Not Negotiable</td><td colspan="2">Carrier from
and Number</td><td>Place</td><td>Date</td><td></td></tr>
<tr><td>Coupon Not Valid before</td><td colspan="6" rowspan="2">Ticket Designator Tour Code</td><td></td><td>Agent</td><td>Date and Place of Issue</td></tr>
<tr><td>Coupon Not valid After</td><td></td><td rowspan="3">From/To</td><td rowspan="3">Carrier/Fare</td></tr>
<tr><td>Not Good For Passage</td><td>Fare Bass's Allowance</td><td>Carrier</td><td>Flight/Class</td><td>Date</td><td>Time</td><td>Status</td><td></td></tr>
<tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
</table>

To					
To					
To					
Fare	Equipment Fare Paid	Route Code	Airline Code	Formal Payment	
Other Charge	Total				Fare

Fig- 8.1 Ticket format

8.8.2 Manual ticket/ automated ticket/ e-ticket

Manual Ticket /Automated Ticket- There are airlines in the world, that still issue paper tickets for their flights, mainly because updating their outdated ticketing system would not provide any savings over leaving it as it is. Airlines still using paper-only ticketing systems are generally smaller operations and/or are low-cost local carriers. It has nothing to do with the airline's quality or safety record. Document identifies the bearer as fare-paid passengers on a mode of transport. Tickets usually mention that carriage is subject to conditions laid down by the operator. In their simplest forms, tickets merely note the price paid; however, most ticket also state the origin and destination for which travel is covered by the ticket. Official IATA definition is the document in title "Passenger ticket and baggage check, issued by or on behalf of the carrier and includes the conditions of the contract and notices and the flight and passenger coupons contained their in". The latest versions for manual hand-written issue or of two-types for airline use and by a billing and settlement plan agent, the previous styles of these are still in use in the USA. The transitional automated ticket. (TAT) is for airline use and off premise transitional Automated ticket (OPTAT) for others, both are continually being updated. The original version of an automated ticket/boarding pass (ATB1) is designed for all uses. The second version of an automated ticket/boarding pass (ATB2) is for airline use; there is an equivalent off premises Automated Ticket/Boarding pass (OPATB2). ATBs incorporate a magnetic stripe. Travel Industry staff must take particular care when handling ATBs. There are no generally accepted worldwide ticket formats for other transport modes; commentary on these has been left out by design rather than accident! The word ticket also has general meaning as indicating payment for admission, for example, to cinemas, theaters and sporting events. It should be particularly noted that IATA seeks to end the use of paper air tickets in favour of e-ticket.

e-Ticket- The term e-ticket is an abbreviation of electronic ticket. It is a paperless electronic document used for ticketing purposes. When a traveller books their fight and the travel agent makes the command to issue the tickets, details of the customer's reservation and ticket number are transmitted directly to the airlines electronic ticket server. In some instances, the agent may wish to produce an e–ticket receipt or alternatively the passenger may print their own from the ***viewtrip.com*** website. Although the airline checks in staff do not usually need a physical document, many passengers still want to take a physical document to the airport.

Benefits of e-ticket- The main benefit of e-ticket is that the possibility of air ticket being lost or stolen is alleviated. The passenger can take advantage of tools such as on-line check in and self service check-in machine. Travel agents save money as there is no requirement to print, mail or courier tickets to passengers. The airline also benefits due to reduced costs when compared to the administration costs involved when agents issued lots of paper tickets.

8.9 Role of BSP in Ticketing

Air lines companies or group of companies owns CRS systems. A CRS system may be a regional system catering its service in a particular region only. National or International level system. Different travel agents have different types of a access to CRS. A ticket denied by one travel agent at the last moment may be arranged by other travel agents. We can classify accessibility or level of participation as follows:-

Level of Participation

Booking by Phone only | **Direct Access** | **Full Access**

Different travel agents can also share through CRS. By shared access travel agents can collaborate for tickets issue and booking of seats. Last seat availability an important factor for a travel agent, as it can provide seat at the last moment. A travel agent having full access to the suppliers system can provide book tickets from last seat availability.
Bank Settlement plan. (BSP) is a buffer between travel agents and suppliers. It can be classified as follows:-

BSP

Manual | **Automated** | **Semi-automated**

Travel agents are used to sell tickets of different airlines companies. At the end of a day/certain period they have to send money to respective airline. BSP is acting as a collection body on behalf of suppliers. BSP was established in 1960s in 53 Countries all over the world. The settlement plan was first time adopted by United States of America. It started function in UK in 1984. It is the biggest network of its own kind in the world involving more than 30,000 travel agents in 200 countries all over the world. BSP is supposed take care of following Jobs:-

1. To distribute standard format of ticket to travel agents. The travel agent has to plate the ticket according to the airlines company. The plate is known as carrier identification plate (CIP)

2. Billing analysis of travel agents and airlines companies.
3. To Prepare Credit Card billing report.

BSP facilities as a role of a guide to help travel agents for smooth operation of travel agency.

Validation:- Only recognized travel agents can issue air tickets. They are provided a plate to emboss some marking on the ticket. A ticket issued by authorized travel agent is considered as a valid ticket.

PTA (Prepaid Ticket Advice:- PTA charges accrue to the carrier issuing PTA. It is non-refundable. The open PTA does not constitute ticket for any special fare requirement.

Advantages of a BSP:- The BSP airlines distribution costs and at the same time provides agents with a cost-effective system for selling the products and services of those Airlines that elect to participate in the BSP. The existence of a BSP enables Airlines and agents alike to save on administrative overheads, whilst streamlining their services to the customer. It provides more time for BSP Participant's selling activities since the administrative burden on management is greatly reduced by the simplification of the issuance, control and reporting of sales and setting of monies due.

For the Agents, the BSP:-

- ❖ Provides access to over 400 airlines participating in the BSPs worldwide using neutral electronic standard traffic documents.
- ❖ Provides one supply source of tickets numbers for electronic tickets.
- ❖ Reduces overhead costs by replacing multiple sales reports with a single point of contract-a central BSP Data processing Centre (DPC).
- ❖ Provides a set of standard Administrative forms (SAFs) to be used on behalf of all BSP Airlines.
- ❖ Simplifies remittance procedures by establishing one point for Agents' payments.
- ❖ Simplifies staff training through course organized locally specific to BSP procedures.

How the BSP works:-

Upon Implementation of the BSP, the accredited Agent:

- ❖ Receives a range of electronic ticket numbers for ticketing from the ticket system provider (TSP)
- ❖ Receives Ticketing Authorities from airline allowing the agent to issue tickets on their behalf.

- ❖ Receives access to BSP link including instructions on the issuance of electronic administrative forms such as refund request and virtual MPDs.

The Agent's TSP transmits the information regarding the issued tickets daily to the DPC. Once the DPC receives the data from the TSP, the DPC:-

- ❖ Process all relevant data and produces an **'Agents Billing Analysis"** for each agent. This analysis is compiled from the information of one or more reporting periods.
- ❖ Forwards to each BSP Airline an analysis of sales made by agents on its behalf.

The agent makes a single net periodic remittance covering all its BSP transactions, made on behalf of all BSP Airlines. The BSP preferred method of payment is by electronic funds transfer (EFT) or direct debit (DD). The accounts Department of each BSP Airline audits incoming data and address accounting memoranda (credits/ Debits) to agents as necessary.

8.10 Details of an Automated Ticket

Agents issue Electronic Tickets (ETs) and others accountable documents on behalf of BSP Participating airlines. The following documents are available for use in a BSP:-

- Electronic Tickets (ETs)
- Electronic Miscellaneous Documents (EMDs)- Subject to future deployment
- Automated coupon-by-coupon MCO (Paperless or Plain Paper) VMCO in accordance with resolution 72sd
- Virtual Multipurpose Miscellaneous Document (VMMD)

Electronic Ticketing:-

Electronic Ticketing is a method to record the sale of passenger transportation without issuance of a paper value ticket. Since 1 June 2008, IATA travel agents within the BSP can only issue electronic tickets. As evidence of their Journey, Passengers must be issued with a passenger itinerary receipt together with the mandatory ticket notices, such receipt and notices can be provided via a number of means subject to local legal requirements and instructions from airlines.

For Example:- Plain Paper, Email attachment, facsimile, regular mail.

Mandatory Ticket Notices to be included with Electronic Tickets:- Mandatory ticket notice are to be included with the electronic tickets. The method of delivery to a customer of these notices is for each agent to determine.

Electronic Miscellaneous Document (EMD)

The EMD is a method of documenting the sale and tracking the usage of charges (such as residual value, miscellaneous or excess baggage charges) without the issuance of a paper value document. Implementation of the EMD is subject to system development by the GDS and airlines and the plan is to have 100% EMD by the end of 2013 in all BSPs.

Check your Progress

Q-1 Define CRS in short?

…………………………………………………………………………………………

Q-2 Explain the benefits of CRS?

…………………………………………………………………………………………

Q-3 Briefly discuss the role of BSP in ticketing?

…………………………………………………………………………………………

8.11 Summary

Reservation Systems can in to existence due to complexity in travel. Centralized Reservation System (CRS) is a good tool to automate reservation activities. It has penetrated a large area all over the world. In fact in a country like India Computer aided reservation systems is facilitating its' services to millions of passengers travelling by Indian Railways. It is also proving its worth in the field of Airline reservations by providing variety of services to the client in form of meal code, car rental, hotel, flight availability, PNR (Passenger Name Record), fare details, seating map, currency conversion and a lot more. The same thing is also applicable in the area of ship/ferry reservation. Computer reservation system is based on networking concept. Networking is a form of sharing of resources among different electronic device like:- Computer, Printer etc. In computer aided reservation system, main computer, which is used to store all data, is known as server. Server is sometimes also known as Master Computers. Other computers provided to travel agents, corporate house (connected at the end user's premises) are known as terminals. Terminals are supposed to work in co-ordination with server. So, the company providing reservation access to a travel agent can control the terminal. Computerized Reservations System (CRS) is a Computer-aided system to perform reservation activities.

8.12 Glossary

Computerized Reservation System (CRS):- A computerized system which contains information about schedules, availability of seats and fares of more then one air carrier, with or without facilities to make reservations or issue tickets to the extent that some or all of these services are made available to subscribes.

Global Distribution System (GDS):- A system containing information about availability prices and related services for airlines, car companies, hotels, railways, etc. through which reservations can be made and tickets can be issued. A GDS also makes some or all of these functions available to subscribing travel agents, booking engines and airlines.
Participating Carrier:- A Carrier that has an agreement or arrangement with a system vendor for the display of its schedules, fares, rules or availability or for making reservations or issues of tickets through a system.
Subscriber:- A travel agent or other entity which is a source of information about air service industry to the public/travellers and makes reservations or issues tickets for air services. The subscriber contracts with a system vendor to use a system.

8.13 Check Your Progress –Answer

Ans-1 Computer Reservation System is a good to automate reservation activities. Computerized Reservation Systems (CRSs) and increasingly internet Providers satisfy the needs of consumer for convenient access to transparent and easy to compare information. They cover the entire variety of choices of travel, lodging and leisure services, destinations, holiday packages, as well as display the actual prices and availability of such services.

Ans-2 With a CRS, accommodation providers can market and sell their products around the globe, 24 hours a day, seven days a week. Most modern systems have multi-lingual and currency conversion capability for bookings from around the world. Customers can pay online instantly, which reduces the risk of their having second thoughts and not book.

Ans-3 Travel agents are used to sell tickets of different airlines companies. At the end of a day/certain period they have to send money to respective airline. BSP (Bank Settlement Plan) is acting as a collection body on behalf of suppliers. BSP was established in 1960s in 53 Countries all over the world. The settlement plan was first time adopted by United States of America. It started function in UK in 1984. It is the biggest network of its own kind in the world involving more than 30,000 travel agents in 200 countries all over the world.

8.14 Further References

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- Gary Inkpen, Information Technology for Travel & Tourism, Longman, England, PP 221-223.

8.15 Suggested Readings

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- Information Technology for Travel & Tourism, Gary Inkpen Longman, England.

8.16 Terminal Questions

Q-1 What do you understand by CRS? Explain the importance of CRS System.
Q-2 Discuss the major components of tickets and explain the types of tickets.
Q-3 Discuss the role of BSP in ticketing?
Q-4 Name the major CRS providing companies?

UNIT 9

INTRODUCTION TO MANAGEMENT

Structure

9.0 Learning Objectives:

After going through this unit the learner will be able to, Manage various functions of management, Understand various levels and responsibilities of various levels, understand various terms used in management at various levels.

9.1 Concept of Management

Introduction

Organizations have a variety of goals: They usually direct their energies and resources to achieve these goals. A profit-oriented business firm, for example, might have a return-on -investment goal; a hospital would have goals centered around patient care; and an educational institution would establish goals for teaching, research and social service. Organizations possess human as well as non-human resources (plant, equipment, land, money, etc) that are put to uses in the service of specific goals.

Management is the force that unifies human as well as non-human resources in the service of organizational goals. It is a process of getting results with and through people. Management is needed whenever people work together in an organization.

The managerial functions must be performed by anyone who manages organized efforts, whether it is a business enterprise, religious organization, military outfit or a social institution such as planning, organizing, directing and controlling.

These functions are performed at all levels in an organization, regardless of its type or size. The services of management are essential in all co-operative endeavours.

It is not easy to define the term management. There are as, many definitions of 'management" as there are books on the subject.

There are many factors making it a challenge to define the term “Management” such as :

(i) Management is a vast & wide subject. It is, therefore, not possible to put all the essential features of management in a single definition.

(ii) Management is concerned with human beings, and there is no way to predict the behavior of human beings

(iii) Management is an ever evolving discipline whose concepts are continuously changing.

Most definitions of the word 'management " emphasize one common idea: it is concerned with the accomplishment of objectives through the efforts of the people performing certain functions. Below are few of the definitions:

1. Management is the accomplishment of results through the efforts of other people (Lawrence A. Appley).
2. Management is the art of getting things done through and with the people in formally organized groups. (Koontz H.)
3. Management is a process of planning, organizing, actuating and controlling to determine and accomplish the objectives by the use of people and resources. (Terry. G.)
4. Management is the process by which managers create, direct, maintain and operate purposive organizations through systematic, co-coordinated, cooperative human effort. (Mc. fariand)
5. It is the coordination of all resources through the process of planning, organizing, directing and controlling in order to attain stated objectives (Sisk.)

9.2 Management as a Process

Management as a process refers to a series of inter-related functions, such as planning, organizing, staffing, leading and controlling. Actually, managers are known by the work they do. According to James Lundy, 'Management is what management does'. Management process suggests that all managers perform certain functions in order to realise certain goals.

Management, it should be noted, is a social process because it is concerned with relations among people at work.

A manager sets the objectives of an organization. He provides an environment that is helpful to group action. He offers incentives to those who show good performance and thus helps the organization realize its goals.

9.3 Role of Manager

- **Interpersonal Role**

Figurehead	In this role every manager has to perform some duties of ceremonial nature, such as greeting the dignitaries, attending the wedding of employees, taking an important customer to lunch and so on.
Leader	As a leader every manager must motivate and encourage his employee. He must so try to reconcile their interpersonal needs with the goal of organization.
Liaison	In his role of liaison every manager must cultivate contacts outside his vertical chain of command to collect information for his organization.

- **Informational Role**

Monitor	As a monitor, the manager has to perpetually scan his environment for information, interrogate his liaison contact and his subordinate and reactive unsolicited information, much of it as a result of the network of personal contact developed.
Disseminator	In the role of disseminator, the manager passes some information directly to his subordinates who would otherwise have no access to it.
Spokesman	In this role, the manger informs to satisfy various groups and people who influences his organization, his shareholders about financial performance and assure the consumer groups that the organization is fulfilling its social responsibilities and satisfy government that the organization is abiding by the law.

- **Decision Role**

Entrepreneur	In this role manager constantly looks out for new ideas and seeks to improve

	his unit by adapting it to changing conditions in the environment.
Solution Provider	In this role, the manger has to work like a Fire fighter. He must seek solutions of various unanticipated problems ego A strike may loom large; a major customer may go bankrupt and so on.
Delegation	In this role, the manager must divide work and delegate authority among his subordinates. He must decide who will get what.
Negotiator	The manager has to send considerable time in negotiation. This representative of a company may negotiate with the union leader, a new strike issue. The foremen may negotiate with the workers a grievance problem, and soon.

9.4 Levels of Management

All managers' positions performance of management functions (planning, organizing, directing, staffing and- controlling). But there are differences among managerial jobs. The differences are because of the existence of various levels of management in atypical organization.

The term 'levels of management' refers to a line of demarcation between various managerial positions. In a large organization, three level of management are usually identified:

(i) Top level management

(ii) Middle level management

(iii)Lower level management.

The function performed can be briefly stated as:

Top Management

- Determines objectives and policies.
- Designs the basic operating and financial structure of an organization.
- Provides guidance and direction.
- Lays down standards of performance.
- Maintains good public relations.

Middle Management

- Interprets and explains the policies framed by the top.

- Issues detailed instructions.
- Participates in operating decisions.
- Trains other managers.

Lower Management

- Plans day-day operations.
- Assigns jobs to workers.
- Provides supervision and control over work.
- Arranges material tools and equipment.
- Maintains discipline.

9.5 Managerial Skills

In order to be effective, managers must posses and continuously develop several essential skills.

Robert L. Katz has identified three basic types of skills - technical, human and conceptual which he says are needed by all managers.

(a) **Technical skill:** is the, ability to use the tools, procedures or techniques of a specialized field. Technical skill is considered to be very crucial to the effectiveness of lower level managers because they are in direct contact with employees performing work activities within the firm.

(b) **Human skill:** is the ability to work with, to understand and to motivate other people. This skill is essential at every level of management with the organization but it is particularly important at lower levels management where the supervisor has frequent contact with operation personnel.

(c) **Conceptual skill:** is the mental abiliry to coordinate and integrate the organization's interest and activities. It refers to the ability to see the 'big picture', to understand how a change in any given part can affect the whole organization.

Technical skill is most important at the lower levels of management. It becomes less important as we move up the chain of a command, for example a production supervisor in a manufacturing plant is likely 'to need more technical skill than the company president because he or 'she will have to deal with day-to-day manufacturing problems the arise.

On the other hand, the importance of conceptual skill increases as we rise in the ranks of management. The higher the manager is in the hierarchy, more he or she will be involved in the broad, long-term decisions that affect large parts of the organization.

For top management, which is charged with the responsibility for overall performance, conceptual skill is probably the most important skill of all.

Human skill is very important at every level of the organization. One reason is to get the work done through others. High technical or conceptual skills are not very valuable if they cannot be used to inspire and influence other organization members.

9.6 Development of Management Thought

From an almost unrecognized position nearly two centuries ago management has risen today to the central activity of our age and economy -a powerful and innovative force on which our society depends for material support and national well- being.

The period between 1700 and 1850 highlights the industrial Revolution and the writings of the classical economists.

The advent of the factory system during this period highlighted for first time the importance of direction as a managerial function.

Several economists during this period explained in their writings the concepts and functions of management.

Adam smith, for example, explained the concept and say was struck by the importance of planning. But management as a separate field of study can be said to have emerged only during the second half of the 19th century when with the introduction of joint stock companies organizations from their ownership and gave rise to problems of labour inefficiency and inadequate systems of wage payment. In search of solutions to these problems, people began to recognize management as a separate field of study.

During the nine decades of this century, management has become a more scientific discipline with certain standardized principles and practices. The evolution of management thought during this period can be studied in two parts as under:

1. Early management approaches, represented by scientific management, administrative management theory and human relations movement.
2. Modem management approaches, represented by scientific management, administrative/management science approach, systems approach and contingency approach.

9.6.1 Early Management Approaches

- **Scientific Management**

Frederick Winslow Taylor (1856-1915) is considered to be the father of scientific management. He exerted a great influence on the development of management thought his experiments and writings. During his career spanning a period of 26 years, he conducted a series of experiments in three companies: Midvale steel, Simonds Rolling Machine and Bethlehem Steel.

1. Time and motion study. Since Taylor had been a machinist himself, he knew how piece-work employees used to hold back production to its one-third level because they feared that their employers would cut their piece rate as soon as there was a rise in production. The real trouble Taylor thought was that no one knew how much work it was reasonable to expect a man to do. He therefore started time and motion study, under which each motion of a job was to be timed with the help of a stop watch and shorter and fewer motions were to be developed. Thus the best way of doing a job was found. This replaced the old rule-of-thumb-knowledge of the workman.

2. Differential payment. Taylor introduced a new payment plan called the differential piece work, in which he linked incentives with production. Under this plan a worker received low piece rate if he produced the standard number of pieces -and high rate if he surpassed the standard. Taylor thought that the attraction of high piece rate would motivate workers to increase production.

3. Drastic Reorganization of Supervision. Taylor suggested two new concepts: (i) separation of planning and doing and (ii) functional foremanship. In those days it used to be customary for each worker to plan his own work. The worker himself used to select his tools and decide the order in which the operations were to be performed. The foreman simply told the worker what jobs to perform, not how to do them. Taylor suggested that the work should be planned by a foreman and not by the worker.

Further, he said that there should be as many foremen as there are special functions involved in doing a job and each of these foremen should give orders to the worker on his specialty.

4. Scientific Recruitment and Training: Taylor emphasized the need for scientific selection and development of the worker. He said that the management should develop and train every worker to bring out his best faculties and to enable him to do a higher, more interesting and more profitable class of work than he has done in the past.

5. Co-operation between the Management and Workers: Taylor said that for the above suggestions to succeed, "a complete mental revolution" on the part of management and labour was required. Rather than quarrel over whatever profits there were, they should both try to increase production. By doing so profits would be increased to such an extent labour and management would no longer have to compete for them.

In short, Taylor believed that management and labour had a common interest in increasing productivity.

Taylor's concept of scientific management developed into a movement and dominated the industrial management scene for several decades after him.

His principles and concepts were refined and enlarged by several of followers, notable among them being Henry L. Gantt and the Gilbreths.

Contributions and Limitations of Scientific Management

First, the time and motion studies have made us aware that the tools and physical movements involved in a task can be made more efficient and rational.

Second, the stress which scientific management placed on scientific selection of workers has made us recognize that without ability and training a person cannot be expected to do his job properly. Finally, the importance that scientific management gave to work design encouraged managers to seek the 'one best way' of doing a job. Thus, scientific management not only developed a rational approach to solving organization problems but also contributed a great deal to the professionalisation of management.

Scientific management is, however severely criticized on the following:

1. Taylor's belief that economic incentives are strong enough to motivate workers for increased production proved wrong. No man is entirely an' economic man', that is, a man's behavior is not always dictated by his financial needs. He has many other needs also, such as security needs, social needs or egoistic needs which motivate him far more potently than his desire for money, at least after he has risen above the starvation level.
2. Taylor's time and motion study is not accepted as entirely scientific. This is because two time studies done by two separate individuals may time the same job entirely different. There is no such thing as 'one best way' so far as the component motions are concerned, because no two individuals can be expected to work in the same way at the same rhythm, with the same attention and the same learning speed.
3. Separation of planning and doing and the g(eater specialization inherent in the system tended to reduce the need for skill and produce greater monotony of work. Having a man take orders from 7 or 8 different bosses resulted in confusion, besides increasing the overhead cost.
4. Advances in methods and better tools and machines eliminated some workers, who found it difficult to get other jobs. This caused resentment among them.

- **Administrative Management**

While Taylor is considered the Father of scientific management, Henri Fayol (1841-1925) is considered the Father. of administrative management theory with focus on the development of broad administrative principles applicable to general and higher managerial levels. He was a French mining engineer turned a -leading industrialist and successful manager. He wrote a monograph in French in 1916, entitled "General and-Industrialist Administration". Until this book was translated into English in 1929, the Western World knew little about him.

In his treatise, Fayol provided a broad analytical framework of the process of administration. (He used the word 'administration' for what we call management.) His perspective, unlike that of Taylor extended beyond the shop level and the physical production processes and was of a macro nature, covering the general administrative and managerial functions and processes at the organizational level.

Fayol wrote that all activities of business enterprises could be divided into six groups: technical, commercial, financial, accounting, security and administrative or managerial. Fayol's primary focus, of course, was on the last managerial activity because he felt managerial skills had been the most neglected aspect of business operations. He defined management in terms of five functions: planning, organising, commanding, coordinating and controlling.

Many management theorists and even practitioners have found this classification very useful and realistic. Further, the process of management as a series of functions originated with Fayol. He emphasised repeatedly that this process is same at every level of an organization and is common to all types of organizations.

Fayol also presented 14 principles of management as general guides to the management process and management practice.

These are as under:

Division of Work - Division of work in the management process produces more and better work with the same effect. Various functions of management like planning, organizing, directing and controlling cannot- be performed efficiently by a single proprietor or by a group of directors. They must be entrusted to specialists in related fields.

- **Authority and Responsibility -** As the management consists of getting the work done through others, it implies that the manager should have the right to give orders and power to exact obedience. A manager may exercise formal authority and also personal power. Formal authority is derived from his official position, while personal power is the result of intelligence, experience, moral worth, ability to lead past service, etc. Responsibility is closely related to authority and it arises wherever authority is exercised. An individual who is willing to exercise authority, must also be prepared to bear responsibility to perform the work in the manner desired. However responsibility is feared as much as authority is sought after.

- **Discipline:** Discipline is absolutely essential for the smooth running of business. By discipline we mean, the obedience to authority, observance of the rules of service and norms of performance, respect for agreements, sincere efforts for completing the given job, respect for superiors, etc. the best means of maintaining discipline are (a) good supervisors at all levels, (b) clear and fair agreement between the employer, and (c) judicious application of penalties. In fact, discipline is what leaders make it.

- **Unity of Direction -** it means that there should be complete identity between individual and organizational goals on the one hand and between departmental goals inters on the other. They should not pull in different directions.

- **Subordination of Individual Interest to General Interest** In a business concern an individual is always interested in maximizing his own satisfaction through more money, recognition status, etc. this is very often against the general interest which lies in maximizing production. Hence the need to subordinate the individual interest to general interest.

- **Remuneration -** Tl1e remuneration paid to the personnel of the firm should be fair. It should be based on general business conditions, cost of living, and productivity of the concerned employees and the capacity of the firm to pay. Fair remuneration increases workers efficiency and morale and f0sters good relations between them and the management.

- Centralisation If subordinates are given more role and importance in the management and organization of the firm, it is decentralization but if they are given less role and importance, it is centralization. The management must decide the degree of centralisation or decentralisation of authority on the basis of the nature of the circumstances, size of the Undertaking, the type of activities and the nature of the organizational structure. The objective to purpose should be the optimum utilization of all faculties of the personnel.

- **Scalar Chain:** Scalar chain means the hierarchy of authority from the highest executive to the lowest one for the purpose of communication. It states superior subordinate relationship and the authority of superior in relation to subordinate at various levels. As per this principle the orders or communications should pass through proper channels of authority along the scalar chain. But in case there is need for swift action the proper channels of authority may be short circuited by making direct contact (called gang plank) with the concerned authority.

- **Order -** To put things in an order needs effort. Disorder does not need any effort. It evolves by itself. Management should obtain orderliness in work through suitable organization of men and materials. The principle of "right place for everything and for every man" should be observed by the management. To observe this principle, there is need for scientific selection of competent personnel, correct assignment of duties to personnel and good organization.
- **Equity-** Equity means equality of fair treatment Equity results from a combination of kindness and justice. Employees expect management to be equally just to everybody. It requires managers to be free from all prejudices, personal likes or dislikes. Eqti.ity ensures healthy industrial relations between management and labour which is essential for the successful working of the enterprise.
- **Stability Of Tenure of Personnel -** In order to motivate workers to do more and better work, it is necessary that they should be assured security of job by the management. If they have fear of insecurity of job, their morale will be low and they cannot give more and better work. Further, they will not have any sense of attachment to the firm and they will always be on the lookout for a job elsewhere.
- **Initiative -** Initiative means freedom to think out, and execute a plan. The zeal and energy of employees are augmented by initiative. Innovation which is the hallmark of technological progress is possible only where the employees are encouraged to take initiative. According to Fayol, initiative is one of the keenest satisfactiot1s for an intelligent man to experience and hence he advises managers to give their employees sufficient scope to show their initiative. Employees should be encouraged to make all kinds of suggestions to conceive and carry out their plans even when some mistakes result.
- **Esprit de Corps -** This means team spirit. Since "union is strength", the management should create team spirit among the employees. Only when all the personnel pull together as a team, there is scope for realizing the objectives of the concern. Harmony and unity among the staff are a great source of strength to the undertaking. To achieve this Fayol suggested two things. One, the motto of divide and rule should be avoided, and two, verbal communication should be used for removing misunderstandings. Differences grow bitterer when cleared through written communication.

Contributions and Limitations of Administrative Management

Both Taylor and Fayol had essentially the same goal of increasing production but they tried to reach this goal from different directions. Taylor worked from the bottom of the hierarchy upward, whereas Fayol worked from the apex downwards.

Fayol's principles met with widespread acceptance among writers on management and among managers themselves. In the United States the most important acceptance of his principles came from two General Motors executives-James D. Mooney and Alan C. Railey. These executives wrote a book Onward Industry in 1931 later revised and renamed Principles of Organization.

The real explosion in the number of principles of management came with Colonel L. Urick, a distinguished executive and management consultant in U.K. He wrote a book, The Elements of Administration in which he tried to assemble the concepts and principles of Taylor, Fayol, Mooney, Railey and other early management theorists. Some of the several dozen principles he advocated are:

1. There should be a clear line of authority, as in the military, from the top management down to the lowest employee.
2. The authority and responsibility of each employee should be communicated to him in writing.
3. Each individual should perform one function only.
4. The span of control of a manager should never exceed six.
5. Authority can be delegate~ but not responsibility.

Drawing inspiration from Fayol, a new school of thought known as the Management Process School came into existence. Harold Koontz and Cyril J. O'Donnell are the champions of this school.

They believe that management is a dynamic process of performing the functions of planning, organizing, staffing, directing and controlling. They also believe that these functions and the principles on which they are based have general or universal applicability. Managers, whether they are managing directors or supervisors perform the same functions of planning and control although .the degree of complexity may differ. Similarly, management functions are not confined to business enterprises alone but are applicable to all organization wherever group effort is involved. Management theory, as a body of knowledge is not culture-bound but is transferable from one environment to another.

9.6.2 Modern Management Approaches

- **Behavioural Approach**

This approach is an improved and a more mature version of the human relations approach to management. Douglas McGregor, Abraham Maslow, Kurt Lewin, Chester Barnard, Mary Parker Follett, George Romans, Rensis Likert, Chris Argyris, and Warren Bennis are some of the foremost behavioural scientists who made signal contributions to the development of the behavioral approach to management. These scientists were more rigorously trained in various social sciences (such as psychology, sociology and anthropology) and used more sophisticated research methods. Thus, these people came to be regarded as behavioral scientists rather than members of the 'human relations' school. The findings of these people have enormously helped us in understanding organizational behavior.

Behavioral scientists are highly critical of the classical organization structures which are built around the traditional concepts, hierarchical authority, unity of command, line and staff relationships and narrow spans of control. They regard the classical approach as highly mechanistic which tends to degrade the human spirit. Behaviorists prefer more flexible organization structures and jobs built around the capabilities and aptitudes of average employees.

The behavioral approach recognizes the practical and situational constraints on human rationality for making optimal decisions. It says that in actual practice, the decision-making is done in a sub-optimal manner. Also, behavioral scientists attach great weightage to participation and group decision-making because it is felt that business problems are so complex that it is neither fair nor feasible to make individuals responsible for solving them.

Behaviorists underline the desirability of humanizing the administration of the control process and encouraging the process of self-direction and control instead of imposed control.

They also favour participation in the establishment, measurement and evaluation of standards of performance, prompt information feedback to those whose performance is off the mark and the need for positive and reformative measures instead of punitive measures.

Behavioral scientists consider organizations as groups of individuals with certain goals. They have, therefore, made wide-ranging studies of human groups-big and small. They have studied such issues as why individuals join groups, group size, structure and process, group cohesiveness and so on.

Behavioral scientists have made extensive studies on leadership. Their view is that while in general the democratic participative style is desirable, the autocratic, task-oriented style may also be appropriate in certain situations.

To behavioral scientists, the realistic model of human motivation is complex man. This model suggests that different people react differently to the same situation or react the same way to different situations. No two people are exactly alike and the manager should tailor his attempts to influence people according to their individual needs.

The behavioral approach to organizational conflict and change is quite pragmatic. It recognizes that conflict is inevitable and sometimes is even desirable and should be faced with understanding and determination that every organizational change involves technological and social aspects and it is generally the social aspect of a change which people resist.

- **Quantitative Approach**

This approach is also called the management science approach.

It gained momentum during the Second World War when UK and USA were desperately trying to seek solutions to a number of new and complex problems in warfare. The interdisciplinary groups of scientists who .were engaged for this purpose were known as Operations Research teams because their work consisted of analyzing operations and carrying out applied scientific research.

In later years, when the war ended, people made use of this technique in solving problems of industry also. Today it works in approximately the following manner. A mixed team of specialists from relevant disciplines is called in to analyze the problem and to propose a course of action to the management. The team constructs a mathematical model to simulate the problem. The model shows, in symbolic terms, all the relevant factors that bear on the problem and how they are interrelated: By changing the values of the variables in the model (such as increasing the cost of raw materials) and analyzing the different equations of the model generally with a computer, the team can determine what the effects of each change would be. Eventually, the team presents the management with a rational base for making a decision.

It is clear from the above description that the focus of the quantitative approach is on decision-making to provide quantitative tools and techniques for making objectively rational decisions. Objective rationality implies an ability arid willingness to follow a reasoned, unemotional, orderly and scientific approach in relating means with ends and in visualizing the totality of the decision environment.

This approach facilitates disciplined thinking while defining management problems and establishing relationships among the variables involved. The keynote of this approach is precision and perfection which is achieved by expressing relationships and facts in quantitative terms. The approach has been widely used in planning and control activities where problems can be precisely identified and defined in quantitative terms. But its use is still uncommon in such areas as organizing, staffing and leading the organization where the problems are more human than technical in nature.

- **Systems Approach**

A common pitfall of the classical, behavioural, and quantitative schools is that they stress one aspect of the organization at the expense of others. Whereas the classical approach emphasizes the 'task' and 'structure'. The behavioural approach emphasizes 'people' and the quantitative approach emphasizes 'mathematics' and decision-making.

However it is difficult to know which aspect is most useful and appropriate in a given situation. What is needed is one broad, detailed, conceptual framework that can help a manager to diagnose a problem and decide which tool or combination of tools will do .the best job. The systems approach provides this integrated approach to management problems.

Some important advocates of the systems approach are Chester Barnard, George Homans, Philip Selznick and Herbert Simon. The following are the key concepts of this approach:

A system is a set of interdependent parts, which together form a unitary whole that performs some function. An organization is also a system composed of four interdependent parts namely, task, structure, people and technology.

Central to the systems approach is the concept of holism, which means that no part of the system can be accurately analyzed and understood apart from the whole system. Conversely, the whole system cannot be accurately perceived without understanding all its parts. Each part bears a relation of interdependence to every other part. This means that rather than dealing separately with the various parts of one' organization, the systems approach tries to give the manager a way of looking at the organization as a whole. It tells him that to understand e.g. The operations of the research and development or manufacturing or marketing division of a company, must be understood of the company as a whole as the activity of anyone part of the company affects the activity of every other part also.

A system can either be open or closed. A system is considered open if it interacts with its environment. All biological, human and social systems are open systems because they constantly interact with their environments. A system is considered closed if it does not interact with the environment. Physical and mechanical systems are closed systems because they are insulated from their external environment. Traditional organization theorists regarded organizations as closed systems while according to the modern view organizations are open systems, constantly interacting with their environments.

Each system including an organization has its own boundaries, which separate it from other systems in the environment. The boundaries for open systems are, however 'permeable' or penetrable, unlike those of the closed systems. They are quite flexible and changeable depending upon its activities. The boundaries for closed systems are rigid. The function of management is to act as a boundary-linking pin among the various subsystems within the organizational system on the one hand and between the organization and the external environmental system on the other. In the context of a business organization it has many boundary contacts or 'interfaces' with many external systems like suppliers, creditors, customers, government agencies, etc.

Every system has flows of information, material and energy. These enter the system from the environment as inputs and leave the system as outputs. The inputs of a business organization are raw materials, equipment, human effort, technology and information. The organization changes these inputs into outputs of goods, services and satisfactions. This change process is known' as 'throughput'.

It should be remembered that the output of a system is always more than the combined output of its parts. This is called 'synergy'. In organizational terms, synergy means that as separate departments within an organization co-operate and interact they become more productive than if they had acted in isolation. For example, it is obviously more efficient for each department in a small firm to deal with one financing department than for each department to have a separate financing department of its own.

One important mechanism, which enables a system to adapt and adjust to the changing conditions of its environment and to exercise control over its operations, is 'feedback'. As operations of the system proceeds, the feedback of the information is given to the appropriate people so that the work can be assessed and if necessary even corrected.

- **Contingency Approach**

The contingency approach is the second approach (the first being the systems approach) that attempts to integrate the various schools of management thought. According to this approach, management principles and concepts of various schools have no general and universal applicability under all conditions. In other words, there is no one best way of doing things under all conditions. Methods and techniques, which are highly effective in one situation, may not work in other situations. Results differ because situations differ. Accordingly, the contingency approach suggests that the task of managers is to try to identify which technique in a particular situation will best contribute to the attainment of management goals. Managers have, therefore, to develop a sort of situational sensitivity and practical selectivity.

Contingency views are applicable in designing organizational structure, in deciding the degree of decentralization, in planning information decision systems, in motivational and leadership approaches, in establishing communication and control systems, in resolving conflicts and managing change, in employee development and training programmes and in several other areas of organization and management

9.7 Summary

As we learn from above unit management is the art of getting work done through others. Management involves various functions viz. planning, organizing, directing, controlling and innovation. Manager is a key person in every organization. He has to play various roles. Manager's role and its functions are influenced by different management approaches. Each management approach has philosophical influence on functions and role of managers.

The history of management thought can be divided into two periods-early and modem. The early period consists of three approaches, viz. the scientific management approach, the administrative management approach and the human relations approach.

The modem period consists of four approaches, viz. behavioural approach, management science approach, systems approach and contingency approach.

9.8 Review Questions

Q1. Define "Management"?

Q 2. Explain "What is Management"

Q 3. Discuss various functions of Management.

Q 4. Why has Frederick Taylor been called "the father of scientific management "and Henry Fayol "the father of modem management theory"?

Q 5. Identify the various approaches to management analysis. Discuss their characteristics and contributions as well as their limitations.

Q 6. State the definition the nature and concept of Management

Q 7. Explain the Different areas/ fields of Mgmt.

Q 8. Analyze the evolution of Management theories and practices, and state which would be more effective in today's scenario.

9.9 Suggested Reading

1. Principles of Management second edition by PC Tripathi and P N Reddy, Tata Mc Graw -Hill Publishing Company.

2. Management Robins and Coulter seventh edition

3. Stoner J .A.F and Freeman R.E, Management, 1992, Prentice Hall

4. Management: A Global Perspective, Weihrich and Koontz, McGraw Hill,

5. Management of Non-Profit Organizations, Peter Drucker - Allied Publishers.

6. Management, Koontz.H and Weihrich, L,M.Prasad- McGraw Hill Book Co.

Unit- 10

Functions of Management

Structure

10.0 Objectives

After studying this unit the student will able to understand the following:

- Functions of Management
- Meaning of POSDCORB
- Definition of planning
- Purpose, types and process of planning

10.1 Introduction

Management includes the functions: Planning, organization, staffing, direction & Control. We will now discuss managerial functions in details. Management process suggests that all the managers in the organization perform certain functions to get the things done by others. The management process assumes that the totality of what managers do can de divided into set of interrelated functions. POSDCORB is a new concept which detailed in many public administration theories. Planning is the conscious determination of future course of action to achieve the desired results. Therefore, planning includes determination of objectives, setting rules and procedures, determining projects, setting policies and strategies, budgeting etc.

10. 2 An overview of Functions of Management

Management is a vital aspect of the economic life of man, which is an organized group activity. It is considered as the indispensable institution in the modern social organization market by scientific thought and technological innovation. It is management that regulates man's productive activities through coordinated use of material resources. Without the leadership provided by management, the resources of production remain resources and never become production. Management is the integrating force in all organized activity. Management Process suggests that all the mangers in the organization perform certain functions to get the things done by others. However, what are these functions which comprise management process is not quite clear and divergent views have been expressed on this. List of management functions varies from author to author with the number of functions ranging from three to eight. There is enough disagreement among management writers on the classification of managerial function. Newman and Summer recognize only four functions, namely, organizing, planning, leading and controlling. Henry Fayol identifies five functions of managements, viz. planning, organizing, commanding, coordinating and controlling. Luther Gulick states seven such functions under the catch word "POSDCORB" which stands for planning, organizing, staffing, directing, coordinating, reporting and budgeting. Warren Haynes and Joseph Massie classify management functions into decision-making organizing, staffing, planning, controlling, communicating and directing. Koontz and O'Donnell divide these functions into planning, organizing, staffing, directing and controlling. Davis includes planning, organizing and controlling Breach includes planning, organizing, motivating, coordinating and controlling.

Evolution Of Management Functions

1.	Early Concept	Plan	Organize	Command	Discipline
2.	Management Process by fayol	Plan	Organize	Command Coordinate	Control
3.	Further modification	Plan	Organize	Direct	Control
4.	Modification by behavioral Influence	Plan	Organize	Motivate	Control
5.	Recent modification by business	Plan	Organize	Integrate	Measure
6.	Suggested further	Plan	Organize	Integrate	Measure

Source : Ervin Williams, "Evaluation of organic Management Function," Atlanta Economic Review, April 1971, p.27.

Thus managerial functions may broadly be grouped into planning, organization, staffing, Direction and control. Some authors add coordination in this list but this is not a separate function of management and it can be treated as essence of management since the basic objective of all managerial functions is to achieve coordination in organized efforts. A detailed discussion of each of these functions will take place in separate part for each, hence a brief discussion is given about what each function includes.

1. **Planning:-** Planning is the conscious determination of future course of action to achieve the desired results. This includes what one wants to achieve, when to achieve, and how to achieve. Therefore, planning includes determination of objectives, setting rules and procedures, determining projects, setting policies and strategies, budgeting, etc. All these determine what an organization wants to do and how it can be done.

2. **Organization:** Organization is the process of dividing work into convenient tasks or duties, grouping of such duties in the form of positions, grouping of various positions into departments and sections, assigning duties to individual positions, and delegating authority to each position so that the work is carried out as planned. Organization function can be viewed as a bridge connecting the conceptual idea developed in creating and planning to the specific means for accomplishing these ideas. Organization function contributes to the efficiency of the organization by ensuring that all necessary activities will be performed and objectives are achieved.

3. **Staffing:-** Staffing involves manning the various positions created by the organization process. It includes preparing inventory of personnel available and identifying the gap between manpower required and available, identifying the source from where people will be selected, selecting people, training and developing them, fixing financial compensation, appraising them periodically, etc. There is a controversy whether staffing function is to be performed by all managers in the organization or it is to be handled by personnel department which looks after the personnel matters enumerated above. The controversy can be settled because staffing function is too complicated and time-consuming. To make it convenient, some process of staffing are completed by personnel department. In doing so, it facilitates the performance of staffing function by mangers in the organization. For example, managers are required to appraise the performance of their subordinates. Personnel department can facilitates this function by prescribing and supplying the Performa for this appraisal so that there is uniformity in appraisal system throughout the organization. Similar support can be provided by personnel department in other aspects of staffing.

4. **Direction:-** when people are available in the organization, they must know what they are expected to do in the organization. Superior managers fulfil this requirement by communicating to subordinates about their expected behaviors. Once subordinates are oriented, the superiors have continuous responsibility of guiding and leading them for better work performance and motivating them to work zeal and enthusiasm. Thus directing includes communicating, motivating and leading.

5. **Control:-** Control involves identification of actual results, comparison of actual results with expected results as set by planning process, identification of deviation between the two, if any, and taking of corrective action so that actual results match with expected results. It brings to light all bottlenecks in work performance and operates as straight pointer to the needs of the situation.

Functions of Management

PLANNING

Vision
Directional and motivational guidance for the entire organization

Mission
An Organization's reason for being. It reflects the culture and values of ownership.

Objectives
Objectives refine the Mission and address key issues within the organization such as market standing, innovation, productivity, physical and financial resources, profitability, management and worker performance.

Goals
Goals are specific statements of anticipated results that further define the organization's objectives. They are expected to be SMART: Specific, Measurable, Attainable, Rewarding, and Timed.

Strategic Planning
Strategies are major plans that commit large amounts of resource to proposed actions which are designed to achieve the major goals and objectives.

ORGANIZATION

Organizational Structure
The organization structure and distribution of authority should reflect the mission, objectives, goals and tactics that grew out of the planning function.

Division of Labor
Division of Labor is captured in an organization chart which is a pictorial representation of an organization's formal structure. It must always remain consistent with reality.

Delegation of Authority
Authority is legitimized power. Power is the ability to influence others. Delegation is the distribution of authority which frees ownership from the tyranny or urgency, repetitive activities and overwhelming tasks.

Departmentalization
Departmentalization is the grouping of jobs under the authority of a single manager for the purposes of planning coordination and control.

Informal Structure
The informal structure has no written rules, is fluid in form and scope, is not easy to identify and has vague membership guidelines. It cannot be controlled by management but access to it can create a closed circle of communication that can signal important morale issues

STAFFING

Recruiting
Staffing follows the organization functions by filling, and keeping filled, every required position within the company.

Screening
The acceptance of poor quality candidates yields poor quality employees. Screening includes proper wording of ads, a structured interviewing process, testing and background checks.

Hiring
Recruiting and screening are useless if no body is hired. Hiring is a skill of creating a persuasive & alluring opportunity proposition.

Training
Training is a what determines if your well- chosen candidates will succeed or fail. Most employers decry the cost of training without ever examining the cost of no training.

Maintaining
A well executed staffing function will keep all positions filled with qualified, well trained employees without allowing and department to ever fall below its minimum roster

DIRECTION

Decision Making and Problem solving

To fundamental attributes of successful entrepreneurs are problem solving and decision making. They are closely linked and are typically, mirrored in the efficiency and productivity of there management and staff.

Leadership

Organizations do not succeed while there people are failing. Strong, fair, decisive leadership that display compassionate use of the five functions of management will ultimately succeed.

Communication

The key of successful directing lies in effectively communicating directives. Poor communication results is poor execution.

Motivation

Needs, rewards and effort are the three most important components of positive motivation. Figure out a person's needs, satisfy them and the person will motivated.

Discipline

Avoidance of pain or discomfort is a powerful method of holding people accountable. Once behavioral guidelines have been established then dispassionate discipline must be exercised.

CONTROL

Establish Standards

Performance standards must be establish based on the firm's objectives and the use and availability of recourses.

Measurement

The accurate measurement & reporting of real time performance is crucial. Without it, no order can be maintained.

Comparison

The Comparison of the company's predicted performance to actual, real time performance allows ownership to properly assess their position.

Action

Corrective action must be immediately taken whenever there is even the slightest deviance between actual and predicted results and behaviors.

Re-cycle

Control is both and this anticipatory and retrospective. It is also cyclical, which means it never ends.

10.1 Functions of Management

10.3 Concepts of POSDCORB

'P' Planning
'O' Organization
'S' Staffing
'D' Directing
'Co' Co-ordination
'R' Reporting
'B' Budgeting

1.'P' Stands for Planning:- Planning is the first step of management, i.e. working out the broad outline of the things that need to be done. Planning refers to a systematic approach towards making decisions about goals and objectives and the associated activities that need to be carried out along with various resource requirements. It helps in setting the direction for the achievement of goals. It is essential to customize the planning process to meet the need to understand the concept of planning are-goals and objectives, plans, policies procedures, rules, strategy, task, resources, programme and budget.

2. 'O' Stands for Organization:- It means establishment of the formal structure of authority through which the work is sub-divided, arranged and co-ordinated for the defined objective. Organization basically involves analysis of activities to be performed for achieving organizational objectives, grouping them into various departments and sections so that these can be assigned to various individuals, and delegating them appropriate authority so that they can carry their work properly. Organization structure is a basic framework within which the managers decision-making behavior takes place. Organization structure is the pattern of relationships among various components or parts of the Organization. It is important for managers to determine the outcomes desired from organization structure, and to match the Organization with changing needs.

3. 'S' stands for staffing:- It means the recruitment and training of the staff and maintenance of favourable conditions of work for the staff. Organization require the services of a large number of personnel. These personnel occupy the various positions created through the process of organizing. Each position of the organization has certain specific contribution to achieve organizational objectives. Hence the person occupying the position should have sufficient ability to meet its requirements. Staffing basically involves matching jobs and individuals. This may require a number of functions like manpower planning, recruitment, selection, training and development, performance appraisal, promotion, transfer etc.

4. 'D' Stands for Directing:- It is the continuous task of making decision and embodying them in specific and general orders and instructions, and thus guiding the enterprise. Directing may be defined as a function of management which is related with instructing, guiding and inspiring human factor in the organization to achieve organization objectives. The direction is not merely issuing orders and instructions by a superior to his subordinates, but it includes the process of guiding and inspiring them. The importance of direction in the organization can be viewed by the fact that every action is initiated through direction. Human beings in the organization handle the physical resources, e.g., money, materials, machinery, etc., to accomplish certain functions by which organizational objective are achieved.

5. 'C' Stands for Co-ordination:- It means interrelating the various parts of organization such as branches, divisions, sections of the work and elimination of overlapping. In an organization, every individual is related with others and his function affect others. Since all individuals ultimately contribute to the same end result, their contribution will be maximum when there is positive effect of one's efforts over others. Performance of various managerial functions in an integrated way ensures fair degree of coordination among individuals and departments. However, problems of coordination arise because of the presence of constant change, weak or passive leadership, and complexities inherent in large scale organizations. In a large organization, there are three types of such complexities which requires special efforts for coordination:- Large number of personnel, functional differentiation, and specialization.

6. 'R' Stands for Reporting:- It means informing the authority to whom the executive is responsible as to what is going on. It is a brief guide to enterprise reporting. It is intended to help people who have to rapidly come to grips with concepts in enterprise reporting. Target roles include project managers, business analysts and system architects. Whether you're managing business and functional requirements, evaluating tools or running formal vendor selection.

7. **'B' Stands for Budgeting:-** It means accounting, fiscal planning and control. The word budget is derived from a French word 'Bougettee' denoting a leather pouch in which funds are appropriated for meeting anticipated expenses. In fact, this is the basic idea behind budgeting. A budget can be defined as a numerical statement expressing the plans, policies and goals of an organization for a definite period in future. Budgeting is the process of creating a plan to spend your money. Creating this spending plan allows you to determine in advance whether you will have enough money to do the tings you need to do or would like to do. Budgeting is simply balancing your expenses with your income. If they don't balance and you spend more than you make, you will have a problem. Many people don't realize that they spend more than they earn and slowly sink

deeper into dept every year. If you don’t have enough money to do everything you would like to do, then you can use this planning process to prioritize your spending and focus your money on the things that are most important to you.
In 1937, social scientists Luther Gulick and L. Urwick explain seven “main activities and duties of any higher authority of organization”. POSDCORB is used to describe the seven function of Managers. Gulick and Urwick built their ideas on the earlier 14 Principles of Management by Fayol. Note that in 1937, the prevalent thinking was the separation of politics and administration. Gulick advocated that it was impossible to separate the two. POSDCORB generally fits into the classical Management movement, being classified as an element of scientific management. Gulick POSDCORB Principles were instrumental in highlighting the theory of span of control, or limits on the number of people one manager could supervise, as well as unity of command to the fields of management and public administration. The strength of POSDCORB is as follows:-

- Division of work
- Authority and Responsibility
- Discipline
- Unity of Command
- Unity of Direction
- Subordination of individual interest to General Interest
- Remuneration of Personnel
- Centralization
- Scalar chain (line of authority with peer level communication)
- Order
- Equity
- Stability of Tenure of Personnel
- Initiative
- Esprit de corps.

The Manager is responsible for planning, organization and controlling the clerical aspect of the organization, including the preparation, communication, coordination and storage of data to support production and other important operations of an industrial establishment. Also, their task are to monitor the work processes and to evaluate the outcome. The outcomes of work are intended for what can be called the final receiving system, as for instance, client customers and other departments.

10.4 Planning

Planning is the systematic process of establishing a need then working out the best way to meet the need, within a strategic framework that enables you to identify priorities and determines your operational principles. Planning means thinking about the future so that you can do something about it now. This doesn’t necessarily mean that everything will go according to plan. It probably won’t. But if you have planned properly, your ability to adjust, without compromising your overall purpose, will be much greater. There are two words:- Planning and plan. Two words are similar but their meanings are different. Planning is an activity. It can be considered as consisting of a process, hence various sub activities. On the other hand, plans is a commitment to a particular course of actions believed necessary to achieve specific results. For example, Government of India, planning commission prepares five-year plans which consist of various action to be taken, results to be achieved, and resources to be used. These are plans. The plan are prepared through the planning process which involves taking various activities to arrive at what is to be achieved, how to be achieved, and when to be achieved. Therefore, planning is taken as a process. Planning as a process involves the determination of future course of action, that is why an action, what action, how to take action and when to take action. These why, what, how and when are related with different respects of planning process.

"Planning is the selection and relating of facts and making and using of assumptions regarding the future in the visualization and formalization of proposed activities believed necessary to achieve desired result." **-Terry**

"Planning may be broadly defined as a concept of executive action that embodies the skills of anticipating, influencing and controlling the nature and direction of change."

- McFarland

10.4.1Nature of Planning

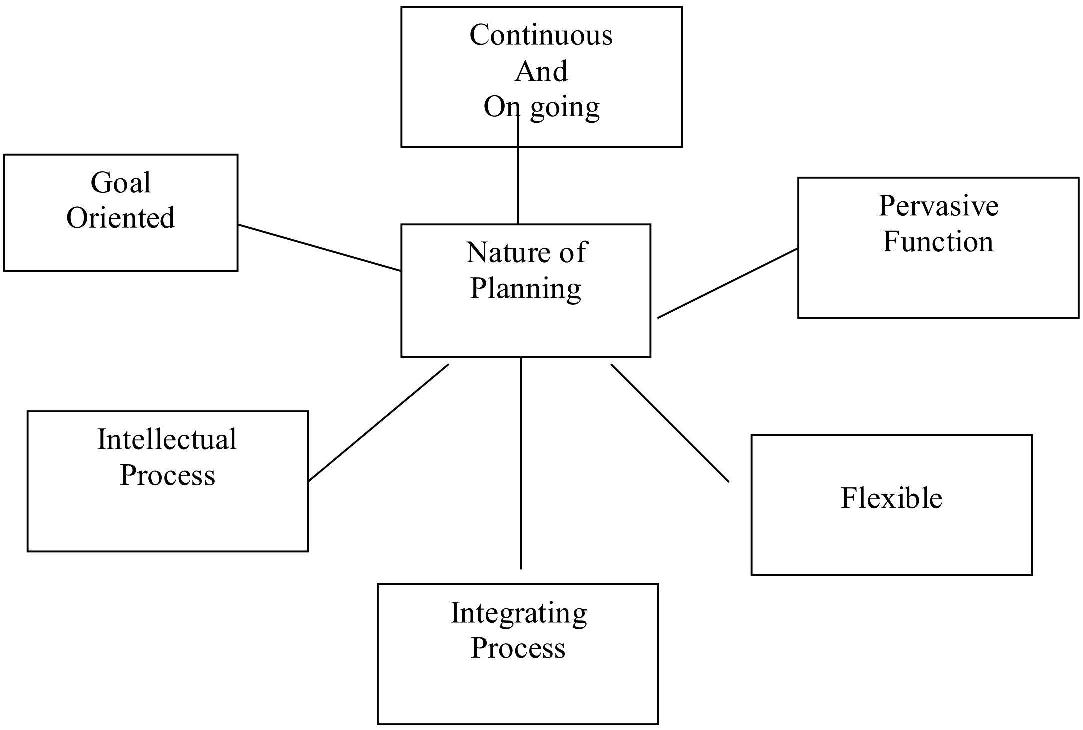

Fig- 10.2 Nature of Planning

The followings points discuss the nature of planning:-

1. Planning is process rather than behavior at a given point of time. The process determines the future course of action.
2. Planning is primarily concerned with looking into future. It requires forecasting of future situation in which the organization has to function. Therefore, correct forecasting of future situations leads to correct decisions about future course of actions.
3. Planning involves selection of suitable course of action. This means that several alternative for achieving a particular objective or set of objectives. However, all of them are not equally feasible and suitable for the organization.
4. Planning is undertaken at all levels of the organization because all levels of management are concerned with the determination of future course of action. However, its role increases at successively higher levels of management. Moreover, planning at different levels may be different in the context that at the top management level, managers are concerned about the totality of the organization and tries to relate it with the environment while managers at lower levels may be involved in internal planning.
5. Planning is flexible as commitment is based on future conditions which are always dynamic. As such, an adjustment is needed between the various factors and planning.
6. Planning is a pervasive and continuous managerial function involving complex processes of perception, analysis, conceptual thought, communication, decision and action.

Planning Principles: Good planning requires a methodical process that clearly defines the steps that leads to optimal solutions. This process should reflect the following Principles:-

- **Comprehensive-** all significant options and impacts are considered.
- **Efficient-** the process should not waste time or money.
- **Inclusive-** People affected by the plan have opportunity to be involved.
- **Information-**results are understood by stake holders (people affected by a decision).
- **Integrated-** Individual, short-term decisions should support strategic, long-term goals.
- **Logical-** each step leads to the next.
- **Transparent** – everybody involved understands how the process operates.

10.4.2 Purpose of Planning

Every plan should be linked with some objectives. The planning done by managers is aimed at achieving the organizational goals. The planning helps people in concentrating their efforts on the most important jobs rather than wasting time on the lesser important work. The purpose of planning is also to minimize the cost of performance and eliminate unproductive efforts. It also helps the management in adopting and adjusting according to the changes that take place in the environment. Planning also provides a basis for teamwork as when the goals are properly defined assignments can be fixed and all the members can start contributing in the achievement of these objectives. Planning gives a sense of direction and ensured that efforts are being put to useful purpose instead of being wasted. Planning also facilitate control because without planning there will be nothing to control.

Purpose of Planning:-

I. Minimize Risk
II. Effective Control
III. Forecasting
IV. Economic Operation
V. Choosing for alternatives
VI. Identification of opportunities
VII. Team work
VIII. Development of Business Strategies
IX. Simplifying Goals

10.4.3 Types of Planning

It is also important to know that planning is undertaken in cycles within a particular time frame. Business prepares the following types of plans in order to meet their stated objectives:-

Short-term Plan:- Designed to solve immediate, pressing problems. It is normally for a period of less than six months.

Medium term plan:- Designed to address problems, issues, and challenges with a six-month to three-year time horizon.

Long term Plan:- Designed to set long-term, strategic objective for the company with a time horizon of three to five years.

<u>Types of Planning</u>

Short-term Planning Medium-term Planning Long-term Planning

Levels of planning in an organization correspond with the levels of managers. The three vital levels of managers and associated planning levels are top-level, middle-level, and associated planning levels are top-level, middle-level, and frontline-level. The top-level is involved in strategic planning, the middle-level with tactical planning.

Level of Planning

Strategic Tactical Operational

Strategic Planning:- Planning is concerned with future. Thus a planning process must involve different degree of futurity. Some parts of the organization require planning for many years into the future while others requires planning over a short period only. For example, capital expenditure is more of long-term nature while budget for a year has short-term orientation. The former is called strategic Planning or long-range planning. "Strategic Planning is the process of deciding on objectives of the organization, on changes on these objectives, on the resources used to attain these objectives and on the policies that are to govern the acquisition, use and dispositions of these resources"

-Anthony

Examples of strategic planning in an organization may be planned growth rate in sales, diversification of business into new lines, type of product to be offered, and so on. This way, strategic planning encompasses all the functional areas of business and is affected within the existing and long-term framework of economic, political, technological, and social factors. Strategic planning also involves the analysis of various environmental factors particularly with respect to how organization relates to its environment. A basic problem in strategic planning is the period for which plan is to be formulated. Normally more than one year period is considered to be a long one. Usually for most of the organizations, it ranges between 3 to 5 years. However, there should be some logic in selecting the right time range for planning. In general since planning and forecasting that underlines it are costly, and organization should not for a longer period than is economically Justifiable; yet it is risky to plan for a shorter period. The choice of period lies in the "Commitment principle" which suggests that logical planning encompass a period of time in the future necessary to foresee, as well as possible, the fulfillment of commitments involved in decisions made today. What the commitment principal implies is that long-range planning is not really planning for future decisions but rather planning for the future impact of today's decisions. In other words, a decision is commitment, normally of funds, direction of action or other similar things. Therefore, the most striking application of planning period would be the setting up of time period long enough to anticipate the recovery of costs suck in a course of action. Strategic planning is a continual process for improving organizational performance by developing strategies to produce results. It involves looking at where the organization wants to go, assessing the organization's current situation, and developing and implementing approaches for moving forward. We utilize a framework comprised of four distinct stages:-

1. **Prepare:-** Three critical steps must be accomplished prior to developing a strategic plan:-

- ❖ Visioning
- ❖ Assesment, and
- ❖ The development and implementation of a planning process.

In Each of these area, you will need to review and build on what is already in palce-vision and mission statements, organization, and input from ongoing groups of internal and external stakeholders already engaged in planning.

2. **Plan:-** To develop the plan, you must establish priorities by considering the needs, strengths, and resources of your organization. Three key questions must be answered:-

- ❖ What do we want to accomplish?
- ❖ What will we do to get there?
- ❖ How will we know if we are making progress?

Once you have a draft document, circulate it for input, revise and finalize.

3. **Implement:-**
   The following steps ensure that plans are used to guide the work of the organization:-

- ❖ Communicating or 'marketing' the plan,
- ❖ Supervising the actual work, and
- ❖ Monitoring and reporting progress on the plan.

4. **Review/Revise:-** This stage starts the cycle over again, allowing the plan to be continuously updated. This will keep it current and meaningful to the organization. On an ongoing basis the organizations should:-

- ❖ Conduct assessments of its performance by gathering and analyzing information;
- ❖ Convene the planning group to review performance and reassess goals, outcomes, strategies, and action steps and to make recommendations for changing; and

- ❖ Revise the plan.

To the extent that the plan is updated, it will stay current and meaningful to the organization.

Tactical Planning:- Technical planning deals primarily with the specific goals and plans pertaining to functional areas production, marketing, human resources management, etc. It deals with major actions pertaining to the implementation pharse of the planning process. Some of the salient features of tactical plan are that it:-

- ❖ Turns strategy into reality;
- ❖ Usually has medium term, i.e. one-to-two year time span;
- ❖ Derives input from the strategic plan and usually gets integrated with the annual budget process; and
- ❖ Focus on project plans and project budgets.

Operational Planning:- Operational Planning deals with specific system, procedures, and process required to implement the tactical plan at the level of the operational or front-line manager. The operational plans have a very short time span say daily, weekly, or monthly and focus mainly on routine tasks such as daily production planning and control, sales, delivery schedules, and personnel management aspects. It is improvement to understand that there should be one to one coordination between strategic, tactical, and operational plans. All the three should support each other mutually. The guiding force behind operational plans and for tactical plans from strategic plans. Operational plans help project managers to organize tasks and monitor progress.

10.4.4 Process of Planning

It is necessary that a particular planning process is applicable for all organizations for all types of plans because the various factors that go into planning process may differ from plan to plan or from one organization to another. An important point about planning is that it helps managers think beyond the daily activities that surround them. It helps them plan for the future and be ready for challenges.

Different stake holders of organization are involved in planning process

Phase of Planning	Who is involved?
Planning to Plan	Someone has to make sure that regular planning takes place and that is the appropriate form of planning. It is usually the management team that puts planning on the agenda.
Understanding the context	This could be part of planning workshop or take place separately. It is usually a good idea to get in an outside person with a broad understanding of the general context and of your sector, to do a

	presentation. You may have an internal person who is very good at this. The presentation should be for all Board and staff members.
Vision Planning-developing an overall vision for the organization.	Depending on the size of your organization. You may decide to include everyone in this, or to set up a planning team. If you go for the planning team option, then the team must report back to staff and Board and get consensus on a final vision. Some organizations or projects like to have beneficiary input as well.
Mission Formulation-turning the vision into a mission statement for the organization what it will do it.	Depending on the size of your organization. You may decide to include everyone in this, or to set up a planning team. If you go for the planning team option, then the team must report back to staff and Board and get consensus an a final vision. Some organizations or projects like to have beneficiary input as well.
Situational Analysis- This involves analyzing the current situation with the organization and those things that are having an impact on, or are likely to have an impact on, the organization from outside.	If it is manageable, you can do this with the whole staff, or get it done project-by-project or department-by-department. As part of this process it is useful to do a SWOT Analysis (Strength, weakness, opportunities and Threats). Organizations often ask whether or not administration staff should be included in these process. It is useful to include administrative staff in these preliminary strategic steps. Thereafter, until you get to action planning, unless administrative staff show a clear interest, it is not so important.
Strategic options and completion of mission- here those involved in programme work look at the strategic options for the organization (what is the best way to make an impact on the problem we are addressing, given our specific context, internally and externally?) and then revisit the mission statement to check that it makes sense.	All programme or professional staff and at least some Board members.
Good setting and structure review- Goal setting involves setting broad overall goals or result areas for the organization. This should give you some indication of how best to structure the work of the organization.	This can be done by the planning team, or by senior staff, or, if manageable, by all programme or professional staff. Once the prioristed goals are clear, the structure of the organization can be reviewed.
Objective setting- This is more specific than overall goal setting and requires a work unit to work out what objectives it needs to achieve in order for the overall goals of the organization to be met.	This should be done by all professional staff, but preferably within units, departments, projects.
Action planning- this involves developing step-by-step activities necessary to achieve objectives.	As above. At this point, administrative staff should be involved again.
Implementation	All Staff.
Monitoring and evaluation there is a whole tool	All senior staff, reporting to the Board.

kit that deals with monitoring and evaluation.	

The steps involved in the planning process are as follows:-

Perception of opportunities

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Establishing objectives

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Planning Premises

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Identification of alternatives

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Establishing Sequence of Objectives

↓

Formulation of supporting

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Choice of alternative Plans

↓

Evaluation of alternatives

Fig- 10.3 Planning Process

1. Perception of opportunities:- Perception of opportunities is not strictly a planning process. However, this awareness is very important for planning process because it leads to formulation of plans by providing clue whether opportunities exists for taking up particular plans. From this point of view, it can be considered as the beginning of planning process. Perception of opportunities includes as preliminary look at possible opportunities and the ability to see them clearly and completely, knowledge of where the organization stands in the light of its strengths and weaknesses, an understanding of why the organization wants to solve uncertainties, and a vision of what it expects to gain. This provides an opportunity to set the objectives in real sense because the organization tries to relate itself with the environment. In doing so, it takes the advantages of opportunity and avoids threats. This is a preliminary stage, hence the analysis of environment is not taken in very elaborate from but analysis relates to the determination of opportunities at first instance.

2. Establishing objectives:- At this stage, major organizational and unit objectives are set. objectives specify the results expected and indicate the end points of what is to be done, where the primary emphasis is to be placed, and what is to be accomplished by the various types of plans. The organizational objectives should be specified in all key result areas, key result areas are those which are important for organization in achieving its objectives. These are identified on the basis of organizational objectives. For example, for an organization, key results areas may be profitability, sales research and development, manufacturing, and so on. Once organizational objectives are identified in that context. Organizational objectives give direction to the nature of all major plans which, by reflecting these objectives, define the objectives of major departments. These, in turn, control the objectives of subordinate departments, and so on down the line.

3. Planning Premises:- After determination of organizational goals, the next step is establishing planning premises, that is, the conditions, under which planning activities will be undertaken. Planning premises are planning assumptions-the expected environmental and internal conditions. Thus planning premises are external and internal. External premises include total factors in task environment like political, social, technological, competitor's plans and actions, government policies, etc. Internal factors include organization's Policies, resources of various types, and the ability of the organization to withstand the environment pressure. The plans are formulated in the light of both external and internal factors. The more individuals charged with planning understand and utilize consistent planning premises, the more coordinated planning will be. Forecasting plays a major role in planning premises. The nature of planning premises differs at different levels of planning. At the top level, it is mostly externally focused. As one moves down the organization hierarchy the composition of planning premises changes from external to internal. The major plans, both old and new, will materially affect the future against which the managers at lower units must plan.

4. Identification of Alternatives:- Based on organizational objectives and planning premises, various alternatives can be identified. The concept of various alternatives suggests that a particular objective can be achieved through various actions. For example, if an organization has set its objective to grow further, it can be achieved in several ways like expanding in the same field of business or product line, diversifying in other areas, joining hands with other organization, or taking over another organization and so on. Within each category, there may be several alternatives. For example, diversification itself may point out the possibility of entering into one of the several fields. The most common problem with alternatives is not that of finding of alternatives only but to reduce the number of alternatives so that the most promising ones may be taken for detailed analysis. Since all alternatives cannot be considered for further analysis, it is necessary for the planner to reduce in preliminary examination the number of alternatives which do not meet the minimum preliminary criteria. Preliminary criteria can be defined in several ways, such as minimum investment required, matching with the present business of the organization, control by the government, etc.

5. Evaluation of Alternatives:- Various alternatives which are considered feasible in terms of preliminary criteria may be taken for details evaluation. At this stage, an attempt is made to evaluate how each alternative contributes to the organizational objective in the light of its resources and constraints. This presents a problem because each alternative may have certain positive points on one aspects but negative on others. For example, one alternative may be most profitable but requires heavy investment with long gestation period; another may be less profitable but also involves less risk. Moreover, there is no certainty about the outcome of any alternative because it is related with future and future is not certain. It is affected by large number of factors making the evaluation work quite complex. This is the reason why more sophisticated techniques of planning and decision making have been developed .

6. Choice of Alternative:- After the evaluation of various alternatives, the most fit one is selected. Sometimes evaluation shows that more than one alternative is equally good. In such a case, a planner may choose more than one alternative. Alternative course of action is to be undertaken in future which is not constant. A course of action chosen keeping in view the various planning premises may not be the best one of there is change in planning premises. Therefore, planner must be ready with alternative, normally known as contingency plan, which can be implemented in changed situation.

7. Formulation of Supporting Plans:- After Formulating the basic plan, various plans are derived so as to support the main plan. In an organization there can be various derivative plans like planning for buying equipments, buying raw materials, recruiting and training personnel, developing new product, etc. These derivative plans are formulated out of the main plan and therefore, they support it.

8. Establishing Sequence of Activities:- After formulating basic and derivative plans, the sequence of activities is determined so that plans are put into action. Based on plans at various levels, it can be decided who will do what and at what time. Budgets for various periods can be prepared to give plans more concrete meaning for implementation.

Check your Progress

Q-1 What is planning?

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....

Q-2 Define POSDCORB?

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....

Q-3 Explain the purpose of planning?

....

....

10.5 Summary

Managers circulate and monitor the use of organizational resources in the form of information, material, money and people. Managers have to main jobs running a business and building an organization. All managers perform the same basic management functions-planning, origination, staffing, direction and control. Managers can be described by the functional areas in which they perform. Although all managers perform the same basic functions, the extent to which they perform these universal activities varies with levels in the management hierarchy. Decision- making is a part of planning process and is concerned with selecting a course of action from a set of alternative.

10.6 Glossary

Planning- The process of identifying goals and ways of achieving them in order to prepare the organization for the future.

Managerial Skills- The skills managers must master to perform different managerial functions. These can be categories as technical, human, and conceptual skills.

Managerial Roles- The roles assumed by mangers to perform management functions.

Managerial Function- These are the universal functions of planning. Organizing, leading, and controlling.

Organization- It is the process of creating structure, establishing relationship, and allocating resources to accomplish goals.

Controlling- It is the process of checking results against plans and taking corrective action as needed to reduce deviation from preciously set guidelines.

Effectiveness- It means 'doing the right thing' and is measured in terms of goal attainment.

10.7 Check Your Progress- Answers

Ans- 1 Planning is the conscious determination of future course of action to achieve the desired results. This includes what one wants to achieve, when to achieve, and how to achieve. Therefore, planning includes determination of objectives, setting rules and procedures, determining projects, setting policies and strategies, budgeting, etc. All these determine what an organization wants to do and how it can be done.

Ans- 2 'P' Planning , 'O' Organization, 'S' Staffing , 'D' Directing, 'Co' Co-ordination, 'R' Reporting , 'B' Budgeting.

Ans-3 The purpose of planning is also to minimize the cost of performance and eliminate unproductive efforts. It also helps the management in adopting and adjusting according to the changes that take place in the environment. Planning also provides a basis for teamwork as when the goals are properly defined assignments can be fixed and all the members can start contributing in the achievement of these objectives. Planning gives a sense of direction and ensured that efforts are being put to useful purpose instead of being wasted.

10.8 Further References

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10.9 Suggested Readings

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10.10 Terminal Question

Q-1 Define the term planning. Why planning is important for any organization. Discuss in details with example?

Q-2 Discuss the functions of management?

Q- 3 With the help of a need diagram discuss the nature of planning?

Q-4 Discuss the concepts of POSDCORB in management?

Unit – 11

Management By Objectives (MBO)

Structure

11.0Objective

11.1 Introduction

11.2 Decision Making process

11.3 Tools and Techniques.

11.4Decision making components of effective decision making.

11.5Management By Objectives (MBO)
11.6 question
11.7Referebnce

11.0Objective

- Student know about the Decision Making process
- Student know about the Tools and Techniques decision making.
- Student know about the Decision making components of effective decision making.
- Student know about Management By Objectives (MBO)

11.1 Introduction

Management by objectives (**MBO**), also known as **management by results** (**MBR**), is a process of defining objectives within an organization so that management and employees agree to the objectives and understand what they need to do in the organization in order to achieve them. The term "management by objectives" was first popularized by Peter Drucker in his 1954 book *The Practice of Management*.

The essence of MBO is participative goal setting, choosing course of actions and decision making. An important part of the MBO is the measurement and the comparison of the employee's actual performance with the standards set. Ideally, when employees themselves have been involved with the goal setting and choosing the course of action to be followed by them, they are more likely to fulfill their responsibilities.

According to George S. Odiorne, the system of management by objectives can be described as a process whereby the superior and subordinate jointly identify its common goals, define each individual's major areas of responsibility in terms of the results expected of him, and use these measures as guides for operating the unit and assessing the contribution of each of its members.

11.2 Decision Making process

The thought process of selecting a logical choice from the available options.
When trying to make a good decision, a person must weight the positives and negatives of each option, and consider all the alternatives. For effective decision making, a person must be able to forecast the outcome of each option as well, and based on all these items, determine which option is the best for that particular situation.

Decision-making can be regarded as the cognitive process resulting in the selection of a belief or a course of action among several alternative possibilities. Every decision-making process produces a final choice that may or may not prompt action. Decision-making is the study of identifying and choosing alternatives based on the values and preferences of the decision maker. Decision-making is one of the central activities of management and is a huge part of any process of implementation. Human performance with regard to decisions has been the subject of active research from several perspectives:

- Psychological: examining individual decisions in the context of a set of needs, preferences and values the individual has or seeks.
- Cognitive: the decision-making process regarded as a continuous process integrated in the interaction with the environment.
- Normative: the analysis of individual decisions concerned with the logic of decision-making and rationality and the invariant choice it leads to.

Decision-making can also be regarded as a problem-solving activity terminated by a solution deemed to be satisfactory. It is, therefore, a reasoning or emotional process which can be rational or irrational and can be based on explicit assumptions or tacit assumptions. Rational choice theory encompasses the notion that people try to maximize benefits while minimizing costs. Some have argued that most decisions are made unconsciously. Jim Nightingale states that "we simply decide without thinking much about the decision process." In a controlled environment, such as a classroom, instructors might try to encourage students to weigh pros and cons before making a decision. This strategy is known as Franklin's rule. However, because such a rule requires time, cognitive resources and full access to relevant information about the decision, this rule may not best describe how people make decisions.

Logical decision-making is an important part of all science-based professions, where specialists apply their knowledge in a given area to make informed decisions. For example, medical decision-making often involves a diagnosis and the selection of appropriate treatment. Some research using naturalistic methods shows, however, that in situations with higher time pressure, higher stakes, or increased ambiguities, experts use intuitive decision-making rather than structured approaches – following a recognition primed decision that fits their experience – and arrive at a course of action without weighing alternatives. Recent robust decision research has formally integrated uncertainty into its decision-making model. Decision analysis recognized and included uncertainties in its theorizing since its conception in 1964.

A major part of decision-making involves the analysis of a finite set of alternatives described in terms of evaluative criteria. Information occurs when there is a substantial gap between the capacity of information and the ways in which people may or can adapt. The overload of information can be related to problem≠ processing and tasking, which effects decision-making. These criteria may be benefit or cost in nature. Then the problem might be to rank these alternatives in terms of how attractive they are to the decision-maker(s) when all the criteria are considered simultaneously. Another goal might be to just find the best alternative or to determine the relative total priority of each alternative (for instance, if alternatives represent projects competing for funds) when all the criteria are considered simultaneously. Solving such problems is the focus of multi-criteria decision analysis (MCDA), also known as multi-criteria decision-making (MCDM). This area of decision-making, although very old, has attracted the interest of many researchers and practitioners and is still highly debated as there are many MCDA/MCDM methods which may yield very different results when they are applied on exactly the same data. This leads to the formulation of a decision-making paradox.

In regards to management and decision-making, each level of management is responsible for different things. Top level managers look at and create strategic plans where the organization's vision, goals, and values are taken into account to create a plan that is cohesive with the mission statement. For mid-level managers, tactical plans are created with specific steps with actions that need to be executed to meet the strategic objective. Finally, the front-line managers are responsible for creating and executing operational plans. These plans include the policies, processes, and procedures of the organization. Each must take into account the overall goals and processes of the organization.

The environment can also play a part in the decision making process. It is important to know that environmental complexity is a factor that influences cognitive function and well being. [6] A complex environment is an environment with a large number of different possible states which come and go over time. It is in different states at different times and different in different places as opposed to the same all over. Peter Godfrey-Smith, professor at Stamford University, states "whether a particular type of complexity is relevant to an organism depends on what the organism is like- size, needs, habits and physiology." Studies done at the University of Colorado have shown that more complex environments correlate with higher cognitive function meaning a decision can be influenced by the location. The experiment measured complexity in a room by the number of small objects and appliances present whereas a simple room had less of those things. Cognitive function was greatly affected by the higher measure of environmental complexity making it easier to think about the situation and make a better decision

11.3 Tools and Techniques.

While the basic principles might be the same, there are dozens of different techniques and tools that can be used when trying to make a decision. Among some of the more popular options, which often use graphs, models or charts, are:

- **Decision matrix**: A decision matrix is used to evaluate all the options of a decision. When using the matrix, create a table with all of the options in the first column and all of the factors that affect the decision in the first row. Users then score each option and weigh which factors are of more importance. A final score is then tallied to reveal which option is the best.
- **T-Chart**: This chart is used when weighing the plusses and minuses of the options. It ensures that all the positives and negatives are taken into consideration when making a decision.
- **Decision tree**: This is a graph or model that involves contemplating each option and the outcomes of each. Statistical analysis is also conducted with this technique.
- **Multivoting**: This is used when multiple people are involved in making a decision. It helps whittle down a large list options to a smaller one to the eventual final decision.
- **Pareto analysis**: This is a technique used when a large number of decisions need to be made. This helps in prioritizing which ones should be made first by determining which decisions will have the greatest overall impact.
- **Cost-benefit**: This technique is used when weighing the financial ramifications of each possible alternative as a way to come to a final decision that makes the most sense from an economic perspective.
- **Conjoint analysis**: This is a method used by business leaders to determine consumer preferences when making decisions.

Decision-making techniques can be separated into two broad categories: Group decision-making and individual decision-making techniques.

Group decision-making techniques

- Consensus decision-making tries to avoid "winners" and "losers". Consensus requires that a majority approve a given course of action, but that the minority agree to go along with the course of action. In other words, if the minority opposes the course of action, consensus requires that the course of action be modified to remove objectionable features.

- Voting-based methods.
  - Range voting lets each member score one or more of the available options. The option with the highest average is chosen. This method has experimentally been shown to produce the lowest Bayesian regret among common voting methods, even when voters are strategic.
  - Majority requires support from more than 50% of the members of the group. Thus, the bar for action is lower than with unanimity and a group of "losers" is implicit to this rule
  - Plurality, where the largest block in a group decides, even if it falls short of a majority.
- Delphi method is structured communication technique for groups, originally developed for collaborative forecasting but has also been used for policy making.
- Dotmocracy is a facilitation method that relies on the use of special forms called Dotmocracy Sheets to allow large groups to collectively brainstorm and recognize agreement on an unlimited number of ideas they have authored.

Individual decision-making techniques

- Pros and cons: listing the advantages and disadvantages of each option, popularized by Plato and Benjamin Franklin. Contrast the costs and benefits of all alternatives. Also called "rational decision-making".
- Simple prioritization: choosing the alternative with the highest probability-weighted utility for each alternative .
- Satisficing: examining alternatives only until an acceptable one is found. Contrasted with maximizing, in which many or all alternatives are examined in order to find the best option.
- Elimination by aspects: choosing between alternatives using Mathematical psychology The technique was introduced by Amos Tversky in 1972. It is a covert elimination process that involves comparing all available alternatives by aspects. The decision-maker chooses an aspect; any alternatives without that aspect are then eliminated. The decision-maker repeats this process with as many aspects as needed until there remains only one alternative
- Preference trees: In 1979, Tversky and Shmuel Sattach updated the elimination by aspects technique by presenting a more ordered and structured way of comparing the available alternatives. This technique compared the alternatives by presenting the aspects in a decided and sequential order. It became a more hierarchical system in which the aspects are ordered from general to specific
- Acquiesce to a person in authority or an "expert"; "just following orders".

- Flipism: flipping a coin, cutting a deck of playing cards, and other random or coincidence methods
- Prayer, tarot cards, astrology, augurs, revelation, or other forms of divination.
- Taking the most opposite action compared to the advice of mistrusted authorities (parents, police officers, partners...)
- Opportunity cost: calculating the opportunity cost of each options and decide the decision.
- Bureaucratic: set up criteria for automated decisions.
- Political: negotiate choices among interest groups.
- Participative decision-making (PDM): a methodology in which a single decision-maker, in order to take advantage of additional input, opens up the decision-making process to a group for a collaborative effort.
- Use of a structured decision-making method.

Individual decision-making techniques can often be applied by a group as part of a group decision-making technique.

A need to use software for a decision-making process is emerging for individuals and businesses. This is due to increasing decision complexity and an increase in the need to consider additional stakeholders, categories, elements or other factors that effect decisions.

11.4 Decision making components of effective decision making.

Decision making is a vital component of small business success. Decisions that are based on a foundation of knowledge and sound reasoning can lead the company into long-term prosperity; conversely, decisions that are made on the basis of flawed logic, emotionalism, or incomplete information can quickly put a small business out of commission (indeed, bad decisions can cripple even big, capital-rich corporations over time). All businesspeople recognize the painful necessity of choice. Furthermore, making these choices must be done in a timely fashion, for as most people recognize, indecision is in essence a choice in and of itself—a choice to take no action. Ultimately, what drives business success is the quality of decisions, and their implementation. Good decisions mean good business.

The concept of decision making has a long history; choosing among alternatives has always been a part of life. But sustained research attention to business decision making has developed only in recent years. Contemporary advances in the field include progress in such elements of decision making as the problem context; the processes of problem finding, problem solving, and legitimation; and procedural and technical aids.

THE ELEMENTS OF DECISION MAKING

THE PROBLEM CONTEXT All decisions are about problems, and problems shape context at three levels. The *macrocontext* draws attention to global issues (exchange rates, for example), national concerns (the cultural orientations toward decision processes of different countries), and provincial and state laws and cultures within nations. The *mesocontext* attends to organizational cultures and structure. The *microcontext* addresses the immediate decision environment—the organization's employees, board, or office.

Decision processes differ from company to company. But all companies need to take these three context levels into consideration when a decision needs to be made. Fortunately, economical ways to obtain this information are available and keep the cost of preparing for decisions from becoming prohibitive.

PROBLEM FINDING AND AGENDA SETTING An important difficulty in decision making is failure to act until one is too close to the decision point—when information and options are greatly limited. Organizations usually work in a "reactive" mode. Problems are "found" only after the issue has begun to have a negative impact on the business. Nevertheless, processes of environmental scanning and strategic planning are designed to perform problem reconnaissance to alert business people to problems that will need attention down the line. Proactivity can be a great strength in decision making, but it requires a decision intelligence process that is absent from many organizations.

Moreover, problem identification is of limited use if the business is slow to heed or resolve the issue. Once a problem has been identified, information is needed about the exact nature of the problem and potential actions that can be taken to rectify it. Unfortunately, small business owners and other key decision makers too often rely on information sources that "edit" the data—either intentionally or unintentionally—in misleading fashion. Information from business managers and other employees, vendors, and customers alike has to be regarded with a discerning eye, then.

Another kind of information gathering reflects the array and priority of solution preferences. What is selected as possible or not possible, acceptable or unacceptable, negotiable or non-negotiable depends upon the culture of the firm itself and its environment. A third area of information gathering involves determining the possible scope and impact that the problem and its consequent decision might have. Knowledge about impact may alter the decision preferences. To some extent, knowledge about scope dictates who will need to be involved in the decision process.

PROBLEM SOLVING

Problem solving—also sometimes referred to as problem management—can be divided into two parts—process and decision. The process of problem solving is predicated on the existence of a system designed to address issues as they crop up. In many organizations, there does not seem to be any system. In such businesses, owners, executives, and managers are apparently content to operate with an ultimately fatalistic philosophy—what happens, happens. Business experts contend that such an attitude is simply unacceptable, especially for smaller businesses that wish to expand, let alone survive. The second part of the problem management equation is the decision, or choice, itself. Several sets of elements need to be considered in looking at the decision process. One set refers to the rationales used for decisions. Others emphasize the setting, the scope and level of the decision, and the use of procedural and technical aids.

RATIONALES Organizational decision makers have adopted a variety of styles in their decision making processes. For example, some business leaders embrace processes wherein every conceivable response to an issue is examined before settling on a final response, while others adopt more flexible philosophies. The legitimacy of each style varies in accordance with individual business realities in such realms as market competitiveness, business owner personality, acuteness of the problem, etc.

SETTINGS Certainly, some entrepreneurs/owners make business decisions without a significant amount of input or feedback from others. Home-based business owners without any employees, for example, are likely to take a far different approach to problem-solving than will business owners who have dozens of employees and/or several distinct internal departments. The latter owners will be much more likely to include findings of meetings, task forces, and other information gathering efforts in their decision making process. Of course, even a business owner who has no partners or employees may find it useful to seek information from outside sources (accountants, fellow businesspeople, attorneys, etc.) before making important business decisions. "Since the owner makes all the key decisions for the small business, he or she is responsible for its success or failure," wrote David Karlson in *Avoiding Mistakes in Your Small Business*. "Marketing and finance are two of several areas in which small business owners frequently lack sufficient experience, since they previously worked as specialists for other people before they started their own businesses. As a result, they generally do not have the experience needed to make well-informed decisions in the areas with which they are unfamiliar. The demands of running and growing a small business will soon expose any achilles heel in a president/owner. It is best to find out your weaknesses early, so you can develop expertise or get help in these areas."

SCOPE AND LEVEL Finally, attention must be paid to problem scope and organizational level. Problems of large scope need to be dealt with by top levels of the organization. Similarly, problems of smaller scope can be handled by lower levels of the organization. This is a failing of many organizations, large and small. Typically, top level groups spend much too much time deciding low-level, low-impact problems, while issues of high importance and organizational impact linger on without being addressed or resolved.

PROCEDURAL AND TECHNICALAIDS In recent years, a number of procedural and technical aids have been developed to help business managers in their decision making processes. Most of these have taken the form of software programs that guide individuals or groups through the various elements of the decision making process in a wide variety of operational areas (budgeting, marketing, inventory control, etc.). Leadership seminars and management training offer guidance in the decision making process as well.

OUTCOME Whatever decision making process is utilized, those involved in making the decision need to make sure that a response has actually been arrived at. All too often, meetings and other efforts to resolve outstanding business issues adjourn under an atmosphere of uncertainty. Participants in decision making meetings are sometimes unsure about various facets of the decision arrived at. Some meeting participants, for example, may leave a meeting still unsure about how the agreed-upon response to a problem is going to be implemented, while others may not even be sure what the agreed-upon response is. Indeed, business researchers indicate that on many occasions, meeting participants depart with fundamentally different understandings of what took place. It is up to the small business owner to make sure that all participants in the decision making process fully understand all aspects of the final decision.

IMPLEMENTATION The final step in the decision making process is the implementation of the decision. This is an extremely important element of decision making; after all, the benefits associated with even the most intelligent decision can be severely compromised if implementation is slow or flawed.

11.5Management By Objectives (MBO)

Management by objectives (or **MBO**) is a personnel management technique where managers and employees work together to set, record and monitor goals for a specific period of time. Organizational goals and planning flow top-down through the organization and are translated into personal goals for organizational members. The technique was first championed by management expert Peter Drucker and became commonly used in the 1960s.

Key Concepts

The core concept of MBO is planning, which means that an organization and its members are not merely reacting to events and problems but are instead being proactive. MBO requires that employees set measurable personal goals based upon the organizational goals. For example, a goal for a civil engineer may be to complete the infrastructure of a housing division within the next twelve months. The personal goal aligns with the organizational goal of completing the subdivision.

MBO is a supervised and managed activity so that all of the individual goals can be coordinated to work towards the overall organizational goal. You can think of an individual, personal goal as one piece of a puzzle that must fit together with all of the other pieces to form the complete puzzle: the organizational goal. Goals are set down in writing annually and are continually monitored by managers to check progress. Rewards are based upon goal achievement.

Advantages

MBO has some distinct advantages. It provides a means to identify and plan for achievement of goals. If you don't know what your goals are, you will not be able to achieve them. Planning permits proactive behavior and a disciplined approach to goal achievement. It also allows you to prepare for contingencies and roadblocks that may hinder the plan. Goals are measurable so that they can be assessed and adjusted easily. Organizations can also gain more efficiency, save resources and increase organizational morale if goals are properly set, managed and achieved.

Disadvantages

MBO is not without disadvantages. Application of MBO does take some concerted effort. You cannot rely upon a thoughtless, mechanical approach. You should note that some tasks are so simple that setting goals makes little sense and becomes more of silly annual ritual. For example, if your job is snapping two pieces of a product together on an assembly line, setting individual goals for your work borders on the absurd.

Rodney Brim, a CEO and critic of the MBO technique, has identified four other weaknesses. There is often a focus on mere goal setting rather than developing a plan that can be implemented. The organization often fails to take into account environmental factors that hinder goal achievement, such as lack of resources or management support. Organizations may also fail to monitor for changes, which may require modification of goals or even make them irrelevant. Finally, there is the issue of plain human neglect - failing to follow through on the goal.

Example

Let's say that you are a senior associate at a law firm who practices in the civil litigation practice department. Your cases involve complex business litigation that usually take years to prepare before trial (and the inevitable appeals, given the dollars at stake).

11.6 Review Question

1. Write a short note on Decision Making process

2. What is the Tools and Techniques of Decision Making.
3. Write a short note on Decision making components of effective decision making.
4. What is the Management By Objectives (MBO)

11.7 Reference

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UNIT 12

NATURE AND IMPORTANCE OF ORGANISING

Structure

12.0 Objectives

After reading this unit the learner should be able to: know organizing process, its elements and features, Understand organizational structure. And understand span of management and informal organization.

12.1 Nature and Importance of Organizing Process

Meaning and Concept

Where two or more persons work together for achieving a common goal, their activities have to be organized. Organizing is a process of integrating, coordinating and mobilizing the activities of members of a group for seeking common goals. It implies establishment of working relationships which is done by assigning activities and delegating authority.

A person who delegates is known as superior and to whom authority is delegated becomes subordinate. This is known as authority relationship of superior and subordinate. Organizing may be regarded at a process of determining who docs what and, who reports to whom? It involves division of work among the members of the organisation and is an indication of superior and subordinate relationship among them. A few definitions of organization used as synomous to organizing are given below.

"Organizing is a process of identifying and grouping the work to be performed, defining and delegating responsibility and authority and establishing a pattern of relationship for the purpose of enabling people to work most effectively together in accomplishing objectives"- Alien.

"As a process of combining the work which individuals or a group have to perform with the facilities necessary for its execution, that the duties so performed provides the best channel for the efficient, systematic; positive and coordinated application of available efforts "- Oliver

"Organizing is a process of defining and grouping the activities of the enterprise and establishing authority relation among them. In performing the organisation function, the manager defines, departmentalizes, and assigns activities sothat they can be most effectively executed "- Theo Haimann

"Organizing involves, the establishment of an internal structure of roles. By identifying and listing the activities required to achieve the purpose of a enterprise, the grouping of these activities, the assignment of such group of activities to manager, the delegation of authority to carry out, and provision for coordination of authority relationship horizontally and vertically in the organisation structure" -- Koontz and O'Donnell.

"Organizing is a process of dividing up of activities which are necessary to any purpose and arranging them in group which are assigned to individuals" - Urwick.

It is evident that the term organisation has been used as a process and as a structure. Organizing a process involves many stages. When the stages are completed, a formal structure comes into existence, known as organizational structure. Organizing involves the following stages:

IDENTIFICATION

At the first stage of organizing, the manager identities those activities which art necessary for achieving common goals. Toe common goals of organisation provide the basis for determining and identifying the activities. For example, an organisation producing find distributing washing machines may require to perform all activities, ranging from procurement of inputs to retail sales. These activities may be related to various functional areas such as production, marketing, personnel, finance and purchase

DIVISION

Once the activities have been identified, they are divided and subdivided into jobs and small tasks, known as elements of activities. The main objective of dividing these activities is to simplify them by breaking them into small elements. By dividing activities, the close rela1ionship among its elements may be discovered which may help in grouping them.

GROUPING

After division into small elements, known as tasks, the closely related ones, having similarity, may be grouped to form a department. Such grouping is known as departmentalization: The main purpose of making such groups is to integrate-activities by combining them into similar components.

ASSIGNMENT

Once activities are classified into groups, they are assigned to the specific department or an individual. And, it is ensured that the department or employee has the required competence and resources tor performing the activities. In the process of assignment, the relationship of a particular task with the department is also established.

AUTHORITY

Assignment of group of activities among various departments and individual employee demands and granting of adequate authority to them. The main purpose of granting such authority is to help them in performing assigned activities in satisfactory manner. Granting of authority through the process of delegation creates the relationship of superior and subordinate among various employees and managerial hierarchy in the organisation. The process of delegation of authority starts from the higher to the lower levels in a pre-determined manner.

Coordinating

In the process of organizing, attempts are made to coordinate each small element or task with departmental activities and functioning of each department is coordinated to achieve common goals. In other words, through the process of organizing, each task and activity is integrated with the common goal.

12.1.1 Need and Importance of Organising

Organising is basically a process of creating formal organizational structure of role, relationship, position and authority. Sound organizational structure can contribute greatly not only to the survival and success of the enterprise but also to its continuity and stability. The organization may also be viewed as a mechanism, device or indispensable means to achieve objectives. The need and importance of organizing and organizational structure can be understood on the basis of following points:

1 Sound organizational structure facilitates effective management. It is a mechanism through which the managers direct, coordinate and control the activities of an enterprise. If the structure of an organization is ill-designed, the entire management process in bound to be ineffective.

2 The whole process of .organizing helps in coordinating various jobs in the department or division and by relating them to departmental work. It further integrates' and unifies the functioning of various departments in such a way as to contribute to overall functioning of the organization.

3 Logical and clear-cut division of work and delegation of authority among the various members leads to many benefits. Every member knows very well that what he is expected to contribute and what are the limits of his authority.

4 Both the sub-processes, differentiation and integration may directly affect operating results of the enterprise. If both the processes are conducted in a proper manner, overall organizational efficiency tends to increase

5 Creation of organizational structure also necessitates delegation of authority among various managerial positions. Decentralized organizational structure encourages prompt decision-making and efficient control.

6 The organizational structure provides the basis and framework to the manager which enables him to cope with the changing environment. Elements of flexibility, dynamism and adaptability in the structure of the organization help

him in facing, diverse and complex uncertainties without undermining its stability and continuity.

7 The structure of an organization facilitates formal communication through line of authority, established from top to lower levels. .It also determines pattern of interaction among various employees.

8 Creation of staff units in the activity structure of the organisation broaden the span of control of the manager and help him in discharging his responsibility in a more efficient manner.

9 Organising virtually means order and discipline both in respect to working behavior of the employees and their role and relationship.

10 Highly-decentralized structure of an organization may have strong influence on development of managers, as delegation of authority to lower level managers provides opportunity to them for making decisions and exercising administrative authority.

12.2 Organizational Chart

An organizational chart is a diagram of official positions of the organization and formal line of authority. It is a graphic and systematic description of a formal structure of an organization. It is regarded as a useful tool, to help visualise the entire organization and pattern of authority relationship involved in it. It helps in preparing an organizational blueprint for deploying human resources. It is a two-dimensional graphic representation of authority structure and activity structure. The organizational charts usually provide necessary information on how the process of differentiation and integration have been conducted for building the structure of an organization and which scheme of departmentalization has been adopted (product, process, geographical or customer-wise and functional, etc.). It also reflects flow and pattern of distribution and delegation of authority among various positions, created in the organization, which makes it clear, who reports to whom.

The organizational chart depicts line, staff and functional relationship and communication line among managerial positions. It also gives information oil various authority positions and status associated with them. In brief, the charts may be considered as devices to show vertical hierarchy which establishes chain of command and horizontal specialisation which establishes division of labour.

Dale has considered organizational chart "as a diagram of formal authority structure". But this definition virtually-ignores the horizontal dimension of an organization. A more suitable definition of organizational charts has been forwarded by Terry. In his words, "organizational chart is a diagrammatical form which shows important sets of an organization, including the major functions and their respective relationship and the relative authority of each employee, who is incharge of each respective functions.

The structure of an organization can graphically be presented in the following manner:

Vertical chart: This is the conventional way of preparing the organizational chart. It indicates the position of chief executive on the top to which successive managerial positions are attached. As the chain of command travels down, at every successive stage contents of authority tend to decrease. Vertical charts take the shape of pyramid with lesser managerial positions on the higher side and more positions on the lower sides.

Horizontal chart: There is not much difference between vertical and horizontal charts except that the pyramid line remains in horizontal position instead of the vertical position. The line of authority will begin from left to right in the horizontal chart. The position of chief executive lies on extreme .left side and as it moves to right side, it represents lower level of managerial hierarchy. Since horizontal charts do not serve any additional purpose, except complicating the diagram which are less common in practice.

Circular chart: The circular chart or concentric chart indicates the highest managerial position at the centre and other middle and lower managerial positions rotate from centre in concentric circles. As against top position, the lowest managerial position lies on the outermost circle. Circular charts clearly show scope of each manager's responsibility and authority and eliminate status implications which are inherent from top to lower levels. It takes less space for presenting different managerial positions. But it is beset with a weakness; it is very difficult to draw it and it often creates a lot of confusion regarding managerial positions.

Objective of Organizational Chart

Organizational charts are aimed at providing the required information on vertical and horizontal dimensions of an organization. The exact contents depend on the requirements of the organization. However, in general, an organizational chart may reflect information on the following aspects:

1. Basic organizational structure and flow of authority.
2. Responsibility assigned to individuals and departments.
3. Line and staff and functional relationships.
4. Position and incumbents holding the position.
5. Management development requirements.

6. Communication channels for connecting various positions.
7. Basis of departmentalization such as product, process, territory, etc.
8. Chain of command or line of authority.
9. Present and proposed structure.
10. Interplay of functions, roles and relationship.

Importance of Organizational Charts

Organizational charts are considered as useful devices or tools of management for showing the entire organization at a glance. Usefulness of these charts can be understood on the basis of following points:

1. Organizational charts provide complete picture of the entire organization in a simple and understandable way. They also give a clear-cut overview of the total texture and shape of the organization.
2. By studying and analysing the organizational chart, one can get an insight into the organization in terms of its structure, processes, differentiations and integration, delegation and distribution of authority and line and staff relationship, etc.
3. Organizational charts can also be used as a useful device for deploying resources of the organization.
4. Reparation of organizational charts may also reveal many drawbacks and inadequacies associated with the organization such as dual command, over-specialisation, overlapping of activities and other inconsistencies.
5. Organizational charts can be of great use in the sphere of human resources management, especially in respect of providing training and development facilities to the employees, their promotional avenues, etc.
6. These charts may also be used profitably for SWOT analysis as to discover strengths and weaknesses of organization.
7. They also provide a sound basis to the management to cope with the changing environment and for planning organizational changes
8. Organizational charts may also be used as a partial evidence of discipline, order and purposefulness of the system.
9. On the basis of information provided by an organizational chart, the outsiders dealing with an organization can get a view of the component departments and their orderly arrangement on the horizontal line.

10. Construction of organizational charts facilitates the smooth functioning of the entire organization because is reveals all possible hindrances or road blocks, obstructing flow of work in an organization.

Disadvantages of organization chart

1. Most organizational charts are merely a snap-shop of the existing organization. They present the organization in a mechanistic engineering fashion, thereby, ignoring dynamism and open-system approach.
2. They bring forth excessive bureaucratic rigidity in relationship between the manager at higher and lower levels.
3. To cope with the changing environment, frequent changes are initiated in respect of structure, processes and design of the organization which ultimately render these charts ineffective and less useful.
4. One of the serious drawbacks associated with organizational charts is that they do not contain and reflect any information on informal relationships among the employees which greatly influence their working behavior
5. Poorly-constructed organizational charts may create misleading effects. An organizational chart represents a normative model of an organization and its contents. Real quality and contents such as organizational climate, efficiency, effectiveness and morale of employees, do not find place in the charts. And, they show only superficial and cosmetic aspects of an organizational structure
6. Organizational charts often fail to depict what is the exact content of authority and what are the extents of responsibility assumed by an employee. They tend to falsify through oversimplification.

In spite of the above drawback, organizational charts still remain very useful for managers, especially for making an analysis of the organization and highlighting inadequacies and inconsistencies in the existing structure.

12.3 Principles of Organising

Principles of organization refers to those well established and accepted general statements which are in be used in the process of organizing to prepare a sound organization structure. These principal serve as general guidelines for managers for evolving sound and more effective pattern of relationship in designing the organization. Most of these principles have classical flavour; they have been developed by early management writers, including F. W.Taylor, Henri Fayol, Lyndall, Orwick and others. With the passage of time, these principles have been refined and extended by many modem management scientists to make them more efficacious and relevant in the modem context. Some of these 'principles are outlined below:

1. **Principle of division of labour**
2. **Principle of functional definition**
3. **Principle of, scalar' chain**
4. **Principle of span of control**
5. **Principle of unity of command**
6. **Principle of objective**
7. **Principle of balance**
8. **Principle of flexibility**
9. **Principle of, absoluteness of responsibility**
10. **Principle of delegation by result expected**.
11. **Principle of parity between authority and responsibility**
12. **Principle of efficiency**
13. **Principle of continuity**
14. **Principle of cooperation**

12.4 Meaning and Features: Informal Organization

A formal organization .refers to those organizations which/are deliberately structured and consciously coordinated for accomplishing pre-determined common objectives. In this type of organization, members work in a well-defined and patterned relationship of superior and subordinate with a definite role and within set boundaries. They use standard plans such as policies, procedure, systems, rules, etc., for performing the assigned job.

When members work together in a formal relationship for seeking common goals, they come in contact and start interacting with each other. Basically, they all are human beings having natural tendencies to communicate and know about each other. This type of interaction, resulting from the various factors of human behavior, culminates in developing personal and social relationships among them which affect the functioning of the formal organization and provides a base for the creation of the informal organization. In other words, informal organization may be defined as pattern of activities, interactions and behavior arising spontaneously and naturally in the course of functioning of formal organization. Informal relations developing among the employees are multi-dimensional and multi-directional in nature, going around all sides of the formal organization. Though the managers have no direct control over the functioning of these informal groups, they can make them favourable for the formal organization. After all informal organization is an off-spring of formal structure.

Informal organization is characterized by the following features:

1. Informal relation among members develops spontaneously and naturally. It does not require any deliberate planning and efforts.
2. These relations are based upon personal and social relationship which develops through interaction and communication among the members of formal group.
3. Informal relations are multi-dimensional and multi-directional. They do not nave any prescribed way to move rather, they grow all around formal organization in a zigzag way.
4. Informal organization has its own norms of behavior, value system and procedures which are to be followed by the members.
5. In informal organization, leadership is mainly backed by competence and acceptance by the members.
6. Informal organizations are usually smaller, having personal and emotional involvement of the members such as family, friendship groups; community groups, etc.

- **Growth of informal organization -**

In every formal work setting, growth of informal organization seems to be inevitable. On account of supplementary role played by informal organization in the functioning of formal organizations, managers recognise and encourage its formation. The following reasons may be assigned to the growth and development of informal organization:

1. Organizations are basically social groupings. Social and human aspect involved in and affecting the functioning of formal organization cannot be overlooked. Members working in a formal organization have a natural instinct and tendency to deviate from norms, paths and procedures prescribed by formal organizations. They prefer to be guided by their own norms and procedures, which ultimately force them for creating informal groups.
2. The work setting in a formal organization mainly consists of human beings and technology. The efficient use of technology, to a large extent, depends on motivation, satisfaction, attitude and morale of the members. They all are human beings haying social needs. Like a family and social set-up, they expect some one

to care to protect their interest, to help and to be sympathised with them in a work- setting. To fulfill social needs and find an atmosphere of socialisation, the members are strongly inclined towards 1heformation of an informal organization.

3. Authoritarian attitude of managers and close supervision and control exercised by them, bureaucratic set-up of the organization and rigidity of rules and regulations, etc. pressurise the members to form informal groups wherein they share experience with each other and feel more comfortable and relaxed.
4. In many situations, informal relations among employees have been proved more effective than the formal one. To seek better performance from the subordinates, superiors tend to create informal relations and make adequate provisions for their growth and development.

Importance of informal organization

Informal organizations playa very important role and in a significant way they contribute to the efficient functioning of the formal organization. Informal organization does not offer benefits only to formal organization but it has been proved equally beneficial in many ways to its members. Its importance for both members as well as the organization can be understood on the basis of the following points:

1. Informal organization has a definite role in making total system of organization more effective and contributing to the achievement of common goals.
2. Along with economic needs, individuals have social and psychological needs. The level of motivation depends on the fulfillment of these needs. An informal organization provides for satisfying social and psychological needs" to inspire employees to work more efficiently and sincerely.
3. Although superior-subordinate relationship is the backbone of the organization for maintaining order and discipline and to get things done by members, these relation; may produce better results in the environment which is personally and socially acceptable to members. It is, however, to be noted that modem managers strongly- believe in reducing social distance by way of improving interpersonal relation and personal rapport with subordinates to make the superior more acceptable to them.
4. Informal organizations provide readily available alternative and supplementary channel communication, without any cost. Information can be communicated through personal and social relations promptly and safely.
5. Functioning of informal groups in the formal structure tends to make managers more efficient and cautious in their approach, especially for resolving conflicts arising in the organization. To override these informal groups and secure its

benefits, managers adopt creative approach and try to create sense of belonging among the members. The information provided through personal and social relations about the style of functioning helps the managers in making the required improvement as per the demand of the situation.

6. Informal organizations are equally beneficial to its members in providing ready help, inspiration, satisfaction and solace to them. A homely, congenial and relaxed environment is provided by these organizations.

7. Informal organizations based on personal and social relations also provide an atmosphere of socialisation. In this atmosphere, members can share their experiences, work-related problems and personal difficulties faced by them by supplying required information to the new members; they can be made aware of organizational goals, policies, rules, etc. for getting them adjusted in the working environment.

Stability to work groups and stability of tenure to individual members are also provided by the informal organization. Once the members are, well-adjusted in a work-setting through informal relations, they become attached to it. Owing to this personal attachment, even if they get a better opportunity outside the organization, they do not leave the organization.

Thus, informal organizations supplement the functioning of formal organizations by filling up the gap and inadequacies and making it more efficient in accomplishing its goal. Members are provided greater satisfaction, proper congenial environment and opportunity to learn and contribute more for the smooth functioning of the formal organization.

Disadvantages of informal organization

Informal organization plays a very crucial role in the smooth and efficient functioning of the formal structure. These organizations, however, are riddled with certain problems and pitfalls and if not tackled carefully they may affect the functioning of formal organization in an adverse manner. Some of the negative points of informal organizations are:

1. Informal groups formed on the basis of personal and social relations are strongly bound by social values, culture, conventions and customs. Any change, brought in the organization by the managers, may be resisted by these groups and the atmosphere of confrontation and conflict may arise in the formal structure.

2. Formal structure of the organization is created by the management for achieving organizational goals. Informal organization originates from and within it for satisfying social needs, and having separate set of norms, procedures and system.

The members of the organization are 'inclined towards their individual and social goals and organizational goals may be displaced.

3. The working of informal organization is marked by many social, personal and political factors. These factors contradict the norms of nationality which is the very basis 'of formal structure and. if it is not maintained, it may affect organizational functioning adversely.

4. The formal structure paves the way for the formation of many informal groups within it. These groups are of different shades belonging to different castes, creeds, religions and political ideologies. Lack of uniformity among these groups, sooner or later, may result in, group rivalry and clash, ultimately affecting the functioning of the formal organization.

5. Group politics and pressure tactics get developed through informal organizations be-cause every informal group tries to pressurise the management in its favour so that group interest may be served in a better way. This kind of situation ultimately results in a group clash.

- **Difference between formal and informal organization**

Formation of an informal organization takes place automatically and naturally within the formal structure. With the passage of time, it becomes a part and parcel of the formal structure though they differ on the following grounds:

1. Formal organization is formed on the basis of formal relationship of superior and subordinate. An informal organization is created on the basis of personal and social relations among the members of formal structure

2. Formal organization is designed deliberately and consciously and its activities are coordinated for the accomplishmen of common goals. Informal organization emerges spontaneously and naturally.

3. Formal organizations are created for achieving common goals while inforn1al organizations are basically aimed at serving group interest and providing social satisfaction to the members.

4. Formal organizations may be considered as 'de-jure' structure, having formal and legal sanction but informal organization is de-facto structure which reflects real pattern of functioning of the organization.

5. Formal structure is marked by a high degree of rationality but informal groups are influenced by social personal and human factors.

6. In a formal organization, communication takes place through authority relationship of superior and subordinate which is lengthy, indirect and formal in

nature. In an informal organization, information is passed from one member to another through personal and social relations.

7. Leadership of the formal organization is mainly authority-based but in an informal organization, leadership is backed by competence of the leader and acceptance by the members.
8. In a formal organization standard of performance and behavior are prescribed for the members. They have to use prescribed methods, policies, norms, systems for performing the assigned job. In an informal organization .members jointly frame their norms of behavior, procedures, rules and regulations.
9. Formal relationships are characterised by high degree of rationality, rigidity but informal relations are human and flexible and prove more effective than formal ones.
10. The formal organization is idealistic and normative in nature, prescribing bow organization should be formed and how it should operate. An informal organization is realistic in nature and it represents how organizations operate in practice

12.5 Summary

Organising is a process of integrating coordinating to mobilising the activities of members of a group for seeking common goals. When the stages of organizing are completed a formal structure comes into existence known as organizational structure. Strong organizational structure can contribute greatly not only to success of the organization but also to its continuing & stability.

An organization chart is a diagram of official positions of the organization & line of authoring. It shows line, staff and functional relationship and communication line. Informal organization is a pattern of activities, interaction and behavior arising spontaneously and naturally in the course of functioning of an organization. There are several reasons for the growth of an informal organization becoming a pair of formal organization though they differ on some grounds.

Controlling is the process of comparing actual performance with standards and making necessary corrective action. In an organization, control consists of verifying weather everything occurs according to the plan. Controlling means that managers (i) develop standards (ii) Compare ongoing performance against those standards and (3) take step to ensure that corrective actions are taken. Depending on time at which control is applied, controls are of 3 types (1) Feedback control (2) concurrent control (3) Feed forward control.

12.6 Review Questions

1. Define the process of organizing. How does it differ from organizational chart?

2. What are organizational charts? Discuss their advantages and disadvantages.

3. What is organizational structure? Discuss major factors of organizational structure.

4. Organizational structure provides the framework for undertaking managerial functions. Discuss.

5. Write short notes on the following:

   a. Organizational structure.
   b. Organizational chart.
   c. Span of management

12.7 Suggested Reading

d. Management Theory and Practice by BS Moshal, Galgotia publications.
e. Principles of Management second edition by P C Tripathi and P N Reddy, Tata Mc Graw-Hill Publishing Company.
f. Management Robins and Coulter seventh edition
g. Stoner J.A.F and Freeman R.E, Management, 1992, Prentice Hall
h. Management: A Global Perspective, Weihrich & Koontz. McGraw Hill,
i. Management of Non-Profit Organisations, Peter Drucker - Allied Publishers.
j. Management, Koontz.H and Weihrich,L.M.Prasad - McGraw Hill Book Co.
k. Principles & Practices of Management, Sultan Chand & Sons,

UNIT 13

Directing

Structure

13.0 Learning Objectives:

After going through this unit learner should be able to, know and understand the concept of direction, know and understand motivation and different motivators

13.1 Meaning and Concept of Directing

In the process of management the planning, organizing and staffing are not enough.

These are to be supported by effective directing and efficient controlling. Every manager, to get things done by subordinates, has to direct them. The directing is considered as an initiating function. In order to make managerial decisions more meaningful, they got to be converted into action through the process of directing, in other words, after having prepared plans designed the structure of organisation and arranging necessary human force, the manger has to direct the activities of employees as to translate plans into organized action.

Directing is a managerial function which is primarily concerned with influencing, guiding, supervising and inspiring subordinates in a planned manner. This is to be done by giving necessary orders and instructions and motivating them to perform assigned work- in a satisfactory manner. Directing ensures that all the employees working in organisation are putting their efforts towards the accomplishment of organizational goals. It mobilizes the flow of activities in the direction of achieving the objectives.

In the words of Urwick and Brech "directing is the guidance, the inspiration, the leadership of those men and women that constitutes the real core of the responsibility of management." Thus directing involves, issuing orders and instructions, overseeing of the subordinates and supervising the work being performed by them.

Broadly, the process of directing involves the following elements:

(i) Issuing orders and instructions to the subordinates regarding the work being performed by them.

(ii) Guiding, counseling and educating the subordinates and telling them the way of doing the given job.

(iii) Supervising the work being performed by them on the regular basis to ensure that they have been working according to the plan.

(iv) Maintaining and inspiring the subordinates for following given orders and instructions and working in the given direction.

13.1.1 Nature of Directing

The basic nature of directing function can be understood on the basis of following characteristics.

(a) Directing is a sub process of managing process. The planning, organizing and staffing are followed by directing and controlling to get things done by others.

(b) It is an initiating function, because it implies giving orders and instructions for converting decisions into actions.

(c) It is a continuous process. The superior has to direct the activities of subordinates regularly so long as they work for achieving organizational objectives.

(d) Directing function is performed by all managers at every level of organization. Every manager has a subordinate to work under his command and he is responsible for getting things done by them.

(e) In the organization, as one moves down the line of authority towards the lower level, the time and efforts spent by f9r directing him, tend to increase.

(f) Directing is a result or action oriented process. Through directing plans are converted into organized actions for achieving objectives.

(g) It is a link function; it connects planning, organizing and staffing with controlling process at which managing process terminates.

(h) Directing involves giving an order. The orders are given by the superior to his subordinates .It may be regarded as the device which starts an activity, stops it and modifies it.

13.1.2 Need and Importance of Directing

Directing may be considered as a core of managing process. The performance of various activities in organisation revolves around it. In spite of sound planning, a suitable organizational structure, effective staffing and efficient controlling, the desired results may not be obtained without proper directing. It is only through directing process, the organizational actions are initiated for achieving it objectives. In detail the importance of directing can be understood on the basis of the following factors.

(i) Directing helps in achieving coordination. The coordination is considered as a by product of effective directing. In the process of directing, every manager integrates the activities of subordinates through supervision, guidance and counseling for achieving organizational goals.

(ii) Li means of motivation: To accomplish the objectives of organisation it is necessary to motivate the employees working there. They are motivated to work willingly and efficiently, through the process of directing. The superior who directs the activities of subordinates inspires them to follow given orders and instructions whole heartedly.

(iii) Directing supplements other managerial functions: In the process of managing the manager has to perform many management functions such as planning, organizing, staffing and controlling etc. To produce desired results from all these functions, the directing function is crucial: Through directing, other managerial functions are initiated and actuated. And without effective directing, managerial functions remain less effective

(iv) Directing helps in coping with changing environment: The changing environment of business may force organisation to initiate change in its functioning, structure or goals. Such changes can be introduced and managed effectively with the help of directing. Through directing the manager provides dynamic leadership and free and frank communication with subordinates as to convince them regarding the positive side of change. They may be taken into confidence and persuaded for accepting the change and giving their full cooperation for implementing it.

(v) Directing facilitates order and discipline among employees: Disciplined human force is needed for the smooth functioning and the success of the organisation. Through the process of directing, orders and instructions are given to the subordinates and they are inspired and motivated to follow them. The main purpose of directing is to get things done by subordinates. By supervising, guiding, educating and overseeing the activities of subordinates, they are made to work in a disciplined manner

13.1.3 Principles of Directing

In order to make directing more effective and meaningful, certain principles are followed. Some important principles of directing are as under.

(i) **Harmony of objectives:** The organisation is a collective entity of the people. It involves the interest of various groups of the people such as owners. employees, customers, financiers, society etc. According to this principle, to secure maximum prosperity for the organisation and to serve the interest of other groups in a better way, these conflicting objectives must be synchronized so that they strengthen and promote each other. In this regard P. W. TAYLOR has painted out that an effective direction depends on the harmony of objectives. Interestingly enough, Henry Fayol has also stated that the employees of an organisation should sacrifice their personal interests for achieving the objectives of the organisation, because their personal interest may be served better only if common goal of the organisation are achieved efficiently.

(ii) **Unity of command:** According to this principle while directing subordinates, every subordinate should get all orders and instructions regarding the work only from one superior. An application of this principle implies unified direction of subordinate's activities by one superior. In doing so discipline can be maintained among them, their activities can be controlled effectively and dual command is avoided.

(iii) **Direct supervision:** Directing becomes more effective if it is accompanied by personal interest and personal touch of the superior. The superior maintains direct contact with subordinates, looks into their needs and requirement, helps them in performing their job and solves their difficulties promptly. The subordinates feel happy and satisfied and contribute more for the accomplishment of organizational goals.

(iv) **Participative leadership:** It is interesting to observe that participative leadership on the part of superior helps in making directing more effective. If the superior respects and listens to the views of subordinates, they become more loyal and sincere and give more cooperation to him. According to this principle to get better performance the subordinates should be taken into confidence and must be consulted at least on the matters which are related to them before making decision by the superior.

(v) **Follow up:** Though issuance of orders and instructions is a central part of directing process, it is not enough. In order to make directing, more effective it is necessary to take up some follow up actions by the superior. He should motivate subordinates to follow given directives and work accordingly. He must oversee the working of subordinates, check their performance and guide them to follow suitable course of action for doing the job.

(vi) **Unity of direction:** To make whole process of directing more meaningful it is necessary to follow the principle of unity of direction. According to this principle there should be one head and one plan for a group of activities which are similar and have same objective. For example all activities which are related to production should have one plan i.e. Production plan and this plan should be implemented under the command of production manager. By adopting this principle, duplication and repetition of activities will be reduced and benefits of specialization may be secured.

13.2 Motivating People at Work: Meaning and Concept

Every manager has a responsibility to get things done by subordinates. To discharge this responsibility in satisfactory manner he performs the management functions and creates healthy interpersonal-relationship with subordinates. For doing this the manager has to find out what makes people to do the things? He has to discover the source of energy which causes an individual to behave as they do. In addition, the manage!; also attempts to understand how the several individuals behave in a particular work situation and finally what else is to be done to force them for producing desirable working behaviour?

Generally the motivation refers to state within an individual that drives his behaviour towards some goal. The drive comes from the need or state of deprivation or 'sense of not having? Or 'lacking' which compels the individuals to act or not to act or to behave in a particular manner. Thus the basis of motivation may be basic needs like hunger and thirst or may be social and psychological needs of belongingness and achievement, self development etc. In other words motivation maybe regarded as a set of those wishes, desires, need and drives which stimulate or activate an individual to act. In simple words, an individual has a need which presses upon him and create tension in his mind, thus to fulfill unsatisfied needs he moves towards the goal enthusiastically. The degree of enthusiasm depends on how pressing the need is felt by him and how strong the motivation is? Therefore a man is said to be motivated when his concealed energy is directed towards the accomplishment of certain goals. From the view point of an organisation, motivation is the willingness of individuals to carry out plans more enthusiastically for achieving organizational goals.

Motivation Process

The term motivation has been defined by management authors as under "Motivation is a general inspirational process which gets the members of the team to pull their weight effectively, to give their loyalty to the group, to carry out properly the tasks that they have accepted and generally to play an effective part in the job that the group has undertaken"- Brech.

"Any emotion or desire which so conditions one's will that the individual is propelled in to action"- Stanley Vence.

"The complex of forces starting and keeping a person at work in an organisation"- Robert.

Encyclopaedia Of Management "Motivation refers to the degree of readiness of an organism to pursue some designated goals and implies the determination of the nature and locus of force inducing degree of readiness".

On the basis of the above definitions the following observations can be made regarding motivation:

(i) Motivation is an inner psychological force which activates and compels the person to behave in a particular manner.

(ii) Motivation process is influenced by personality traits, learning abilities, perception and competence of an individual.

(iii) Highly motivated employee 'works more efficiently and his level of production tends to be higher than others.

(iv) Motivation originates from the needs and wants of an individual. It is a tension of jacking something in his mind which forces him to work more efficiently.

(v) Motivation is also a process of stimulating and channelising energy of an individual or achieving the set goal

(vi) Motivation also plays a crucial role in determining the level of performance. Highly motivated employee will get higher satisfaction which may lead to higher efficiency.

(vii) Motivating force and its degree may differ from individual to individual depending on his personality, needs, competence and other factors.

(viii) The process of motivation helps the manager in analysing and understanding human behaviour and finding out that how an individual can be inspired to produce desirable working behaviour.

(xi) Motivation may be positive as well as negative. Positive, motivation includes incentives, rewards and other benefits while negative motivation implies some punishment, fear, use of force, etc.

(x) The process of motivation contributes to and boosts up the morale of the employees. And high degree of motivation may lead to high morale.

13.2.1 Importance of Motivation

Motivation is an important part of managing process. A team of highly qualified and motivated employees is necessary for achieving objectives of an organisation. It is only through motivation process, that they contribute maximum for accomplishing objectives. Without motivation, they may not have an urge to maintain or improve their efficiency. Importance of motivation in management may "be judged on the basis of the following factors:

(i) Effective use of resources: In business, all physical resources are got to be used through human force. Effective and efficient use of these resources depends on the ability and reading of work force. Thus team of highly motivated employees greatly help in making optimum use of available resources for achieving objectives.

(ii) Higher efficiency: Motivation is directly related to the level of efficiency. Highly motivated employees make full use of the energy and other abilities and raise the existing level of efficiency- They produce more as compared to other employees.

(iii) Accomplishment of organizational goals: As stated earlier the process of motivation helps in shaping the working behaviour of the employees arid making it desirable for achieving objectives. Highly motivated employees would make goal directed 'efforts. They are more committed aI1d cooperative for seeking organizational goals

(iv) Reduced labour turnover and absenteeism: Highly motivated employees are the most important and valuable asset of the organisation. They are more loyal and sincere therefore they remain punctual and regular in their work schedule and prefer to stay on the job for longer period of time. These factors help in reducing absenteeism and labour turnover.

(v) Healthy industr.ial relation: Motivation is considered as a backbone of good industrial relation. Effectively motivated employees get more satisfaction and carry high morale which makes them more disciplined. In such a situation, the possibilities of industrial disputes and unrest is reduced to minimum and industrial relations gets improved

(vi) Improved corporate image: Motivation also helps in improving an image of organisation. If employees are motivated, they produce more, they maintain self-discipline and productive internal environment in the organisation ultimately gives better impression to the outsiders dealing with an organisation and its image is enhanced.

13.2.2 Theories of Motivation

No organisation can succeed without highly motivated and committed team of employees. It is only through them all other physical resources, like land, building capital and machine, etc. are got to be used for the accomplishment of predetermined goals. Due to the enormous effect of motivational factors on the working behavior and level of performance of the employee, lot of research work has been done and as a result of that many theories of motivation have been developed. Some of these theories are discussed here.

- **Need Theories of Motivation,**

Human behaviour is basically a need-based phenomenon and it is therefore, greatly influenced by the needs. These theories are based on the assumption that an individual behaves in a particular manner to satisfy his needs. These theories are also known as 'content theories' and focus on inner needs that influence behaviour of the individual, so provisions to reduce or satisfy their needs would force them to behave in a particular way. Some of the important need theories are being discussed as under.

Need theory of motivation

This theory of motivati9n has received more attention from the managers than any other theory. Abraham Maslow, an eminent US psychologist, has classified human needs in a logical convenient way that has important implications tor managers. In this theory he has pointed out and explained that how needs influence human behaviour. Maslow viewed, human motivation as a hierarchy of five needs ranging from most basic physiological needs to the highest needs for self-actualisation

Maslow need hierarchy

(i) **Physiological needs:** These are most basic needs including food, shelter, and clothing. These needs are most powerful motivators as individual cannot survive without them. Physiological needs must be satisfied to some level or these should be partially satisfied before the individual moves to satisfy other higher category needs, Maslow observed "that man lives by bread alone, when there is no bread".

(ii) **Safety needs:** After the satisfaction of physical needs to a relative extent, one feels concerned about safety from future uncertainty, enemies and other threats. These are essentially needs of self-preservation. At this stage an individual begins to think for future and makes efforts to provide for rainy days. It is concluded by Maslow that, employees need sufficient wage to feed, to take shelter to protect them and their families and a safe working environment before attempting to satisfy other needs of the higher order.

(iii) Social needs: After having secured satisfaction for physical needs and safety and protection for future, one focuses next on satisfying needs of love and affection which are known as social needs. Social needs include the need to love and be loved and the need to belong and be identified with a group. Though this needs in strongly felt by an individual is respect of family, it also affects work environment. As with the first two levels of need, relative satisfaction of social needs gives rise to next higher level need.

(iv) Esteem needs: Employees in the organisation who perceive themselves as worthwhile are said to have esteem needs. Self-respect is a key to such needs. Much of our self-respect comes from being accepted and respected by others but esteem needs will emerge only when other lower category of needs are satisfied to a relative extent. Esteem needs include need for self--respect and appreciation from others, status and prestige in the society etc

(v) Self-actualitsation needs: At the top of Maslow's hierarchy of needs, there lies the need of self-actualisation. It is an open-ended need, because it relates to the need to become more and more what one is to become everything that one is capable of becoming. It includes need for realisation one's full potentials of development, maturity and autonomy. On the relative satisfaction of this need an individual becomes growth-oriented, self-directed, detached and creative. But in organization he hardly achieves self-realisation. However, the creativity of an individual in producing new and practical ideas, in bringing about productivity and innovation and in reducing cost that might satisfy some of the needs of self-actualisation.

Regarding need theory of Maslow, the following observations may be made.

(i) Hierarchy of needs has been prepared in logical sequence and needs have been put into different levels according to their effect and dominance on human behavior and his performance.

(ii) Individuals generally attempt to satisfy their basic needs first which are lying on the lower side of hierarchy.

(iii) Maslow made it clear that need or deprivation of some thing affects and dominates one's behaviour.

(iv) Lower level category needs require prior attention as compared to the higher order needs and lower level needs are more powerful and pressing

(v) Relative satisfaction of one category needs gives rise to another level of needs and it continues till the last level.

(vi) If the need is satisfied, it remains no more a motivator and then it is only the unfulfilled needs which affect human behaviour.

Behavioral scientists who have attempted to test Maslow's theory of need hierarchy in practice found many deficiencies in it. They pointed out that the entire theory lacks empirical validation and support. They also argue that it does not explain complexities involved in human behaviour. Behavioral scientist Edward Lawler has observed that higher order needs come into play after the lower ones are satisfied and the order in which they come into play cannot be predicted. However, it provides a great lesson to the managers that fulfilled needs do not motivate individuals. An efficient manager anticipates each employee's need profile and provide opportunity to fulfill emerging needs to motivate him.

- **Hertzberg's two Factor Theory**

Hertzberg, a, US behavioral scientist, has proposed a theory of employee motivation based on satisfaction. His theory advocated that, satisfied employee is motivated from within to work harder and dissatisfied employee is not self-motivated. Since Hertzberg, research has discovered two sets of factors associated with satisfaction and dissatisfaction of the employee, therefore it is known as 'Hertzberg's, two factor theory. The first set of factors known as satisfiers or motivators are responsible for self-motivation of employees. These factors include job, its importance, opportunities it provides for advancement, achievement, recognition and sense of responsibility, etc. These factors are known as job content factors and are real motivators because they are capable of providing satisfaction to the employees. These are known as intrinsic factors. Counselor

The second set of factor called hygiene factors or maintenance factors or dissatisfiers, which include working conditions, job security, salary, quality of supervision, organizational policies, interpersonal relationships and other factors in the immediate work environment. They are job context and extrinsic to the job. Any deficiency or absence of these factors would simply create dissatisfaction, demotivation and low performance but their presence does not motivate the employees. They have been considered as hygiene factor or maintenance factors because their role is supportive just to maintain healthy and congenial atmosphere in work-setting.

By identifying and differentiating various factors as dissatisfiers and motivators, Hertzberg has encouraged managers to think carefully about what actually motivates the employees. According to Hertzberg the opposite of job satisfaction is not job dissatisfaction but rather no job satisfaction, and similarly the opposite of job dissatisfaction is not satisfaction but no dissatisfaction Like Maslow's theory, two factor theory of motivation has also been criticized on account of lack of empirical validation. Inspite of criticism Hertzberg's contribution to motivation theory remains very useful. He has made it quite clear that money is a weak motivations tool, because at best, it can only eliminate or reduce dissatisfaction. Moreover this theory has placed emphasis on motivating potentials which can be profitably used for redesigning job through job' enrichment and job enlargement'

- **Achievement Motivation Theory**

This theory has a particular reference to industrial organisation, as the achievement motive has to do a lot with the success and failure of this organisation. David McClelland and his associates like John Atkinson and others' in Harvard University, USA, have developed this theory of motivation. The main elements of this theory are peed for achievement, power and affiliation. This theory assumes that some people are much more achievement-oriented and minded than others. Therefore, they get job satisfaction and derive special kind of pleasure in achieving objective successfully or performing challenging job rather than receiving monetary and other rewards.

Atkinson's model relates behaviour and performance of the employee to three basic drives, the need for achievement, the need for power and the need for affiliation or close association with others. The balance between these drives varies from individual to individual. For example, one individual might have a strong need of affiliation while another might have a strong need for achievement. The need of achievement is a need to excel or succeed in a competitive situations, is related to how well individuals are motivated to perform their jobs. The people with a high need of achievement would like to take responsibility for solving problems, they tend to set moderately difficult targets for themselves and take calculated risk to meet these targets. Thus, those with high achievement needs tend to be highly motivated by challenging and competitive work situations. Achievement-Oriented individuals seek satisfaction in doing things better and in assuming important personal responsibility for solving the problems but the people with low achievement needs tend to perform either poorly or average in the same situation. There seems to be relationship between high achievement need and high performance. The people who succeed in competitive situations are well above average in achievement motivation. High achievement needs can also be strengthened by an individual's fear of failure. The managers may be strongly motivated for taking suitable .action with a fear of possible embarrassment if they fail.

Like need of achievement, need for power to control or dominate people and events is also considered one of the important motivational factors. Such individuals, if given a position marked by higher authority and power, tend to perform better as compared to other positions having less power. Similarly, some other individual may derive satisfaction from better friendly interpersonal relations in work-setting. They can be motivated by providing atmosphere of support and friendship and social affiliation. This need is more like a social need which has been described earlier.

- **ERG Theory of Motivation**

This theory has been developed by Clayton Alderfer on the same line as Maslow's need hierarchy. Rather it is considered as reformulation or refinement of Maslow's need theory. This theory states that people attempt to meet a hierarchy of existence, relatedness and growth need efforts to seek one level of needs are defeated, and individual would regress to lower level of needs.

Alderfer classified needs into three categories: Existence needs including basic needs and some other factors such as fringe benefits in the work place, relatedness needs are by and large resembling with social needs mainly include need for interpersonal relations; and growth needs reflect many aspects of need of achievement and self-actualisation including need for personal creativity and influence. Although ERG theory is also based on need hierarchy, it differs from Maslow's need hierarchy on two grounds. Alderfer stated that needs at more than one level may arise at a time as against the Maslow's assumption that at a time only one category need arises. Secondly, in a more significant way, Alderfer stressed that when higher category' of needs are not fulfilled lower level needs will return even though they were already satisfied to a reasonable extent. In addition, Alderfer strongly felt that people move up and down the hierarchy of needs from situation to situation. Both these theories of needs do provide useful inside into human needs which greatly influence his working behaviour. The conclusions derived from these theories may be used by the manager while thinking over and selecting suitable incentives to motivate the employees.

13.2.3 Other Theories

In addition to above -mentioned theories on motivation the following two approaches also deserve mention here.

McGregor's theory X and theory Y: Douglas Me Gregor, a US behavioral scientist, has developed approach to manage and motivate based on of various assumptions relating to human behaviour. It has been formulated as theory X and theory V. Both these theories are founded on certain assumptions regarding human behaviour. Though he was a great critic of classical approach of management, even then his theory X is related to philosophy of traditional management, assumptions about employees and the way to manage them. Theory Y is based on humanistic assumptions about employees and describes the approaches to manage and motivate them.

Theory X describes that:

1. If average employee in the organisation is lazy, dull, self-centered, resists change and does not want to share responsibility.
2. He has limited number of needs mostly physical needs and to some extent security needs.
3. Average employee lacks responsibility and has little ambitions.
4. Thus, the responsibility of getting things done by others for achieving organizational goals lies on the managers and the managers must use coercive measures to control the workers and they must be threatened and punished as to get them to work.
5. To get the things done by the employees, McGregor suggested rigid, bureaucratic and rule based organisation.
6. Narrow span of management, one way communication, close supervision. More concentration on monetary incentives, and centralisation of managerial authority should be followed.
7. It was also thought necessary to guide; direct and, control the employees in a strict manner

Theory Y is based on and describes the following:

1. Work is as natural as play or rest for the workers.
2. Average employee or worker likes work, capable of assuming responsibilities, and accepting challenges.
3. They are ambitious, achievement-oriented, and capable of exercising self-control.
4. They have wide range of needs, both economic and non-economic.
5. They have potentials and they can learn to assume responsibility. They have imagination, and creativity that can be applied to work.
6. In view of these assumptions, the role of management is to develop potentials and help the employees to use it for achieving common objectives.
7. Organizational structure should be marked by open communication, flexibility, informal relation, and decentralisation of authority.
8. The approach of management should include, participative management, supportive supervisory style, self-direction and control, opportunity for creativity and innovativeness and package of both monetary and non-monetary incentives.

- **Ouchi's Theory Z.**

The management scholar, William Ouchi has developed theory Z. He began his study by identifying certain contrasting features of Japanese and American Companies. In this study he discovered that some U.S.A based successful companies have adopted the style of management which combined the characteristics of American as well as Japanese Companies. These hybrid companies are known as theory z organizations. Each 'theory z organisation' is strictly American in origin but in conduct and appearance it is an effective combination of American and Japanese organizations. In other words it is an extension of American organisation to improve upon an American style of management. Theory Z recognises that an international contingency approach to motivation should be used. For example pay is less important for the employers working in Japan, than the employee of U.S.A, Britain, Germany and Israel and job security is less important in Israel than it is in U.S.A. Thus, to evolve the motivation mechanism for the workers, the local conditions which are prevailing in that country should be taken into account. Although Ouchis approach of motivation placed more emphasis on Japanese management but it also advocates the American organizations can also be benefited from the experience of managers in other countries.

According to Ouchi, type of Z organisation is marked by three important features namely trust, subtlety and intimacy. Mutual trust among the employees improves upon internal environment, reduces disagreement and fosters the team spirit among them, subtlety calls for more sensitivity among the employees to towards-s each other and similarly intimacy leads more, support and concern for each other.

The main-features of theory Z are as under

(i) Theory Z recognises cultural differences in the countries which must be taken into account by the manager at the time of developing motivation mechanism for the employees

(ii) It implies the environment of mutual trust in the organisation. According to Ouchi for the successful and effective functioning of organisation mutual trust and openness among employees, various groups and trade union is necessary.

(iii)He also advocates that long term employment should be granted to the employees. But it should be backed by effective -training programmes so that they may be retained in the organisation through good and bad times.

(iv)Theory Z also emphases that the control system of organisation should be balanced one. Along with personal judgment and feeling certain rules should also be followed by the employees.

(v) According to this theory holistic approach should be followed for making all around development in the personality of employee so that he can contribute maximum for the achievement of organizational objectives.

(vi) Theory Z recognizes the importance of participative decision making, as it creates a feeling of commitment and co-operation among the employees. According to it all the employees who are likely to be affected by the decision should be involved in decision making.

13.3 Communication

In the contemporary setup, when the world is a global village, communication plays a vital role in contouring one's image and career. The world has shrunk and with this the speed to cope up with different cultures and variations in culture determines the survival of the fittest, the famous Darwin Theory. In today's organizational setup, with the increase in the dearth of complexity and linguistic approach (people from different region, countries).This approach of globalisation has insisted many organisations to introduce particular way of addressing and conversing with their clients in order to streamline the style of communication so as to be easily decoded and further acted upon.

This is due to this change in the organisational pattern that the understanding of effective communication increases. Previously, the top management dealt with the clients-inbound or out bound, the mid level management had no much say. Today, every single person in an organisation, in order to fetch maximum profit, negotiates on their level. Thus, the Business Communication becomes a subject of study which deals with behavioural pattern, movement of masses, language and soft skills. The industry is observing rapid transformation in terms of human resource and technological usage and so is the communication pattern.

In a broader prospect, communication involves

1) Understanding cultural differences from others perspective.
2) Behavioural traits such as attitude, motivation and time management.
3) Business etiquette
4) Personal appearance and social graces
5) Team building
6) Negotiation Skills
7) Solution finding ability
8) Leadership quality
9) Cross cultural communication.
10) Listening ability.
11) Ability to provide feedback.

13.3.1 Definition of Communication

The latin word communico or communicare gives the most vital term in today's business world, Communication, refers to 'share'. A broad spectrum of definitions have been acquired by the researcher and analyst, however, communication can be simplified as exchange of informations or ideas. It is the art of expressing a message in a way that others are able to understand.

Communication may be broadly defined as the process of meaningful interaction among human beings. More specifically, it is the process by which meanings are perceived and understandings are reached among human beings. – D.E. McFarland.

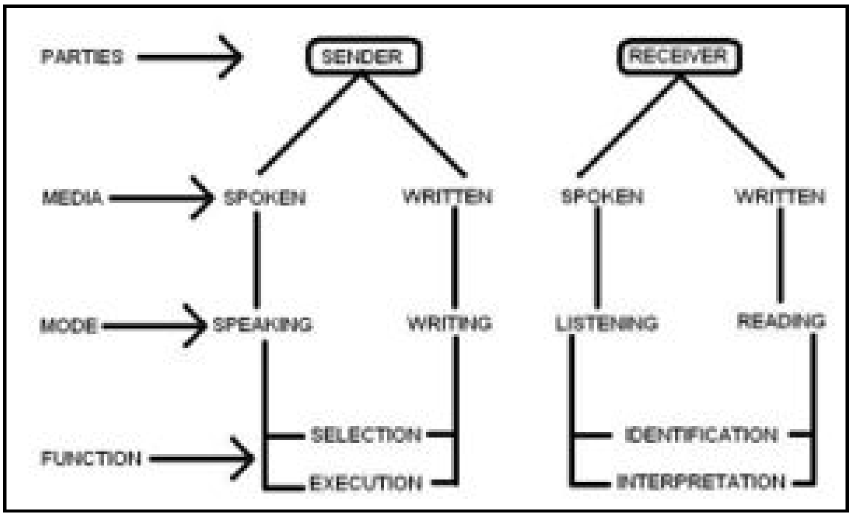
One of the essential aspects of communication is that it is considered effective only when desired result is obtained. That means, any idea, expression feeling, thought, plan, message or information when conveyed to one or more person by someone, there may be a reason behind doing so. When this plan or information is executed as intended by the sender, the purpose of the communication is understood to be fulfilled and thus successful. For example, A General Manager calls for submission of annual report via email and the staff does it on time. The communication is deemed successful and effective.

13.3.2 Process of Communication

Communication is an effective managerial means which holds the string of major managerial activities like planning, directing, controlling, delegating and implementing.

It is a process whereby information is encoded, channeled and send by a sender to a receiver via a medium. The receiver then decodes the message interpret as per own senses and provides a feedback that observes the completion of the communication process. The process ,however is influenced by various factors like disturbance in channel, absence of clarity in the senders and receiver's thought process and so on which can be coined as Barrier to communication which leads to ineffectiveness of communication.

The process of Communication may be summarized as follows:

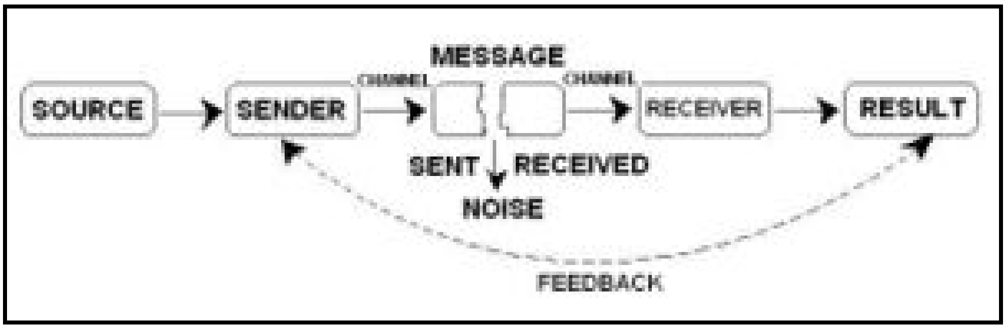


Communication is thus a network of interactions and naturally the sender and the receiver keep on changing their roles.

Another aspect of communication is the deployment of a code consisting of arbitrarily evolved symbols and the determination of the appropriateness of their use in given situations, leading to the emergence of diverse communication patterns. A number of factors come into play in shaping these patterns. In fact, communication is often but not always momentary. At times communication is a cumulative process that starts before the actual communicative event takes place and continues after it has occurred. Thus communication therefore must acquire a true perspective of not only the present requirements of the situation but also its relationship with the past and its impact on the future.

13.3.3 Components of Communication

Communication is a process where one sets out to convey a message to another person through the medium of words, gestures and / or pictures. The process of conveying the message is fulfilled only when the person receiving it has understood the message entirely.



The cycle gives the process of communication. It would be observed that the entire event takes place within a common frame of reference, also called as communication environment. The source refers to the point of origin of a message which is encoded by the sender and transmitted through the channel to the receiver. The receipt of the message exercises an impact in communication environment leading to some result. The observance of the result by the sender is called 'feedback'

During feedback the direction of the communication process is reversed. When providing feedback, the original receiver goes through the same process as did the original sender with the same factors influencing the receiver. The receiver may use the same channel / a different channel for feedback.

The message sent is not the same as the message received. It is also to be noted that all the messages do not produce the intended result. Thus, the success of communication is measured in terms of not only the effective transmission of the message but also the achievement of the intended result.

13.3.4 Characteristics of Successful communication

Ignoring the significance of communication the current professional scenario would be devastating. Therefore, it is much needed to characterize the features of communication to be used in day to day function.

- It is a two way process of transmission of information for smooth understanding between any two entity.

- It is continuous process of meaningful interaction followed by achievement of goal as led by the organisation.

- The reversible role of the sender and speaker is noteworthy and failure at any point may break the sequence and the motive of communication may decline.

- Communication has a wide spectrum of expression. It could be in the form of verbal or non verbal. That refers to lip reading, gestures, signs, body language etc.

- Communication is an art of expression through which completion of task may occur. The amount of creativity and clarity in thoughts determine the perceiving capacity of the interpreter.

13.4 Summary

This unit deals with the concept of direction and its various aspects. Direction means issuance of order and leading and motivating subordinates as they go about executing orders. There is always need for effective direction some of them are; (1) Harmony of objective (2) Unity of, command (3) Supervision (4) effective Communication.

Motivation: - Motivation can be defined as, an inner state that energizes, activates or motivates and that direct behavior towards goals

13.5 Review Questions

Q1Discuss and elaborate the various principles of Directing.

Q2. Discuss the importance of Direction.

Q3. Write in detail about Theory of Achievement

Q4. Discuss in brief the process of communication.

13.6 Suggested Reading

1. Management: A Global-Perspective, Weihrich & Koontz, McGraw Hill,

2. Management of Non-Profit Organizations, Peter Drucker- Allied Publishers.
3. Principles of Management second edition by P C Tripathi and PN Reddy, Tata Mc Graw -Hill Publishing Company.
4. Essentials of Management by Harold Koontz, Heinz Weihrich, Tata McGraw Hill.
5. Management Robins and Coulter seventh edition
6. Stoner J.A.F and Freeman R.E, Management, 1992, Prentice Hall
7. Management, Koontz. H and Weihrich, L.M.Prasad - McGraw Hill Book Co.
8. Principles & Practices of Management, Sultan Chand & Sons,

Unit 14

Leading

Structure

14.0 Objectives

- Student know about Leadership
- Student know about the Concept of leding.
- Student know about Theories of Leadership
- Student know about the Styles of leadership.
- Student know about Successful versus effective leadership styles in travel trade and hospitality organizations.
- Student know Concept of Controlling

14.1 Introduction

"Leads" redirects here. For the city and metropolitan borough in West Yorkshire, England, see Leeds. For other uses, see Lead (disambiguation).

The word comes from lead strips that were put between set lines of lead type, hence the pronunciation "ledding" and not "leeding". When type was set by hand in printing presses, slugs or strips of lead of appropriate thicknesses were inserted between the lines of type to add vertical space, improving legibility. Leading can be used to enhance the readability of a page or block of text. The standard leading used in printing is usually one to one. If a printer is using 12pt font their leading is 12 pt as well creating a 12/12 ratio which is equal to single spacing. Other conventions suggest that the leading should be equal to 120 -145% of the font size. Meaning for a 12 pt font the leading would be equal to slightly more than 12pt. Double spacing, which is a default setting on many word processors is not an effective leading to increase readability Double spacing is an entrenched practice due to the era of typewriters. Typewriters had a limited number of options for leading and double spacing was chosen as a default. Double spacing can increase the amount of unused white space on a page and lessen the amount of lines on a page As leading is increased, the more of the page is consumed with text which reduces white space on a page and increases the readability for a user.

Text set "solid" (no leading) appears cramped, with ascenders almost touching descanters from the previous line. The lack of white space between lines makes it difficult for the eye to track from one line to the next, makes rivers more obvious, and hampers readability.

14.2 Leadership

Leadership has been described as "a process of social influence in which a person can enlist the aid and support of others in the accomplishment of a common task". For example, some understand a **leader** simply as somebody whom people follow, or as somebody who guides or directs others while others define leadership as "organizing a group of people to achieve a common goal

14.3 Concept

Leaders are made not born. If you have the desire and willpower, you can become an effective leader. Good leaders develop through a never ending process of self-study, education, training, and experience. This guide will help you through that process. To inspire your workers into higher levels of teamwork, there are certain things you must be, know, and, do. These do not come naturally, but are acquired through continual work and study. Good leaders are continually working and studying to improve their leadership skills; they are NOT resting on their laurels.

Leadership is a process by which a person influences others to accomplish an objective and directs the organization in a way that makes it more cohesive and coherent. Leaders carry out this process by applying their leadership attributes, such as beliefs, values, ethics, character, knowledge, and skills. Although your position as a manager, supervisor, lead, etc. gives you the authority to accomplish certain tasks and objectives in the organization, this power does not make you a leader, it simply makes you the boss. Leadership differs in that it makes the followers want to achieve high goals, rather than simply bossing people around. Bass' (1989 & 1990) theory of leadership states that there are three basic ways to explain how people become leaders. The first two explain the leadership development for a small number of people. These theories are: Some personality traits may lead people naturally into leadership roles. This is the Trait Theory. A crisis or important event may cause a person to rise to the occasion, which brings out extraordinary leadership qualities in an ordinary person. This is the Great Events Theory. People can choose to become leaders. People can learn leadership skills. This is the Transformational Leadership Theory. It is the most widely accepted theory today and the premise on which this guide is based. When a person is deciding if she respects you as a leader, she does not think about your attributes, rather, she observes what you do so that she can know who you really are. She uses this observation to tell if you are an honorable and trusted leader or a self-serving person who misuses authority to look good and get promoted. Self-serving leaders are not as effective because their employees only obey them, not follow them. They succeed in many areas because they present a good image to their seniors at the expense of their workers. The basis of good leadership is honorable character and selfless service to your organization. In your employees' eyes, your leadership is everything you do that effects the organization's objectives and their well-being. Respected leaders concentrate on what they are [be] (such as beliefs and character), what they know (such as job, tasks, and human nature), and what they do (such as implementing, motivating, and providing direction). What makes a person want to follow a leader? People want to be guided by those they respect and who have a clear sense of direction. To gain respect, they must be ethical. A sense of direction is achieved by conveying a strong vision of the future.

14.4 Theories of Leadership

Early western history

The search for the characteristics or traits of leaders has continued for centuries. Philosophical writings from Plato's *Republic* to Plutarch's *Lives* have explored the question "What qualities distinguish an individual as a leader?" Underlying this search was the early recognition of the importance of leadership and the assumption that leadership is rooted in the characteristics that certain individuals possess. This idea that leadership is based on individual attributes is known as the "trait theory of leadership".

A number of works in the 19th century - when the traditional authority of monarchs, lords and bishops had begun to wane - explored the trait theory at length: note especially the writings of Thomas Carlyle and of Francis Galton, whose works have prompted decades of research. In *Heroes and Hero Worship* (1841), Carlyle identified the talents, skills, and physical characteristics of men who rose to power. Galton's *Hereditary Genius* (1869) examined leadership qualities in the families of powerful men. After showing that the numbers of eminent relatives dropped off when his focus moved from first-degree to second-degree relatives, Galton concluded that leadership was inherited. In other words, leaders were born, not developed. Both of these notable works lent great initial support for the notion that leadership is rooted in characteristics of a leader.

Cecil Rhodes (1853-1902) believed that public-spirited leadership could be nurtured by identifying young people with "moral force of character and instincts to lead", and educating them in contexts (such as the collegiate environment of theUniversity of Oxford which further developed such characteristics. International networks of such leaders could help to promote international understanding and help "render war impossible". This vision of leadership underlay the creation of the Rhodes, which have helped to shape notions of leadership since their creation in 1903

Rise of alternative theories

The overall evidence suggested that persons who are leaders in one situation may not necessarily be leaders in other situations. Subsequently, leadership was no longer characterized as an enduring individual trait, as situational approaches (see alternative leadership theories below) posited that individuals can be effective in certain situations, but not others. The focus then shifted away from traits of leaders to an investigation of the leader behaviors that were effective. This approach dominated much of the leadership theory and research for the next few decades.

Re-emergence of trait theory

New methods and measurements were developed after these influential reviews that would ultimately re-establish the trait theory as a viable approach to the study of leadership. For example, improvements in researchers' use of the round robin research design methodology allowed researchers to see that individuals can and do emerge as leaders across a variety of situations and tasks. Additionally, during the 1980s statistical advances allowed researchers to conduct meta-analyses, in which they could quantitatively analyze and summarize the findings from a wide array of studies. This advent allowed trait theorists to create a comprehensive picture of previous leadership research rather than rely on the qualitative reviews of the past. Equipped with new methods, leadership researchers revealed the following:

- Individuals can and do emerge as leaders across a variety of situations and tasks.
- Significant relationships exist between leadership emergence and such individual traits as:
    - Intelligence
    - Adjustment
    - Extraversion\
    - Conscientiousness
    - Openness to experience
- General self-efficacy
- While the trait theory of leadership has certainly regained popularity, its reemergence has not been accompanied by a corresponding increase in sophisticated conceptual frameworks.

  Specifically, Zaccaro (2007) noted that trait theories still:

    - Focus on a small set of individual attributes such as Big Five personality traits, to the neglect of cognitive abilities, motives, values, social skills, expertise, and problem-solving skills.

- Fail to consider patterns or integrations of multiple attributes.
- Do not distinguish between those leader attributes that are generally not malleable over time and those that are shaped by, and bound to, situational influences.
- Do not consider how stable leader attributes account for the behavioral diversity necessary for effective leadership.

Attribute pattern approach

Considering the criticisms of the trait theory outlined above, several researchers have begun to adopt a different perspective of leader individual differences—the leader attribute pattern approach. In contrast to the traditional approach, the leader attribute pattern approach is based on theorists' arguments that the influence of individual characteristics on outcomes is best understood by considering the person as an integrated totality rather than a summation of individual variables. In other words, the leader attribute pattern approach argues that integrated constellations or combinations of individual differences may explain substantial variance in both leader emergence and leader effectiveness beyond that explained by single attributes, or by additive combinations of multiple attributes.

Behavioral and style theories

In response to the early criticisms of the trait approach, theorists began to research leadership as a set of behaviors, evaluating the behavior of successful leaders, determining a behavior taxonomy, and identifying broad leadership styles. David McClelland, for example, posited that leadership takes a strong personality with a well-developed positive ego. To lead, self-confidence and high self-esteem are useful, perhaps even essential.

Kurt Lewis, Ronald Lipitt, and Ralph White developed in 1939 the seminal work on the influence of leadership styles and performance. The researchers evaluated the performance of groups of eleven-year-old boys under different types of work climate. In each, the leader exercised his influence regarding the type of making, praise and criticism (feedback), and the management of the group tasks (project management) according to three styles: authoritarian, democratic, and laissez-faire.

The managerial grid model is also based on a behavioral theory. The model was developed by Robert Blake and Jane Mouton in 1964 and suggests five different leadership styles, based on the leaders' concern for people and their concern for goal achievement.

Positive reinforcement

B.F. Skinner is the father of behaviour modification and developed the concept of positive reinforcement. Positive reinforcement occurs when a positive stimulus is presented in response to a behavior, increasing the likelihood of that behavior in the future. The following is an example of how positive reinforcement can be used in a business setting. Assume praise is a positive reinforcer for a particular employee. This employee does not show up to work on time every day. The manager of this employee decides to praise the employee for showing up on time every day the employee actually shows up to work on time. As a result, the employee comes to work on time more often because the employee likes to be praised. In this example, praise (the stimulus) is a positive reinforcer for this employee because the employee arrives at work on time (the behavior) more frequently after being praised for showing up to work on time.

The use of positive reinforcement is a successful and growing technique used by leaders to motivate and attain desired behaviors from subordinates. Organizations such as Frito-Lay, 3M, Goodrich, Michigan Bell, and Emery Air Freight have all used reinforcement to increase productivity. Empirical research covering the last 20 years suggests that reinforcement theory has a 17 percent increase in performance. Additionally, many reinforcement techniques such as the use of praise are inexpensive, providing higher performance for lower costs.

Situational and contingency theories

Situational theory also appeared as a reaction to the trait theory of leadership. Social scientists argued that history was more than the result of intervention of great men as Carlyle suggested. Herbert Spencer (1884) (and Karl Marx) said that the times produce the person and not the other way around. This theory assumes that different situations call for different characteristics; according to this group of theories, no single optimal psychographic profile of a leader exists. According to the theory, "what an individual actually does when acting as a leader is in large part dependent upon characteristics of the situation in which he functions."

Some theorists started to synthesize the trait and situational approaches. Building upon the research of Lewin et al., academics began to normalize the descriptive models of leadership climates, defining three leadership styles and identifying which situations each style works better in. The authoritarian leadership style, for example, is approved in periods of crisis but fails to win the "hearts and minds" of followers in day-to-day management; the democratic leadership style is more adequate in situations that require consensus building; finally, the laissez-faire leadership style is appreciated for the degree of freedom it provides, but as the leaders do not "take charge", they can be perceived as a failure in protracted or thorny organizational problems. Thus, theorists defined the style of leadership as contingent to the situation, which is sometimes classified as contingency theory. Four contingency leadership theories appear more prominently in recent years: Fiedler contingency model, Vroom-Yetton decision model, the path-goal theory, and the Hersey-Blanchard situational theory.

The Fiedler contingency model bases the leader's effectiveness on what Fred Fiedler called *situational contingency*. This results from the interaction of leadership style and situational favorability (later called *situational control*). The theory defined two types of leader: those who tend to accomplish the task by developing good relationships with the group (relationship-oriented), and those who have as their prime concern carrying out the task itself (task-oriented). According to Fiedler, there is no ideal leader. Both task-oriented and relationship-oriented leaders can be effective if their leadership orientation fits the situation. When there is a good leader-member relation, a highly structured task, and high leader position power, the situation is considered a "favorable situation". Fiedler found that task-oriented leaders are more effective in extremely favorable or unfavorable situations, whereas relationship-oriented leaders perform best in situations with intermediate favorability.

Victor Vroom, in collaboration with Phillip Yetton (1973) and later with Arthur Jago (1988), developed a taxonomy for describing leadership situations, which was used in a normative decision model where leadership styles were connected to situational variables, defining which approach was more suitable to which situation. This approach was novel because it supported the idea that the same manager could rely on different group decision making approaches depending on the attributes of each situation. This model was later referred to as situational contingency theory. The path-goal theory of leadership was developed by Robert House (1971) and was based on the expectancy theory ofVictor Vroom. According to House, the essence of the theory is "the meta proposition that leaders, to be effective, engage in behaviors that complement subordinates' environments and abilities in a manner that compensates for deficiencies and is instrumental to subordinate satisfaction and individual and work unit performance".The theory identifies four leader behaviors, *achievement-oriented*, *directive*, *participative*, and *supportive*, that are contingent to the environment factors and follower characteristics. In contrast to the Fiedler contingency model, the path-goal model states that the four leadership behaviors are fluid, and that leaders can adopt any of the four depending on what the situation demands. The path-goal model can be classified both as a contingency theory, as it depends on the circumstances, and as a transactional leadership theory, as the theory emphasizes the reciprocity behavior between the leader and the followers.

The situational leadership model proposed by Hersey and Blanchard suggests four leadership-styles and four levels of follower-development. For effectiveness, the model posits that the leadership-style must match the appropriate level of follower-development. In this model, leadership behavior becomes a function not only of the characteristics of the leader, but of the characteristics of followers as well.

Functional theory

A variety of leadership behaviors are expected to facilitate these functions. In initial work identifying leader behavior, Fleishman (1953) observed that subordinates perceived their supervisors' behavior in terms of two broad categories referred to as consideration and initiating structure. Consideration includes behavior involved in fostering effective relationships. Examples of such behavior would include showing concern for a subordinate or acting in a supportive manner towards others. Initiating structure involves the actions of the leader focused specifically on task accomplishment. This could include role clarification, setting performance standards, and holding subordinates accountable to those standards.

Integrated psychological theory

The Integrated Psychological theory of leadership is an attempt to integrate the strengths of the older theories (i.e. traits, behavioral/styles, situational and functional) while addressing their limitations, largely by introducing a new element – the need for leaders to develop their leadership presence, attitude toward others and behavioral flexibility by practicing psychological mastery. It also offers a foundation for leaders wanting to apply the philosophies of servant leadership and authentic

Integrated Psychological theory began to attract attention after the publication of James Scouller's Three Levels of Leadership model . Scouller argued that the older theories offer only limited assistance in developing a person's ability to lead effectively. He pointed out, for example, that:

- Traits theories, which tend to reinforce the idea that leaders are born not made, might help us select leaders, but they are less useful for developing leaders.
- An ideal style (e.g. Blake & Mouton's team style) would not suit all circumstances.
- Most of the situational/contingency and functional theories assume that leaders can change their behavior to meet differing circumstances or widen their behavioral range at will, when in practice many find it hard to do so because of unconscious beliefs, fears or ingrained habits. Thus, he argued, leaders need to work on their inner psychology.
- None of the old theories successfully address the challenge of developing "leadership presence"; that certain "something" in leaders that commands attention, inspires people, wins their trust and makes followers want to work with them.

Scouller therefore proposed the Three Levels of Leadership model, which was later categorized as an "Integrated Psychological" theory on the Businessballs education website. In essence, his model aims to summarize what leaders have to do, not only to bring leadership to their group or organization, but also to develop themselves technically and psychologically as leaders.

The three levels in his model are Public, Private and Personal leadership:

- The first two – public and private leadership – are "outer" or behavioral levels. These are the behaviors that address what Scouller called "the four dimensions of leadership". These dimensions are: (1) a shared, motivating group purpose; (2) action, progress and results; (3) collective unity or team spirit; (4) individual selection and motivation. Public leadership focuses on the 34 behaviors involved in influencing two or more people simultaneously. Private leadership covers the 14 behaviors needed to influence individuals one to one.
- The third – personal leadership – is an "inner" level and concerns a person's growth toward greater leadership presence, knowhow and skill. Working on one's

personal leadership has three aspects: (1) Technical knowhow and skill (2) Developing the right attitude toward other people – which is the basis of servant leadership (3) Psychological self-mastery – the foundation for authentic leadership.

Scouller argued that self-mastery is the key to growing one's leadership presence, building trusting relationships with followers and dissolving one's limiting beliefs and habits, thereby enabling behavioral flexibility as circumstances change, while staying connected to one's core values (that is, while remaining authentic). To support leaders' development, he introduced a new model of the human psyche and outlined the principles and techniques of self-mastery, which include the practice of mindfulness meditation.

Transactional and transformational theories

Bernard Bass and colleagues developed the idea of two different types of leadership, transactional that involves exchange of labor for rewards and transformational which is based on concern for employees, intellectual stimulation, and providing a group vision.[45][46]

The transactional leader (Burns, 1978)] is given power to perform certain tasks and reward or punish for the team's performance. It gives the opportunity to the manager to lead the group and the group agrees to follow his lead to accomplish a predetermined goal in exchange for something else. Power is given to the leader to evaluate, correct, and train subordinates when productivity is not up to the desired level, and reward effectiveness when expected outcome is reached.

Leader–member exchange theory

Another theory that addresses a specific aspect of the leadership process is the leader–member exchange (LMX) theory,[which evolved from an earlier theory called the vertical dyad linkage (VDL) model. Both of these models focus on the interaction between leaders and individual followers. Similar to the transactional approach, this interaction is viewed as a fair exchange whereby the leader provides certain benefits such as task guidance, advice, support, and/or significant rewards and the followers reciprocate by giving the leader respect, cooperation, commitment to the task and good performance. However, LMX recognizes that leaders and individual followers will vary in the type of exchange that develops between them. LMX theorizes that the type of exchanges between the leader and specific followers can lead to the creation of *in-groups* and *out-groups*. In-group members are said to have *high-quality exchanges* with the leader, while out-group members have *low-quality exchanges* with the leader.

In-group members

In-group members are perceived by the leader as being more experienced, competent, and willing to assume responsibility than other followers. The leader begins to rely on these individuals to help with especially challenging tasks. If the follower responds well, the leader rewards him/her with extra coaching, favorable job assignments, and developmental experiences. If the follower shows high commitment and effort followed by additional rewards, both parties develop mutual trust, influence, and support of one another. Research shows the in-group members usually receive higher performance evaluations from the leader, higher satisfaction, and faster promotions than out-group members.] In-group members are also likely to build stronger bonds with their leaders by sharing the same social backgrounds and interests.

Out-group members

Out-group members often receive less time and more distant exchanges than their in-group counterparts. With out-group members, leaders expect no more than adequate job performance, good attendance, reasonable respect, and adherence to the job description in exchange for a fair wage and standard benefits. The leader spends less time with out-group members, they have fewer developmental experiences, and the leader tends to emphasize his/her formal authority to obtain compliance to leader requests. Research shows that out-group members are less satisfied with their job and organization, receive lower performance evaluations from the leader, see their leader as less fair, and are more likely to file grievances or leave the organization

Emotions

Leadership can be perceived as a particularly emotion-laden process, with emotions entwined with the social influence process. In an organization, the leader's mood has some effects on his/her group. These effects can be described in three levels:

1. The mood of individual group members. Group members with leaders in a positive mood experience more positive mood than do group members with leaders in a negative mood. The leaders transmit their moods to other group

members through the mechanism of emotional contagion. Mood contagion may be one of the psychological mechanisms by which charismatic leaders influence followers.

2. The affective tone of the group. Group affective tone represents the consistent or homogeneous affective reactions within a group. Group affective tone is an aggregate of the moods of the individual members of the group and refers to mood at the group level of analysis. Groups with leaders in a positive mood have a more positive affective tone than do groups with leaders in a negative mood.
3. Group processes like coordination, effort expenditure, and task strategy. Public expressions of mood impact how group members think and act. When people experience and express mood, they send signals to others. Leaders signal their goals, intentions, and attitudes through their expressions of moods. For example, expressions of positive moods by leaders signal that leaders deem progress toward goals to be good. The group members respond to those signals cognitively and behaviorally in ways that are reflected in the group processes.

In research about client service, it was found that expressions of positive mood by the leader improve the performance of the group, although in other sectors there were other findings.

Beyond the leader's mood, her/his behavior is a source for employee positive and negative emotions at work. The leader creates situations and events that lead to emotional response. Certain leader behaviors displayed during interactions with their employees are the sources of these affective events. Leaders shape workplace affective events. Examples – feedback giving, allocating tasks, resource distribution. Since employee behavior and productivity are directly affected by their emotional states, it is imperative to consider employee emotional responses to organizational leaders. Emotional intelligence, the ability to understand and manage moods and emotions in the self and others, contributes to effective leadership within organizations.

Neo-emergent theory

The neo-emergent leadership theory sees leadership as created through the emergence of information by the leader or other stakeholders, not through the true actions of the leader himself. In other words, the reproduction of information or stories form the basis of the perception of leadership by the majority. It is well known that the naval hero Lord Nelson often wrote his own versions of battles he was involved in, so that when he arrived home in England he would receive a true hero's welcome In modern society, the press, blogs and other sources report their own views of leaders, which may be based on reality, but may also be based on a political command, a payment, or an inherent interest of the author, media, or leader. Therefore, one can argue that the perception of all leaders is created and in fact does not reflect their true leadership qualities at all.

Styles

A leadership style is a leader's style of providing direction, implementing plans, and motivating people. It is the result of the philosophy, personality, and experience of the leader. Rhetoric specialists have also developed models for understanding leadership Different situations call for different leadership styles. In an emergency when there is little time to converge on an agreement and where a designated authority has significantly more experience or expertise than the rest of the team, an autocratic leadership style may be most effective; however, in a highly motivated and aligned team with a homogeneous level of expertise, a more democratic or laissez-faire style may be more effective. The style adopted should be the one that most effectively achieves the objectives of the group while balancing the interests of its individual members.

Autocratic or authoritarian

Under the autocratic leadership style, all decision-making powers are centralized in the leader, as with dictators.

Leaders do not entertain any suggestions or initiatives from subordinates. The autocratic management has been successful as it provides strong motivation to the manager. It permits quick decision-making, as only one person decides for the whole group and keeps each decision to him/herself until he/she feels it needs to be shared with the rest of the group.

Participative or democratic

The democratic leadership style consists of the leader sharing the decision-making abilities with group members by promoting the interests of the group members and by practicing social equality. This has also been called shared leadership.

Laissez-faire or free-rein

A person may be in a leadership position without providing leadership, leaving the group to fend for itself. Subordinates are given a free hand in deciding their own policies and methods. The subordinates are motivated to be creative and innovative.

Narcissistic

Narcissistic leadership is a leadership style in which the leader is only interested in him/herself. Their priority is themselves - at the expense of their people/group members. This leader exhibits the characteristics of a narcissist: arrogance, dominance and hostility. It is a common leadership style. The narcissism may range from anywhere between healthy and destructive. To critics, "narcissistic leadership (preferably destructive) is driven by unyielding arrogance, self-absorption, and a personal egotistic need for power and admiration."

Toxic

A toxic leader is someone who has responsibility over a group of people or an organization, and who abuses the leader–follower relationship by leaving the group or organization in a worse-off condition than when he/she joined it.

Task-oriented and relationship-oriented

Task-oriented leadership is a style in which the leader is focused on the tasks that need to be performed in order to meet a certain production goal. Task-oriented leaders are generally more concerned with producing a step-by-step solution for given problem or goal, strictly making sure these deadlines are met, results and reaching target outcomes.

Relationship-oriented leadership is a contrasting style in which the leader is more focused on the relationships amongst the group and is generally more concerned with the overall well-being and satisfaction of group members. Relationship-oriented leaders emphasize communication within the group, shows trust and confidence in group members, and shows appreciation for work done.

Task-oriented leaders are typically less concerned with the idea of catering to group members, and more concerned with acquiring a certain solution to meet a production goal. For this reason, they typically are able to make sure that deadlines are met, yet their group members' well-being may suffer. Relationship-oriented leaders are focused on developing the team and the relationships in it. The positives to having this kind of environment are that team members are more motivated and have support, however, the emphasis on relations as opposed to getting a job done might make productivity suffer

14.5 Styles

A leadership style **is a leader's style of providing direction, implementing plans, and motivating people. There are many different** leadership styles **that can be exhibited by leaders in the political, business or other fields. Authoritarian**

The **authoritarian leadership style** or **autocratic leader** keeps strict, close control over followers by keeping close regulation of policies and procedures given to followers. To keep main emphasis on the distinction of the authoritarian leader and their followers, these types of leaders make sure to only create a distinct professional relationship. Direct supervision is what they believe to be key in maintaining a successful environment and follower ship. In fear of followers being unproductive, authoritarian leaders keep close supervision and feel this is necessary in order for anything to be done. Authoritarian leadership styles often follow the vision of those that are in control, and may not necessarily be compatible with those that are being led. Authoritarian leaders have a focus on efficiency, as other styles, such as a democratic style, may be seen as a hindrance on progress.

Examples of authoritarian communicative behaviour a police officer directing traffic, a teacher ordering a student to do his or her assignment, and a supervisor instructing a subordinate to clean a workstation. All of these positions require a distinct set of characteristics that give the leader the position to get things in order or get a point across. Authoritarian Traits: sets goals individually, engages primarily in one-way and downward communication, controls discussion with followers, and donates interaction

Several studies have confirmed a relationship between bullying, on the one hand, and an autocratic leadership and an authoritarian way of settling conflicts or dealing with disagreements, on the other. An authoritarian style of leadership may create a climate of fear where there is little or no room for dialogue and where complaining may be considered futile.

Paternalistic

The way a Paternalistic leader works is by acting as a father figure by taking care of their subordinates as a parent would. In this style of leadership the leader supplies complete concern for his followers or workers. In return he receives the complete trust and loyalty of his people. Workers under this style of leader are expected to become totally committed to what the leader believes and will not strive off and work independently. The relationship between these co-workers and leader are extremely solid. The workers are expected to stay with a company for a longer period of time because of the loyalty and trust. Not only do they treat each other like family inside the work force, but outside too. These workers are able to go to each other with any problems they have regarding something because they believe in what they say is going to truly help them.

One of the downsides to a paternalistic leader is that the leader could start to play favourites in decisions. This leader would include the workers more apt to follow and start to exclude the ones who were less loyal. In today's market paternalism is more difficult to come by according to Padavic and Earnest who wrote "business dimensional and Organizational Counselling." They believe this because there have become more lay-offs and stronger unionization. This affects paternalistic leaders because the co-workers may not believe that their jobs are 100% ensured. When this happens, workers begin to look for bigger and better job opportunities instead of staying at one company for a longer period of time. Because of this, the leader may be thinking that you could be leaving and not fully believe you when you tell them something about a job opportunity. This could put the workers and leader at risk for a bad situation.

According to B. M. Bass who wrote *Leadership and Performance Beyond Expectations*, workers who follow paternalistic leadership also have better organization skills. The leader encourages organization because they allow the workers to complete tasks so that they can stay on top of their work. The workers complete tasks this boosts self-confidence and it makes them work harder to reach a goal and exceed the goal to prove to their boss they are working hard. Having this style of leadership can also help implement a reward system. This system will allow their workers to work even better because there is something for them at the end of the tunnel. While doing this they will also be able to accomplish more work in a set time frame.

Democratic

The **democratic leadership style** consists of the leader sharing the decision-making abilities with group members by promoting the interests of the group members and by practicing social equality.

This style of leadership encompasses discussion, debate and sharing of ideas and encouragement of people to feel good about their involvement. The boundaries of democratic participation tend to be circumscribed by the organization or the group needs and the instrumental value of people's attributes (skills, attitudes, etc.). The democratic style encompasses the notion that everyone, by virtue of their human status, should play a part in the group's decisions. However, the democratic style of leadership still requires guidance and control by a specific leader. The democratic style demands the leader to make decisions on who should be called upon within the group and who is given the right to participate in, make and vote on decisions.

Honest — Display sincerity, integrity, and candor in all your actions. Deceptive behavior will not inspire trust.

- Competent — Base your actions on reason and moral principles. Do not make decisions based on childlike emotional desires or feelings.
- Forward-looking — Set goals and have a vision of the future. The vision must be owned throughout the organization. Effective leaders envision what they want and how to get it. They habitually pick priorities stemming from their basic values.
- Inspiring — Display confidence in all that you do. By showing endurance in mental, physical, and spiritual stamina, you will inspire others to reach for new heights. Take charge when necessary.
- Intelligent — Read, study, and seek challenging assignments.
- Fair-minded — Show fair treatment to all people. Prejudice is the enemy of justice. Display empathy by being sensitive to the feelings, values, interests, and well-being of others.
- Broad-minded — Seek out diversity.
- Courageous — Have the perseverance to accomplish a goal, regardless of the seemingly insurmountable obstacles. Display a confident calmness when under stress.
- Straightforward — Use sound judgment to make a good decisions at the right time.
- Imaginative — Make timely and appropriate changes in your thinking, plans, and methods. Show creativity by thinking of new and better goals, ideas, and solutions to problems. Be innovative!

Research has found that this leadership style is one of the most effective and creates higher productivity, better contributions from group members and increased group morale. Democratic leadership can lead to better ideas and more creative solutions to problems because group members are encouraged to share their thoughts and ideas. While democratic leadership is one of the most effective leadership styles, it does have some potential downsides. In situations where roles are unclear or time is of the essence, democratic leadership can lead to communication failures and uncompleted projects. Democratic leadership works best in situations where group members are skilled and eager to share their knowledge. It is also important to have plenty of time to allow people to contribute, develop a plan and then vote on the best course of action.

Laissez-faire

The **laissez-faire leadership style is where all the rights and power to make decisions is fully given to the worker.**This was first described by Lewin, Lippitt, and White in 1938, along with the autocratic leadership and the democratic leadership styles. The laissez-faire style is sometimes described as a "hands off" leadership style because the leader delegates the tasks to their followers while providing little or no direction to the followers. If the leader withdraws too much from their followers it can sometimes result in a lack of productivity, cohesiveness, and satisfaction.

Laissez-faire leaders allow followers to have complete freedom to make decisions concerning the completion of their work. It allows followers a high degree of autonomy and self-rule, while at the same time offering guidance and support when requested. The laissez-faire leader using guided freedom provides the followers with all materials necessary to accomplish their goals, but does not directly participate in decision making unless the followers request their assistance.

This is an effective style to use when:

- Followers are highly skilled, experienced, and educated.
- Followers have pride in their work and the drive to do it successfully on their own.
- Outside experts, such as staff specialists or consultants are being used.
- Followers are trustworthy and experienced.

This style should NOT be used when:

- Followers feel insecure at the unavailability of a leader.
- The leader cannot or will not provide regular feedback to their followers.

Transactional

The transactional style of leadership was first described by Max Weber in 1947 and then later described by Bernard Bass in 1981. Mainly used by management, transactional leaders focus their leadership on motivating followers through a system of rewards and punishments. There are two factors which form the basis for this system, Contingent Reward and management-by-exception.

- **Contingent Reward** Provides rewards, materialistic or psychological, for effort and recognizes good performance.
- **Management-by-Exception** allows the leader to maintain the status quo. The leader intervenes when subordinates do not meet acceptable performance levels and initiates corrective action to improve performance. Management by exception helps reduce the workload of managers being that they are only called-in when workers deviate from course.

This type of leader identifies the needs of their followers and gives rewards to satisfy those needs in exchange of certain level of performance.

Transactional leaders focus on increasing the efficiency of established routines and procedures. They are more concerned with following existing rules than with making changes to the organization.

A transactional leader establishes and standardizes practices that will help the organization reach:

- Maturity
- Goal-setting
- Efficiency of operation
- Increasing productivity.

Effect on work teams

survey done by Jun Liu, Xiaoyu Liu and Xianju Zeng on the correlation of transactional leadership and how innovations can be affected by team emotions. The research was composed of 90 work teams, with a total of 460 members and 90 team leaders. The study found that there is a relationship between emotions, labor behavior and transactional leadership that affect for the team. Depending on the level of emotions of the team; this can affect the transactional leader in a positive or negative way. Transactional leaders work better in teams where there is a lower level of emotions going into the project. This is because individuals are able to

- Think freely when setting their emotions aside from their work.
- Have all of their focus on the given task.

A transactional leader is:

1. Negatively affected when the emotional level is high.
2. Positively affected when the emotional level is low.

Transactional leadership presents a form of strategic leadership that is important for the organizations development. Transactional leadership is essential for team innovativeness.

Transformational

A transformational leader is a type of person in which the leader is not limited by his or her followers' perception. The main objective is to work to *change* or *transform* his or her followers' *needs* and *redirect* their thinking. Leaders that follow the transformation style of leading, **challenge** and **inspire** their followers with a sense of purpose and excitement.[11] They also create a vision of what they aspire to be, and communicate this idea to others (their followers). According to Schultz and Schultz, there are three identified characteristics of a transformational leader:

- Charismatic leadership has a broad knowledge of field, has a self-promoting personality, high/great energy level, and willing to take risk and use irregular strategies in order to stimulate their followers to think independently
- Individualized consideration
- Intellectual stimulation

14.6 Successful versus effective leadership styles in travel trade and hospitality organizations

The success of an organization in the age of the dynamic market place is solidly connected to how innovative executives manage in the digital economy. Hagen and Lodha endorsed the importance of managers' contribution in the highly competitive context of globalization. Presently, academic researchers are suggesting that innovative organizations require innovative managers, whilst organizational innovation calls for invention, investigation and evaluation they are also interested in the relationship between the role of leadership and the factors influencing organizational performance through organizational learning and organizational innovation. Therefore, scholars have proposed the concepts of organizational learning to enhance performance in which managers encourage a learning environment within their organizations; knowledge needs to be distributed through every level of the organization. In addition, in Small Business Enterprises (SMEs), managers are the key persons making day-to-day decisions, considered the most imperative drivers of success in enabling firms to achieve their organizational goals .This confirms that the decisiveness of the manager is an essential contribution towards organizational success . Furthermore, Daft emphasized that leadership is one of the most significant aspects in organizations seeking to transform themselves through organizational learning, with the purpose of encouraging organizational innovation. Similarly, Handy stressed that managers play an important role in contributing knowledge and encouraging a learning environment in the organization. Hotels can be classified as a sub-category of SMEs, and the leadership of hotel managers is confirmed as a core competency in the hospitality industry . The interconnections between leadership styles, organizational innovation and organizational performance can be developed. Moreover, recent academic researchers have found that different leadership styles may lead to different levels of organizational performance. At the same time, Maybe and Ramirez proposed that different leadership styles can create different levels of organizational innovation. More explicitly, scholars have indicated that leadership styles and innovation are important and interrelated variables contributing to organizational performance. Since appropriate leadership styles can lead to the creation of innovation within an organization, maintaining customer satisfaction, there is a critical need to examine these relationships. Leadership can be observed as a part of learning processes taking place through carrying out day-to-day responsibilities, and in turn influencing the creation of innovation and leading to an increase in organizational performance. Hence, adopting WSEAS TRANSACTIONS on BUSINESS and ECONOMICS Vissanu Zumitzavan, Sarinthree Udchachone E appropriate leadership styles can help to encourage learning in the organisation and this can lead to innovation and improvement in employees' skills, which in turn can improve organizational performance overall.

14.7 Concept of Controlling

Control or **Controlling** is one of the managerial functions like *planning*, *organizing*, *staffing* and *directing*. It is an important function because it helps to check the errors and to take the corrective action so that deviation from standards are minimized and stated goals of the organization are achieved in a desired manner.

According to modern concepts, control is a foreseeing action whereas earlier concept of control was used only when errors were detected. Control in management means setting standards, measuring actual performance and taking corrective action.

Also control can be defined as *"that function of the system that adjusts operations as needed to achieve the plan, or to maintain variations from system objectives within* *allowable limits"*. The control subsystem functions in close harmony with the operating system. The degree to which they interact depends on the nature of the operating system and its objectives. Stability concerns a system's ability to maintain a pattern of output without wide fluctuations. Rapidity of response pertains to the speed with which a system can correct variations and return to expected output.[3]

A political election can illustrate the concept of control and the importance of feedback. Each party organizes a campaign to get its candidate selected and outlines a plan to inform the public about both the candidate's credentials and the party's platform. As the election nears, opinion polls furnish feedback about the effectiveness of the campaign and about each candidate's chances to win. Depending on the nature of this feedback, certain adjustments in strategy and/or tactics can be made in an attempt to achieve the desired result.

From these definitions it can be stated that there is close link between planning and controlling. Planning is a process by which an organisation's objectives and the methods to achieve the objectives are established, and controlling is a process which measures and directs the actual performance against the planned goals of the organisation. Thus, goals and objectives are often referred to as siamese twins of management. the managerial function of management and correction of performance in order to make sure that enterprise objectives and the goals devised to attain them being accomplished.

14.8 Question

1. Write the definition of Leadership?
2. Write about the Concept of leadership?
3. Write about the Theories of Leadership?
4. Write about the Styles of leadership?
5. Write about the Successful versus effective leadership styles in travel trade and hospitality organizations?
6. Write about the Concept of Controlling?

14.9 Reference

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2. Locke et al. 1991
3. (Richards & Engle, 1986, p. 206)
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